

A CHINESE WEEKLY OF NEWS AND VIEWS

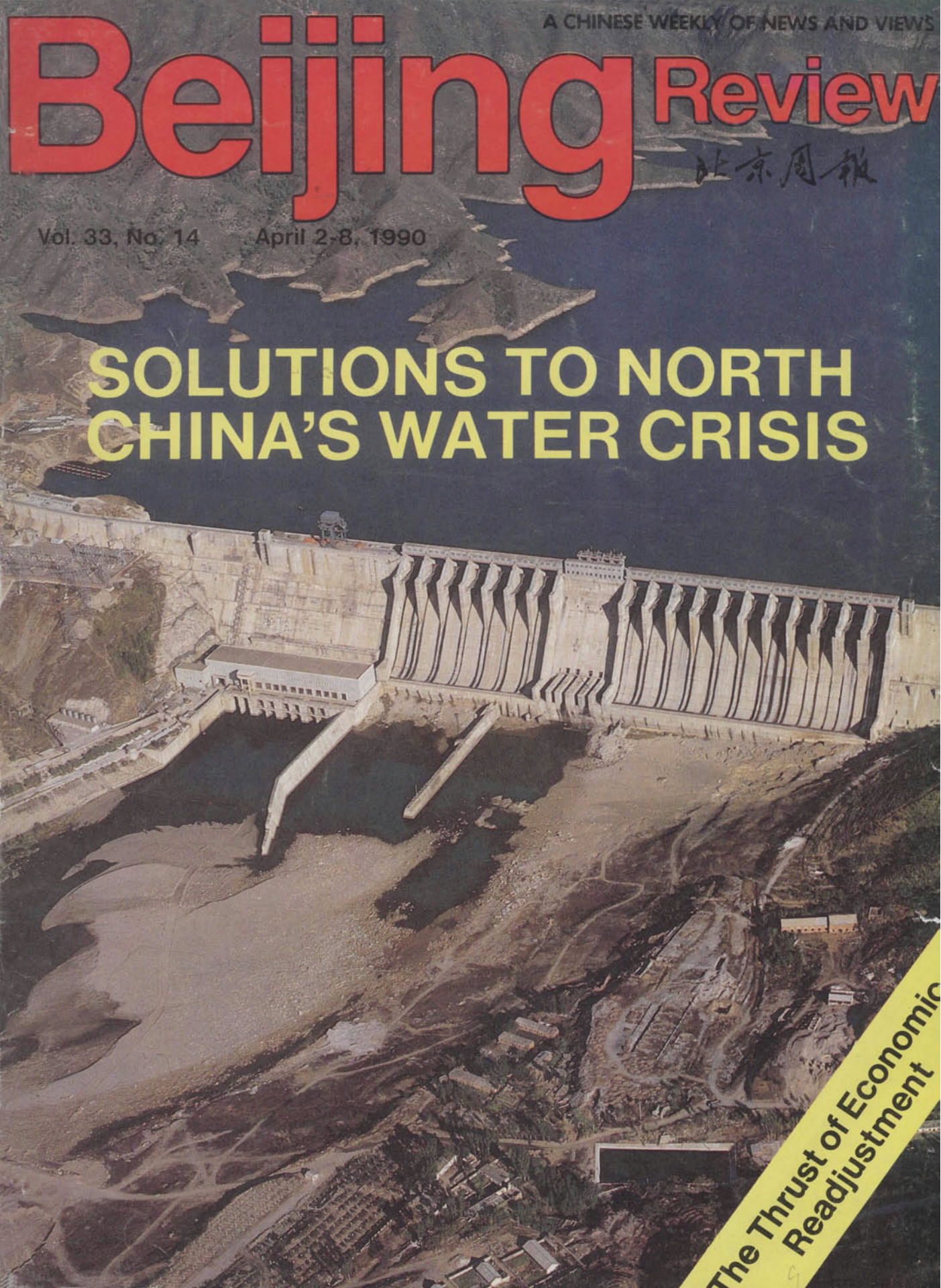
# Beijing Review

北京周報

Vol. 33, No. 14

April 2-8, 1990

## SOLUTIONS TO NORTH CHINA'S WATER CRISIS



The Thrust of Economic  
Readjustment



A kind Uyur grandmother looks after her grandchild.

*Photo by Cai Zhuangtian*



## Main Goals of the Economic Readjustment

□ This article explains in detail the campaign to improve the economic environment and rectify the economic order, its main goals, the time required for its implementation and the key issues affecting its success (p. 20).

## Listen to the People

□ To maintain close ties with the people and develop democratic supervision, the Party and government make use of public affairs divisions to handle correspondence and receive visitors. In the past ten years, there has been an increase in both mail and personal visits. Legitimate demands are being heeded, positive suggestions accepted and major issues handled according to relevant laws, regulations and policies, much to the satisfaction of the general public (p. 24).

## North China Facing a Water Crisis

□ The shortage of water is already a reality for 180 million Chinese in north China. In their struggle to overcome the natural adversity, the people have tried every means at their disposal to conserve water and tap new resources (p. 27).

## China Recognizes Republic of Namibia

□ Chinese President Yang Shangkun, Premier Li Peng and the CPC Central Committee sent congratulatory messages to Namibian leaders on their country's independence on March 21. The Chinese government also officially recognized the Republic of Namibia.

On March 22, the People's Republic of China and the Republic of Namibia established diplomatic relations at the ambassadorial level (p. 6).

## Philippine Government Faces Tough Challenges

□ After achieving initial progress in domestic stability since coming to power, President Corazon Aquino now faces several tough issues in the Philippines, including her relations with the military and the United States (p. 10).

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**COVER:** The Panjiakou key water control project diverts water from the Luanhe River to Tianjin, Tangshan and other areas.

Photo by Han Xuezhong

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Published every Monday by BEIJING REVIEW  
24 Baiwanzhuang Road, Beijing 100037  
The People's Republic of China  
Distributed by **China International Book Trading Corporation** (GUOJI SHUDIAN)  
P.O. Box 399, Beijing, China

Subscription rates (1 year):  
**Australia**.....A.\$29.00  
**New Zealand**.....NZ.\$39.00  
**UK**.....£14.50  
**USA**.....US\$29.00  
**Canada**.....Can.\$25.00

## Economic Plan for 1990 Outlined

This year China plans to maintain a moderate economic growth and further reduce the rate of inflation and give priority to agricultural production as a prerequisite to a stable economy, said Zou Jiahua, state councillor and minister in charge of the State Planning Commission.

In his Report on Implementation of the 1989 Plan for National Economic and Social Development and the Draft 1990 Plan, Zou told the Third Session of the Seventh National People's Congress (NPC) that the central financial authorities will invest an additional 1 billion yuan in agriculture. The money will be used mainly for harnessing major rivers, expanding irrigated areas and building production bases for grain, cotton and other essential commodities.

The draft plan projects a grain output of 412.5 million tons, an increase of 5.05 million tons over last year; cotton, 4.4 million tons, an increase of 610,000 tons.



Zou Jiahua.

Meat output is expected to have a 400,000-ton increase to top 25.5 million tons this year.

While improving the contract responsibility system, as part of the Party's agricultural policy, "optimum scale operations and new collective economies should be steadily developed, provided farmers participate in these activities voluntarily," Zou said.

The growth rate for 1990 industrial output value will be 6

percent, according to the plan.

The output of coal will be 1.06 billion tons, up 20 million tons over last year's; crude oil, 138 million tons, up 350,000 tons; electricity, 605 billion kilowatt hours, up 23 billion kilowatt-hour; steel, 60 million to 61 million tons; cotton yarn, 23 million bales; chemical fibres, 1.47 million tons; and the volume of railway freight, 1.47 billion tons.

"To ensure a steady growth of energy and transport capacity, we shall appropriately raise the prices of crude oil, railway freight and water cargo transport this year," Zou announced.

More loans will be provided for industrial production, commerce, foreign trade and the purchase of materials, in order to reinvigorate sluggish market sales and a low industrial growth rate, he said. Interest rates for savings and loans will also be readjusted to help the economy.

Last year's inflation rate was 17.8 percent, slightly lower than 1988's rate of 18.5 percent. This year it will become even lower.

This year's retail commodity sales are expected to hit 930 billion yuan, an increase of 14.8 percent over 1989.

Zou stressed that the national economy is proceeding under the circumstances of "consolidating and expanding a political environment of stability and unity."

He also emphasized that opening China to the outside world and expanding its trade and economic and technological exchanges with foreign countries are both "long-term, consistent strategic policies for advancing China's modernization drive and important measures for overcoming the current economic difficulties."

On the whole, China's 1989 plan for economic and social development was carried out fairly well, the meeting was told, and the national economy developed

Deputies from Fujian Province to the NPC discussing the government's report made by Premier Li Peng.

CHEN ZONGLIE



in the right direction thanks to economic revamping and reform.

However, Zou said, cash flow exceeding national income and total demand exceeding total supply are chronic problems yet to be fundamentally solved.

Since the last quarter of 1989, market sales have been slack, funds short and products overstocked.

More enterprises have entirely or partially suspended production, the number of unemployed people in towns and cities has increased, and some urban residents have begun to experience financial difficulties, the minister admitted.

ter admitted.

All this has added to the difficulty of fulfilling the nation's 1990 plan for economic and social development. However, according to the minister, the plan will be fulfilled in an all-round way so long as the Party and government unswervingly carry out the basic line of adhering to the four cardinal principles and reform and opening to the outside world with economic construction as the central task, and resolutely rely on and closely rally with the people of all nationalities in building socialism in the spirit of self-reliance and hard work. ■

Although all localities and departments did a great deal of work last year in increasing revenues and cutting back expenditures, Wang noted that the scope of China's construction and demand for funds was still beyond the country's financial ability.

According to the draft state budget for 1990 proposed by the minister, total state revenue will be 323.653 billion yuan, an increase of 10.9 percent over the estimated figure of last year, and total expenditure will be 332.545 billion yuan, an increase of 10.3 percent. This leaves a deficit of 8.892 billion yuan.

If the domestic and foreign debt, totalling 33.443 billion yuan, was regarded as part of the deficit, the total deficit would be 42.335 billion yuan, he added.

"We must fully recognize the danger of running a deficit, start thinking in terms of a balanced budget, and strive for its realization in our day-to-day work," Wang said.

However, today's fiscal problems did not come about overnight and they likewise cannot be solved quickly, he said. The deficit will not be promptly reduced.

The condition of the state budget for 1990 is grim, he added, as 12.4 billion yuan have to be put aside for amortizing domestic debt, and 7 billion yuan for servicing foreign loans.

However, last year saw an increase in China's foreign exchange reserve, which enabled it to repay foreign debt, Wang stressed.

To promote the development of agriculture, education, science and technology and to further strengthen national defence and make up for the inadequacy of military expenditure caused by inflation, this year's budget contains increased allocations in these fields, he said.

Appropriations for rural production and other operating ex-

## Finance: Improved, but Still Grim

China's revenue exceeded the target set in the 1989 budget, basically guaranteeing the financing of construction and reform, said Finance Minister Wang Bingqian on March 21 in a report to the Third Session of the Seventh National People's Congress on the implementation of the state budget for 1989 and the draft state budget for 1990.

Current statistics indicate that total state revenues in 1989 came to 291.92 billion yuan, or 102.2 percent of the budgeted amount and the expenditures amounted to 301.455 billion yuan, or 102.9 percent of the budgeted figure, leaving a deficit of 9.535 billion yuan, he said.

Total state revenue, he noted, included foreign loans amounting to 13.42 billion yuan and domestic debts to the tune of 14.01 billion yuan.

In implementing the 1989 state budget, the finance minister conceded that there was an outstanding contradiction in the supply and demand of funds, and the state deficits exceeded the budgeted amount.



Wang Bingqian.

CHEN ZONGLIE

The minister attributed this situation to several factors:

— Last year's upheaval and counter-revolutionary rebellion in June caused serious losses to the national economy;

— Measures in the state budget designed to increase revenues were either postponed, reduced in scale or not practised at all because of the changing situation;

— Local authorities increased their expenditures for agriculture, education, science and technology and disaster relief.

penses for agriculture is 21.481 billion yuan this year, 7.9 percent more than last year's.

The total expense on education in the 1990 budget will come to 48.406 billion yuan, an increase of 4.348 billion yuan over last year.

The expenditure for national defence this year is budgeted at 28.97 billion yuan, 15.2 percent

over last year's figure.

The minister called for efforts to improve economic performance and increase revenues, cut back and exercise tight control over expenditures, continue to deepen the reform and improve the financial legal system and rectify finance and taxation procedures. ■

## China Recognizes Republic of Namibia

Chinese Premier Li Peng sent a message to his Namibian counterpart Hage Geingob on March 20, congratulating him on the independence of Namibia and extending the Chinese government's official recognition to the Republic of Namibia.

In his message Li said: "On the occasion of the declaration of Namibia's independence and your assuming premiership of the Republic of Namibia, I would like, on behalf of the Chinese government and people, to offer warm congratulations to the Namibian government and people. I hereby officially inform Your Excellency that the government of the People's Republic of China has decided to recognize the Republic of Namibia.

"The Chinese government and people have always resolutely supported the Namibian people's just struggle and feel heartfelt rejoice at Namibia's great historic victory in winning independence."

Li also expressed his conviction that the Namibian government and people will "achieve one victory after another" in upholding their national independence and building a new Namibia.

Chinese President Yang Shangkun also sent a message to Namibian President-elect Sam

Nujoma.

"The birth of the Republic of Namibia represents a great victory for the heroic Namibian people following a long and arduous struggle, and also a great victory for Africa and the international community," Yang said.

"The Chinese and Namibian people have fostered a profound friendship in their common struggle in which they have extended mutual support and sympathy," he added. "I firmly believe that the traditional Sino-Namibian friendship will be continuously consolidated and enhanced and that their ties of friendly co-operation will bear rich fruit on the basis of the Five Principles of Peaceful Coexistence."

In its congratulatory message to the Central Committee of the South West Africa People's Organization (SWAPO), the Chinese Communist Party praised the organization's efforts and achievements in leading the Namibian people in the struggle against South African colonial rule and establishing national independence.

The friendship and co-operation between the two parties and two countries have been forged during their struggle against imperialism, colonialism and racism, and will be further strengthened and smoothly de-

veloped, the message added.

The Chinese People's Institute of Foreign Affairs also sponsored a forum the same day to celebrate the independence of Namibia. Zambian Ambassador Peter Lesa Kasanda was invited to report on the independence of Namibia and the situation in South Africa.

Kasanda described Namibia's victory as a "new development" in the struggle against South African minority white rule and apartheid. Namibian independence should be regarded as an excellent lesson to the South African government and serve to enlighten white ultra-rightists that they should not have any fear of a black government, he said.

He quoted Nelson Mandela, after the apartheid fighter was released from prison, as saying that the stand of the African National Congress (ANC) was not to implement black rule but to establish a just and fair society where all races enjoy equal political and economic rights.

South African President F.W. de Klerk has made efforts towards dialogue and negotiation with the ANC, Kasanda said, but he started late and has not established sufficient reliable foundations for negotiations because apartheid and the state of emergency in South Africa still exist. Many political prisoners are still suffering behind prison walls, the ambassador added.

Kasanda called for sanctions against Pretoria to continue until the situation in South Africa takes a favourable turn. He urged de Klerk to do more to build a climate for equal negotiations between the ANC and the South African government.

This, the ambassador said, means meeting the ANC's minimum conditions — lifting the state of emergency, releasing the remaining political prisoners and the safe return of all exiles to



Zambian Ambassador Peter Lesa Kasanda (left) reports on the independence of Namibia and the situation in Southern Africa at a forum sponsored by the Chinese People's Institute of Foreign Affairs. On the right is the institute's president, Han Nianlong.

YANG LIMING

South Africa without fear of being prosecuted for political offences.

A new South African government should be based on the will of all the people in the country, he added.

On March 22, the governments of the People's Republic of China and the Republic of Namibia issued a joint communique in Windhoek, capital of Namibia, declaring the establishment of diplomatic relations at the ambassadorial level between the two countries.

The communique said that the People's Republic of China resolutely supports the government of the Republic of Namibia in its just cause for the maintenance of the national independence, state

sovereignty and territorial integrity, and the government of the Republic of Namibia recognizes the government of the People's Republic of China as the

sole legal government representing all the Chinese people and that Taiwan is an inalienable part of the territory of the People's Republic of China. ■

## Largest Coalfield Under Construction

**T**he first phase of construction of China's largest coal-mining project, the Jungar Coal Mine, is in full swing in the southwest of the Inner Mongolia Autonomous Region.

The largest coal project since the founding of the People's Republic of China, the construction of the Jungar Coal Mine was given top priority out of 27 energy-related capital construction pro-

jects in the 1989 state plan. A total of 4.1 billion yuan has been invested in the Jungar Coal Mine.

The project, designed by Chinese engineers, involves an open-cut coal mine at Heidai-gou, which has a designed annual production capacity of 12 million tons, and a nearby thermal power plant with a generating capacity of 200,000 kilowatts.

It also involves a 215-kilometre-long one-track electric railway, which will link with the Beijing-Baotou and the Datong-Qinhuangdao railways. The project is expected to be completed in three years.

The mine area takes up more than 1,300 square kilometres with a verified total reserve of 26.2 billion tons of high-grade coal. The first stage of construction at Heidaigou covers 43 square kilometres.

Inner Mongolia boasts rich natural resources with a verified total coal deposit of 217 billion tons. During the period of improving the national economy and straightening out the economic environment, the state has decided to invest a total of 30 billion yuan on the development of energy resources and transportation in the region for the next 10 years, beginning this year.

The Huolinhe Coal Mine, the second of four major open-cut coal mines in the region, has an annual production capacity of 3 million tons, which is expected to increase to 10 million tons in four years. Expansion plans are in the works for the other two open-cut mines. The region's total coal output is expected to reach 80 million tons by the turn of the century.

Preparations for the construction of the Dalatu thermal power plant, the largest of its kind in Asia, are also under way in the region, a local official announced on March 7. The designed generating capacity of the plant is 5 million kilowatts.

A number of medium-sized and small power stations with a combined generating capacity of 500,000 kilowatts are scheduled to go into operation in the area this year.

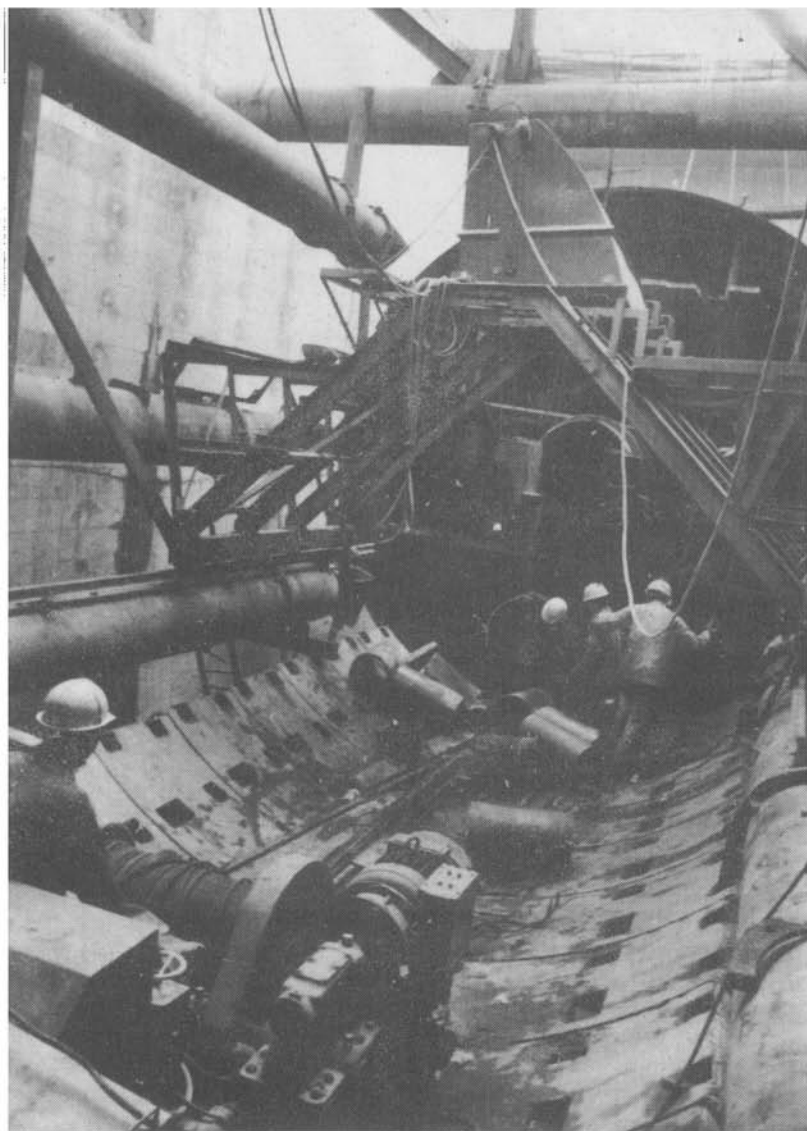
By the end of last year, Inner Mongolia had an annual coal production capacity of 43 million tons and a power generating capacity totalling 3.25 million kilowatts. ■

## Shanghai Builds Its First Subway

A subway is no longer an unfulfilled dream to Shanghai residents or to the engineers and technicians who have been dedicated to the underground railway programme for more than 30 years. With the agreement of the State Council, the State Planning Commission recently approved the construction of the metropolis' first subway line.

Construction began March 14 on the No.1 Subway Line. Shi Lian, chief of the Shanghai Subway Project Headquarters, said the line will cover 14.57 kilometres from Xinlonghua at the southern end of the city to the Shanghai Railway Station in the north. Twelve stops will be built at intervals of 1.21 kilometres. Except for the Xinlonghua Terminal, all the stations will be

**Workers digging the foundation for the No.1 Subway Line, the first stage of the Shanghai Subway Project. Construction begins on March 14.** YANG PUTAO





built underground.

The No.1 Subway Line is the first of seven planned for Shanghai's underground network. Rough estimates put construction costs of the No.1 Subway Line at 25.43 billion yuan (US\$5.8 billion) and it's to be completed by the end of 1994.

Shi said building began at the southern end and would work towards the northern end, and during the five years of construction the line would be opened for service section by section. The major goal for this year is the section between the Xinlonghua Terminal and Xujiahui Station in the south.

Shanghai had researched the feasibility of building the subway network in the early 1990s. And the State Council approved the proposal for Shanghai No.1 Subway Line Project in 1986. It approved the feasibility report on the entire project in February, 1988.

All the underground stations along the line are of a double-floored structure: the higher floor is the station hall and the lower one, the platform. The diameter of the tunnel will be 5.5 metres.

The subway cars will be imported from abroad.

The maximum speed of the subway train will approach 80 kilometres an hour and it will take only 25 minutes to cover the entire distance. Peak hour passenger capacity going one way will be 40,000 people.

Operation of the subway will be controlled by a computerized system.

by Dai Gang

## Nation to Build High-Speed Railway

China will start construction of its pilot high-speed railway in 1991.

Arrangements will be made

during the period of the Eighth Five-Year Plan (1991-1995) to raise the speed of passenger trains first to 160 kilometres per hour and later to more than 200 kilometres an hour, according to Vice-Minister of Railways Tu Yourui.

Because both passenger and freight transport is in great demand in China, it is essential to raise the speed of passenger trains and to have separate lines for passenger and freight trains, Tu said.

The vice-minister also revealed that a feasibility study on raising the speed of passenger trains on the Beijing-Shanghai line to 140 kilometres an hour had passed a state examination in 1987.

Experts pointed out that high-speed railway lines would first be built in the area of Beijing and Tianjin in East China, and from Guangzhou to Shenzhen in South China. ■

## China Drafts Plan To Combat AIDS

The Chinese government and the World Health Organization are working out the country's first national plan to prevent and control AIDS over the next three years.

The plan, to be completed during a week-long session that began February 28, includes long- and medium-term objectives, strategies, professional training, surveillance of the disease and research.

Nine experts from the World Health Organization were invited to Beijing to help draft the plan.

During the session Dai Zhicheng, director of epidemic prevention of the Public Health Ministry, announced that a national AIDS committee headed by Public Health Vice-Minister He Jiasheng had been set up in the latest bid to control the spread of AIDS. Acquired immune de-

ficiency syndrome is a fatal infectious disease which attacks the body's immune system.

Dai also told the session that about 50 laboratories in 29 provinces, municipalities and autonomous regions in China have begun testing for the AIDS virus. These, together with two test-result verifying labs in Beijing and Shanghai, have formed a nationwide AIDS monitoring and reporting network.

So far, a total of 191 AIDS virus carriers and three patients have been reported from Yunnan, Henan, Zhejiang, Guangdong, Hubei, Hebei and Fujian provinces, Beijing and Shanghai municipalities, and the Guangxi Zhuang Autonomous Region.

It is essential for China to work out a middle-term plan to prevent and control AIDS, Dai said.

He singled out drug abuse and the re-emergence of venereal disease as the most devastating factors in the spreading of AIDS in China. Venereal disease is gradually moving into the countryside from large and medium-sized cities. The incidence of venereal disease in some places has reached 336 per 100 thousand. An AIDS virus carrier discovered in Beijing also had venereal disease.

Sterilization of medical apparatus and instruments in many hospitals and clinics is not as strict as it should be, leaving another dangerous loophole for AIDS infection, Dai said.

He also pointed out that there is a serious shortage of funds and equipment for work in AIDS prevention and control. Compared with other countries, the work to monitor AIDS effectively in China is very short-staffed.

"AIDS is already a global problem that defies national boundaries and ethnic groups," Dai said. "Thus worldwide effort should be made to combat this deadly disease." ■

# Tough Challenges for Aquino

by Zhang Sheng

*The abortive coup attempt in the Philippines on December 1 last year was the sixth in just over three years against President Corazon Aquino, and caused repercussions throughout the country. Aquino's government, on top of all its other troubles, must survive until the presidential election in 1992.*

Corazon Aquino has made some political and economic achievements since she came to power in 1986. In politics, she has carried out successful reform and, to some extent, made government officials behave within the law. People no longer feel a sense of insecurity, indicative of the reign of Ferdinand Marcos. During her first year as president, Aquino turned the country's negative economic growth rate around, and has increased it year by year. Last year, foreign investment poured into the Philippines. Foreign debt pressure was somewhat reduced after the signing in July of an aid agreement by the United States, Japan and some other countries. Since August 1987, tourism has flourished under a secure and stable social order. Earlier, Aquino expressed her intention of making the Philippines a newly-industrialized country following Thailand.

But the coup attempt in December has left the Philippines in a serious and turbulent situation. Aquino's leadership has also been weakened considerably. And symptoms unfavourable to national unity and solidarity have appeared.

The rift within the armed

forces is widening. After the last coup attempt, the influence of the "Reform the Armed Forces Movement" (RAM) has increased among lower- and middle-ranking officers. In order to oppose Aquino and National Defence Minister General Fidel Ramos, a radical group of young officers has joined forces with officers loyal to Marcos to whom they were previously hostile. Thus, two opposing groups have been formed from several factions in the army — the anti-government force with the "reformist" young officers at its heart and the group headed by Ramos that wants to maintain the civilian Aquino government.

Although the coup was put down, hostilities between the two groups are intensifying. The government has realized that previous displays of leniency towards the rebels have proved useless and has demanded the leader of the coup attempt be severely punished. It has increased the reward to 5 million pesos (US\$222,000) from 1 million pesos for the capture of fugitive Colonel Gregorio Honasan.

Officers who took part in the coup attempt have claimed they will launch another to bring down the Aquino government.

They persist in establishing a military government or a civilian-military committee with the military as its main body. Though Vice-president Salvador Laurel and former defence minister Juan Ponce Enrile have denied their links with the coup attempt, they support the coup officers' demand that Aquino resign. This has created a greater split in the army.

Strong provincial leaders have taken advantage of the difficulties facing the Aquino government to seek their independence. Some governors rejected central government orders to be transferred. For example, Rodolfo Aquinalso, governor of Cagayan, was suspended from his post for openly supporting the December coup attempt. But, with the help of his private armed forces, he refused to leave his office until the government airlifted anti-riot troops from Manila. The issue has not been completely resolved. He continues to wait it out in a hotel about 50 metres from his office.

The separatists in some remote provinces have taken a stronger attitude towards the central government and have disagreed with Aquino's limited autonomy plan. Some local authorities have even

demanding a confederation and want to control their own taxation and finance. If the trend towards local independence spreads further, the solidarity and unity of the multi-ethnic country with more than 7,000 islands will be threatened.

The coup attempt severely hurt the Philippine economy. Secretary of Finance Vicente Jayme estimated the coup attempt directly caused the economic growth rate to slow to 5 percent in 1989. The inflation rate reached 13 percent. The coup attempt caused unprecedented devaluation of the peso to the US dollar. Foreign firms have hesitated to implement their investment programmes, and some plan to transfer their funds to other Southeast Asian countries. Tourism income was also sharply reduced.

An official with the national data co-ordinating agency said that although the coup was frustrated, its influence on the economy will become more apparent in the first few months of this year. He predicted that this year's economic growth rate would slow down even further.

Western countries also have no confidence in the multilateral aid programme towards the Philippines because of the turbulence. The United States abstained for a second time from voting in favour of the Philippines' appeal for a loan from the World Bank. The latest coup attempt has hurt the economy of the Philippines more seriously than the previous five.

The Aquino government is in an unfavourable position in talks with the United States on the future of US military bases on Philippine territory. The lease concerning the US military bases will expire in September 1991. Both sides earlier agreed that one side should inform the other a year in advance over whether to extend the lease. The United

States hopes to extend the lease, while the Philippines wants to raise rents, wants more economic assistance from the United States and is seeking a new term of usage.

The talks on the future of the US military bases, originally scheduled for December, were postponed until March or April because of the coup attempt. There is little time left and both sides hold different positions.

The current situation is unfavourable to the Aquino government. On the one hand, the left and right, out of different motives, have criticized the president for asking military help from the United States in December. They charged that Aquino had humiliated the nation and forfeited its sovereignty.

On the other hand, she is under pressure from the United States and at home for demanding an increase in rents and economic aid. In adopting this year's US\$360 million economic assistance to the Philippines, the US Congress cut US\$96 million. This violated the agreement signed in 1988 by then US Secretary of State George Shultz and Raul Manglapus, Philippine secretary of foreign affairs. High-ranking officials of both sides have exchanged fiery words over this recently.

In February, Aquino took an unprecedented attitude by refusing to meet visiting US Secretary of Defence Richard Cheney. Before the visit, Cheney had stated that the United States would abandon its bases in the Philippines if the bases failed to benefit both sides.

Under the present circumstances it would be difficult for Aquino to reach a new agreement to extend the lease that would satisfy both sides.

The Aquino government faces several pressing issues. First, it is still a question whether Aquino can withstand the pressure, both

internal and external, to call presidential elections before 1992. She has stated that she would stay in power until her term expires in May 1992. After that she will not seek re-election as president.

Political leaders of various Philippine factions, including noted figures from the Marcos era, have been vying for the presidency. The secret return from abroad of her estranged cousin and Marcos' crony, Eduardo Cojuangco, and the second coup attempt led by "reformist" Honasan were, in a sense, a prelude to forcing her to step down before her term expires. Right-wing politicians and young army officers were united in attacking Aquino for her weakness, nepotism and tolerance of corruption at official levels. They demanded she resign immediately and hold the elections. The United States also reportedly demanded early elections and threw accusations at the Aquino government that were identical to those of the opposition, a situation almost the same as that before the toppling of Marcos.

The relationship between the government and the armed forces remains a headache. After the fifth coup attempt in August 1987, Aquino made major concessions to meet some of the demands of the military with the view of improving relations. For example, she agreed to be tough on the New People's Army under the Philippine Communist Party and withdrew charges made against some soldiers who violated public interests. At the same time, with the assistance of Ramos, she removed some high-ranking officers and promoted others.

These measures, however, failed to improve fundamentally relations with the armed forces. The personnel changes strengthened the government's control over the military, but at the same

# Mauritius in Rapid Economic Development

by Yang Guilan

**W**hile most African countries face gloomy economic situations, the economy of Mauritius keeps growing. The country's national income per capita has increased for several years running. In 1986, it was US\$1,200. It grew to US\$1,490 in 1987, and has now climbed to US\$2,000, an amount much higher than the average national per capita income of the entire African continent. As a bright economic star in the Indian Ocean, Mauritius now ranks as a middle-income nation.

Several factors have contributed to Mauritius' rapid economic growth.

First, a stable society and stable political situation has created a favourable environment for the country's econo-

mic development.

Mauritius has no indigenous inhabitants. All ancestors were immigrants from Africa, Asia and Europe. Of Mauritius' current population, 68.4 percent are of Indian and Pakistani descent, 27 percent are a mixture of European and African, 2.9 percent are of Chinese descent, and 1.7 percent are French descendants. In this particular society, all ethnic groups co-exist peacefully, different cultures respect each other, and there is no discrimination against foreign investors and labourers. This has contributed significantly to Mauritius' rapid economic growth.

Second, the policy of opening to the outside world, efforts to attract foreign investments and establish duty-free

zones are the main reasons behind Mauritius' economic prosperity.

Although Mauritius is 2,200 kilometres away from the African continent, it is of strategic importance because of its location as a sea route as well as a key air link between Europe, Asia, Africa and Oceania. It has 12 international airways flying all over the world. Port Louis, the country's capital, holds an important position in ocean transportation. Such advanced sea and air transportation has provided necessary conditions for Mauritius to develop its duty-free zones that have been set up for export-oriented processing industries.

Moreover, products from Mauritius are allowed to enter the European Economic Com-

time intensified the infighting among the military's various factions.

The "Reform the Armed Forces Movement" has a powerful influence over middle- and lower-ranking officers, of which the high-ranking officers are often not aware.

In general, the Aquino government does not enjoy constitutional respect from the military and therefore cannot command the armed forces. This is a major factor affect-

ing the political stability in the country.

Relations with the United States constitute another problem. Having been ruled for a long time by the United States, the Philippines has not yet eradicated colonial vestiges in its relations with the United States even after its independence in 1946. The United States keeps military bases in the Philippines. Economically, the links between the two countries are even

closer. The United States, although renouncing its colonial rule over the Philippines, shows an overly enthusiastic concern for the internal affairs of the Philippines. While dealing with the legitimate government in Manila, Washington keeps multi-channel links with the armed forces and the opposition. Some US activities in fact constitute interference in the Philippines' internal affairs and are likely to provoke anti-US sentiments

munity freely. Labour is cheap and most workers can understand both English and French. In Mauritius, preferential treatment is given to foreign investments, and export-oriented processing enterprises are allowed to be exempt from duty for 10 to 20 years. Since 1971, businessmen and entrepreneurs have come thick and fast from all over the world to Mauritius to invest and build factories. The number of export-oriented processing enterprises has now risen to 900 from nine in 1971, and the number of workers has now increased to more than 80,000 from 644 in the beginning. The export value of the export-oriented processing zones was 40 percent and 13.6 percent respectively of the country's foreign sales and gross national product, exceeding that of the traditional sugar industry. Sugar's export value was 37 percent and 13 percent respectively of foreign sales and gross national product.

Third, Mauritius is also devoted to diversifying its economy.

Mauritius is a small country and poor in natural resources.

The soil is volcanic lava, thus unfavourable for planting. However, Mauritius has managed to develop nearly 100,000 hectares of sugarcane. This is more than 92 percent of the country's total cultivated land. One-third of the country's labourers are engaged in sugarcane planting. With 19 large and more than 30,000 small sugarcane fields, as well as 19 modern sugar refineries, Mauritius is able to produce 650,000 tons of sugar annually, most of which is exported. Mauritius' sugar export per capita ranks second in the world, only behind Cuba's.

The Mauritius government has also made efforts to promote the production of tobacco, tea, cotton, coffee, cocoa, vegetables and grain.

Coral reefs surrounding Mauritius keep sharks dozens of miles away from the coast. Therefore, the snow white and clean beaches along the coast can claim to be the world's safest for swimming. Its pleasant weather, picturesque landscapes, convenient transportation and hospitable residents have won Mauritius the reputation of a "holiday paradise."

Each year, groups of travellers from all over the world spend their holidays in Mauritius.

The Mauritius government lost no time in developing its tourism. In 1970, the country had only 16 tourist hotels that received 27,000 visitors. In 1986, there were 48 tourist hotels catering to 135,000 guests. In 1988, the number of travellers reached 245,000, giving Mauritius an income of 2.3736 billion Rupees (in 1987, one US dollar was equal to 12.61 Rupees), an amount accounting for 15 percent of Mauritius' gross national product. Tourism has become the third biggest source of Mauritius' foreign exchange revenues. The export-oriented processing industry, sugar industry and tourism are the three economic pillars of Mauritius.

With an annual economic growth of 7 percent, Mauritius also has some economic troubles. The government is exploring ways to overcome a labour shortage problem, rising prices for petroleum products, loss of control on prices and a soaring inflation rate. ■

there. In dealing with Washington, the Aquino government must resolve smoothly the military bases and economic issues without letting it intervene in the internal affairs of the Philippines. This is significant for maintaining domestic stability.

How the economy will do is another factor. There are two inherent obstacles in the Philippine economy that are difficult to surmount. One is the over-concentration of land.

Big plantation owners, who constitute only 1 percent of the population, own 11 percent of the country's land. The majority of landless farmers, therefore, are reduced to extreme poverty. Another is the employment problem. The high birth rate — reaching 3 percent — worsens the situation. It is estimated that the current population of 60 million will double in the next 25 years. The country must create 800,000 jobs annually

to resolve the problem. The farmers receive little education and do not know a thing about family planning, and Aquino, a devout Christian, does not pursue a birth control policy, making the employment issue more acute. Failure to conduct land reform and enforce a family planning policy will make it difficult to eliminate poverty and stabilize the situation even if a drastic rise in economic growth is achieved. ■

MEETING THE PRESS:

## NPC Spokesman, Minister of Agriculture Talk About Current Issues

On March 19, Yao Guang, spokesman of the Third Session of the Seventh National People's Congress (NPC), answered questions put to him by Chinese and foreign journalists at the session's first press conference.

**Central Military Commission Shake-up.** In answer to a question concerning a change in the chairmanship of the Central Military Commission of the People's Republic of China, Yao said some personnel changes will take place at the current NPC session when it examines and discusses Deng Xiaoping's request to resign from his post as chairman of the Central Military Commission of the People's Republic of China and elects a new chairman of the commission. Other members of the commission will be determined on the basis of nominations made by the new chairman.

Yao told the reporters that the presidium of the session at its meeting on the morning of March 19 had accepted Deng's request and would submit the motion to the session for deliberation. The choice of a new chairman of the Central Military Commission will be made after nomination by the presidium of the session and discussion and election by all deputies.

**The Dismissal of Hu Jiwei.** In response to a question as to why Hu Jiwei, the former editor-in-chief of *Renmin Ribao* (People's Daily), was dismissed from the NPC and the NPC Standing Committee member and his post as vice-chairman of the Educa-



Yao Guang.

tional, Scientific, Cultural and Public Health Commission of the NPC, Yao said that, according to the Constitution of the People's Republic of China, the Organic Law of the NPC and the Electoral Law, the deputies to the NPC are elected by the people's congresses of provinces, autonomous regions and municipalities directly under the central government and are subject to the supervision of their constituencies, which have the right to dismiss the NPC deputies they elected. After the people's congress of Sichuan Province revoked, through legal procedures, Hu's membership in the Seventh NPC, he was subsequently dismissed from his posts as a NPC Standing Committee member and vice-chairman of the Educational, Scientific, Cultural and Public Health Commission of the NPC.

Yao added that Hu made the mistake of supporting and participating in last year's turmoil and engaged in activities which



He Kang.

infringed upon the rights of others. For instance, during the turmoil, Hu masterminded and revised a "letter to the people of the whole nation" issued by an illegal student organization at Tiananmen Square. According to the Organic Law of the NPC, Hu did have the right to make proposals to the NPC Standing Committee, including the holding of an emergency NPC Standing Committee meeting. But, as an initiator of the proposal, Hu signed the names of other NPC Standing Committee members on the proposal without their consent. This was an infringement of their rights and thus illegal.

**Routine Military Exercise.** A Taiwan reporter asked Yao to comment on the changes in Taiwan's current situation and Taiwan's public concern about military activities along Fujian Province's coast.

Yao said the People's Liberation Army units stationed in Fujian recently conducted routine



The press conference held by He Kang

Photos by CHEN ZONGLIE

military exercises. This was normal activity and there was nothing unusual about it.

At a press conference given by NPC Spokesman Yao Guang on March 22, Minister of Agriculture He Kang answered questions related to China's rural development.

#### Surplus Rural Labour Force.

When asked about what arrangement has been made for farmer-workers who will return to farming because of the shutdown of some township enterprises, He cited a number of figures to make his points. According to him, in 1988, township enterprises in China employed some 95.5 million workers. The number has since dropped to 92 million, which means 3.5 million of them have returned to agriculture. Rural industrial workers are both workers and farmers, with many contracting to till some land at home. About 30 percent of those who returned to the agricultural field now engage in farming; 50 percent are involved in agricultural development organized by local governments, such as building water conservancy projects, planting trees and building roads; and 20 percent work for service and commercial trades in the rural areas.

Of China's 500 million able-bodied farmers, 400 million are in the rural areas, with the per-farmer share of farmland averaging less than four *mu* (15 *mu* equal 1 hectare). In the rural

areas, surplus labour force makes up one third of the total labour force. Therefore, developing the township enterprises, carrying out agricultural development projects, and engaging in intensive cultivation constitute a long-term task.

Asked whether he was confident that the per-capita share of grain in China will gradually increase given the fact that China's population continues to grow and farmland continues to decrease annually, the minister of agriculture answered in the positive, but added that he was not blindly optimistic, because raising the per-capita share of grain involves arduous work.

First of all, the population growth must be reduced, he said. The birth of each child requires an additional 400 kg of grain. Assuming that the Chinese population can be kept at the level of 1.25 billion before the year 2000 and that 400 kg of grain per person have to be produced, then China needs to have a 2.5 percent annual increase in grain production, which is currently at 400 million tons annually. Last year, China's grain production increased by 3.4 percent and it would be good to keep a 3 percent annual growth, He added. In the past 40 years, China's grain production increased by about 2.5 percent a year on the average. "Judging by this, I think it is possible to attain our goal," he said.

Second, the minister continued, farmland should not be reduced. Farmland has been shrinking at an annual rate of 200,000 hectares. In the future, the country will have to reclaim one *mu* of new farmland to make up for every *mu* being used for purposes other than farming. "We now have some 200 million *mu* of wasteland that can be reclaimed and we should try to open up 10 million *mu* every year," he said, "and in addition, we plan to transform 30 million *mu* of low- and medium-yield farmland every year, 300 million *mu* over a period of ten years. China has now established a comprehensive agricultural development fund. If these programmes can be realized, the increased grain output will represent 60 percent of the planned annual increase in grain output."

Third, China should increase input in agriculture and strengthen capital construction, the minister said. In regard to the construction of water conservancy projects, the acreage of irrigated areas should be expanded from the present 700 million *mu* to 800 million *mu* and the amount of chemical fertilizers to be applied should increase 30 million tons from the present-day 100 million tons to 130 million tons by 2000. He said that generally speaking, the application of every ton of chemical fertilizers can increase grain output by two to three tons, and 30 mil-

lion tons of chemical fertilizers can increase grain output by 60 million to 90 million tons. "If this can be realized and if advanced technology and improved grain strains are applied, it is possible to increase our grain output by 100 million tons by 2000," the minister concluded.

**The Collective Sector of the Economy.** By quoting Premier Li Peng as saying that it was necessary to establish a socialized service system and a double-level management system on a proper scale, a Hong Kong reporter asked if this meant that the government plans to expand the collective sector in the national economy.

He Kang began his answer by pointing out that the household-based contract responsibility system linking output with remuneration is in itself a form of the collective economy. According to him, the farmland contracted out to households still remains under the collective ownership, and the household has only the right of use but not the right to sell it. The household which tills the contracted farmland has to fulfill certain obligations accord-

ing to the contract.

"At present, it is necessary to strengthen the double-level system of unified and scattered management. Whatever can be done by individual households should be left to the care of the households. Hence the scattered management. Whatever cannot be done by individual households, such as the construction of water conservancy projects, the introduction of large farming machines and the large-scale campaign against pests and plant diseases, should be done by the collective which provides socialized services for farmer households," He Kang said. This double-level management system serves to raise the efficiency of household management by offering services rather than administrative orders, he continued, and the policy which allows farmers to own whatever they grow on the farmland they contract remains unchanged.

He said that the collective-owned enterprises at the level of township should serve farmers better. "The profits made from the township-run enterprises and

agricultural machinery stations should be used to reduce farmers' social burden and to assist agricultural production," he said. **Mainland-Taiwan Exchanges.** In reply to a question posed by a Taiwan *United Evening News* correspondent, He Kang said that agro-technical exchanges between the mainland and Taiwan began some three years ago. The first meeting was in Hong Kong when the two sides each sent ten experts and professors. The second meeting was in Shenzhen while the third will take place in Nanjing in June this year. During this period, Taiwan's technicians and experts will be taken on an inspection tour of Hainan Island with the help of the Association of Agro-Technology Exchanges.

Last year, He Kang said, the mainland began co-operative exchanges with concerned Taiwan departments on the latest production technology for improved strains of grain. There are good prospects for continuing agro-technical exchanges between the mainland and Taiwan. ■

## NPC: The Voice of the People

by Our Staff Reporter Wu Naitao

**A**t the press conference held on March 15, Yao Guang, spokesman of the Third Session of the Seventh National People's Congress (NPC), was repeatedly asked by reporters whether China's NPC was democratic. The questioning betrayed a lack of understanding of socialist democracy embodied in the system of the people's congress. In order to present some insight into the system, this reporter interviewed some deputies to the current NPC session.

The nearly 3,000 deputies to the

Seventh NPC include Communist Party and state leaders, representatives from all democratic parties and non-party patriotic personages, as well as ordinary workers, farmers, military personnel, cadres and intellectuals. Of these participants, workers make up 12.4 percent; farmers, 10.6 percent; and intellectuals, 23.5 percent. Each of China's 55 minority nationalities also has its own representatives. This composition enables the NPC to both reflect the common interests of the masses of people and

take into account social, national and other special interests when formulating state laws and deciding major issues.

### Broad Representation

Chen Lunfen, a model worker of the Beijing No. 3 Radio Equipment Factory and deputy to the Fifth, Sixth and Seventh NPC, said, "Acting as a deputy to the NPC is not just a title or an official post because the deputies' responsibility is to reflect the will of



the people. The public sets a high demand on an NPC deputy's ability to participate in and discuss state affairs and so deputies must be quite familiar with affairs of the state. They need to be frequently engaged with people at the grass roots in order to understand social situations. Only in this way can they "shoot the arrow at the target" and highlight problems they've discovered in speeches and motions which they put forward at the NPC. In a notebook, Chen records all the opinions and requests of her constituents, including criticisms of ineffective implementation of the Law on Economic Contract and suggestions on how to improve the sluggish market. At a previous NPC session, Chen, acting on the suggestions of many electronic workers and basing herself on the fact that China's backward electronic industry has further slumped because of foreign imports, suggested strict control over the amount of imports and an increase in the amount of investment in the electronics industry. Her recommendations received a positive reaction from the State Planning Commission and were later accepted. In the past decade since she first became a deputy to the NPC, Chen has made more than 100 proposals at the NPC. She was elected a deputy to the NPC three consecutive times because she listened earnestly to and reflected the masses' voice, doing her best to help resolve their problems.

Shi Laihe, a member of the NPC Standing Committee, is a farmer from Liuzhuang Village, Xinxiang County, Henan Province. Apart from attending the annual NPC session and the regular meetings of the NPC Standing Committee, he regularly examines work reports from various government departments, the Supreme People's Court and the Supreme Procuratorate. He is often outspoken regarding agricultural policies at NPC Standing Committee meetings. "A few years ago," he said, "the government attached lit-

tle importance to agriculture, a neglect which brought a lot of farmer complaints. Agriculture is the foundation of the national economy and 1.1 billion Chinese people cannot subsist on imported grain." At the NPC Standing Committee meetings and NPC sessions, Shi repeatedly suggested increasing support for agriculture to reduce the burden on farmers, ideas which were forwarded to the Ministry of Agriculture. Minister of Agriculture He Kang held a number of meetings with Shi and farmer representatives from various parts of the country to find out the situation. In the end, he agreed and said that their suggestions should be accepted. In his report to the current NPC session on implementation of the 1989 state budget, Minister of Finance Wang Binqian noted, "In 1989, assistance for agriculture came to 19.907 billion yuan, an increase of 4.033 billion yuan, or 25.4 percent, over the previous year." In his government work report, Premier Li Peng also stressed increased support for agriculture. "This year, the government plans to increase agricultural assistance. Out of the total capital construction investment at the disposal of the central authorities, agricultural investment is to receive a 30 percent increase over last year's, the largest of the past decade. Governments at all levels, on their part, should do their utmost to invest more in agriculture." Shi, quite satisfied with the two reports, said, "Some concrete suggestions I made in the past, such as raising the purchasing price of cotton by an adequate amount and improving the methods of cotton supply, have been adopted to varying degrees. At this session, I plan to make some suggestions regarding the establishment of a social service system for agriculture."

The deputies to the NPC are elected by the people, responsible to the people and supervised by the people. With a strong sense of responsibility and commitment,

they keep close ties with the public and thus are aware of public sentiment, trends and needs. They firmly perform their duties as required by the Constitution and fully reflect the people's will at the NPC sessions.

### Effective Suggestions

Proposals, suggestions, criticisms and opinions raised by deputies to the NPC are an important exercise of their rights to manage state affairs according to law. The subsequent conscientious handling of these proposals and suggestions by the state organs is an important channel by which the deputies exercise their functions and powers, attentiveness to the opinions of the masses and the improvement of their work is respected. According to Peng Chong, vice-chairman and secretary-general of the NPC Standing Committee, many laws promulgated in recent years by the NPC and its Standing Committee and the State Council have been formulated in accordance with the deputies' proposals.

During the Second Session of the Seventh NPC, deputies put forward 411 proposals and 3,778 suggestions to the congress. After the conclusion of the congress, the general office of the NPC Standing Committee submitted these proposals and suggestions to the related departments for study. This reporter learnt at the current session that by February 5 this year, the various departments had already handled all the proposals and suggestions and had replied to the deputies.

Right after the opening of the current session, Wang Gong, a 61-year-old lawyer, submitted 40 proposals, criticisms and opinions to the secretariat of the session. Wang, a deputy from Bangbu, Anhui Province, is one of the few professional lawyers among the 3,000 deputies at this session. "The suggestions, criticisms and opinions on the economy, legal system and democratic construction raised by the deputies to the

NPC," he said, "have received great attention from the related departments and have played an inestimable role in promoting our practical work." At the First and Second Sessions of the Seventh NPC, Wang's suggestions on the enactment of laws on lawyers, controlling the hazard of tobacco, supervising the NPC, the private business law and other matters have been adopted. Some of the laws have already been formulated and others are under discussion. In addition, more than 70 suggestions, criticisms and opinions put forward by him at the two sessions have received responses. He said he was "very satisfied" with most of the results. Wang also submitted a proposal for a law on conferring of orders and a law on administrative legislation to the current session. He is confident that the two legal proposals will once again be brought to the attention of the related departments. As a responsible deputy of the people, he has also thrown his energy into perfecting the NPC system. To this end, he intends to put forward suggestions that the committee supervising the powers of the NPC and a system of some full-time deputies be established.

At the Second NPC Session of last year, Hu Zhanshan, a deputy from Liaoning Province, and some deputies from other places raised suggestions that the government enact measures for stabilizing prices. Hu Zhanshan especially mentioned the fact that because prices went up considerably in the fourth quarter of 1988, no new price mark-ups should be taken by governments at any level in the first half of 1989. The State Price Bureau's reply said that the State Council had decided that price control was regarded by the State Council as an important part in assessing the achievements of the people's governments at all levels. The system of overall leadership by leading administrative cadres would be implemented and the specific measures for implementation formulated. In the first half



**Mayor Hu Zhanshan of Jinzhou, Liaoning Province.**

of 1989, except for the price rises having the special approval of the State Council, no official price adjustment measures would be taken by the governments at any level; in the second half of 1989, prices were also to be strictly controlled. Hu Zhanshan was satisfied with the answers and the measures for their implementation.

Hu is mayor of Jinzhou in Liaoning Province, a medium-sized city with a population of 2.9 million. In 1988, Jinzhou established a "price regulatory fund" which had played a certain role in stabilizing local prices. At the Second Session of the Seventh NPC, Hu Zhanshan gave an account of the situation and suggested that the measure be introduced throughout the country. The State Price Bureau wrote a letter noting that the suggestion was feasible and would be tried out in some cities. Hu Zhanshan believes that the ways in which proposals and suggestions raised by the deputies are dealt with are better now than at the First Session of the Seventh NPC. All proposals and suggestions and the responses of the related departments are printed and distributed to all deputies. It is thus known to all whether problems of common concern to the public receive a clear response.

Huang Maoheng, vice-president of the Nanchang Aviation College

in Jiangxi Province, proposed that computers be used to count the voting result as quickly as possible. She did not realize that at the preparatory meeting to elect the members of the presidium for the current session, the computerized voting machine had already been put into use. Such modern equipment is only used in a few parliamentary halls worldwide. In the past, China's NPC has used the practice of vote by a show of hands or a vote by paper ballot, both of which have their drawbacks. The paper ballot is too time-consuming to count, while the show of hands lacks statistical accuracy. It also requires a great deal of courage to raise one's hands to vote against someone publicly. Therefore, at the last NPC session, some deputies put forward a suggestion that the voting machine be used. At the current session, 3,300 computerized voting machines were installed at the platform seats and at the seats of the deputies in the Great Hall of the People. The use of voting machines for the first time at the people's congress has not only greatly raised efficiency but is also a convenient means for the deputies to fully express their opinions and exercise their powers.

Not all the deputies, however, are satisfied. Deputy Wang Shuyu from Henan Province said that answers to his motions from one department was over-simplistic and that no answer was forthcoming to problems he listed and the measures for their solution which he had made. He said that the various departments were serious about the motions submitted by the deputies, but that they were slow to respond and their work efficiency was very low. The situation caused him and fellow deputies to feel somewhat anxious.

The deputies discussed the different issues, which, raised out of different considerations, were brought to the session. No matter what they did, however, their common intent was to report on the real opinions of ordinary people,

take an active part in the discussion of government affairs and speed up the operation of the democratic machine already set in motion.

### Socialist Democracy

If China's democratic construction is likened to the construction of "a large building," should it be built according to China's own blueprint or foreign blueprint? This has always been a controversial question. Deputy Lin Jinming from Hubei Province believes that the genuine difference lies in the mode of democracy and the way democracy will be built, and is not a choice between democracy or dictatorship. Therefore, Deputy Lin added, "When we discuss democracy, we should see not only the form of democracy but remember the essence of the state represented by a given democratic system". This deputy, who is a standing committee member of the Central Committee of the China Democratic League, also said that if we did not take the current democratic systems of the West, such as the multi-party system, the separation of legislative, executive and judicial powers, and parliamentary politics, as the only form of democracy and the only standard for measuring the degree of democracy, but also took into account whether there is an exploitative class and whether a handful of people are using their privilege brought about by their wealth to control political power, then we would have every right to say that socialist democracy has had a certain degree of development in China. The Chinese people already have had an organ—the National People's Congress—through which they can exercise democratic politics.

Deputy Lin Jinming studied and worked abroad and is now a professor of the Huazhong College of Science and Engineering's Electric Power Department. He talked about the election campaign he witnessed in the West, and com-



**Professor Lin Jinming of the Hubei Central China Science and Engineering University.**

pared it with what election is like in China. Some people, he said, were very anxious to copy the model of democracy prevalent in the United States in the 1980s. They clearly forgot that the development of democracy is inevitably restricted by a country's economic and cultural conditions. It is easy for people to understand that an economy must be developed step by step, but they are apt to forget that the edifice of 'democracy' must be built floor by floor.

All of the deputies have a common understanding of the importance of further perfecting the NPC system. Following the NPC's promulgation of the Organic Law and the Rules Governing Discussion of State Affairs, many deputies proposed the establishment of laws pertaining to the democratic procedures of the National People's Congress and advanced many proposals for the establishment of various special committees, such as the NPC Supervision Law and the NPC Supervision Committee.

During the session, NPC Standing Committee Member Li Jianbai acquainted this reporter with various measures which the NPC Standing Committee adopted to strengthen supervision over government and judiciary organs, including listening to and reviewing reports by departments concerned on a regular basis, dealing with



**Li Jianbai, member of the Standing Committee of the National People's Congress from Heilongjiang Province.**

*Photos By CHEN ZONGLIE*

letters from the masses, and receiving people who have complaints about government work. In the last few years, the NPC and its Standing Committee adopted member and deputy licencing systems by which deputies and committee members are encouraged to examine and supervise various fields of work. In the meantime, the people's congress at various levels and their standing committees often organize inspection groups to thoroughly investigate major issues and the enforcement of laws. In doing so, they have made many constructive proposals. Li Jianbai from Heilongjiang Province joined a group organized by the NPC Standing Committee to inspect how the Forest Law was implemented in six provinces and autonomous regions. Li Jianbai said that although the NPC Standing Committee had made great efforts, there was still much to be desired in regard to the supervision work. He is fully convinced that with the formulation and promulgation of the NPC Supervision Law and with the gradual perfection of the supervisory system, the people's congress will be further strengthened and perfected and the construction of socialist democracy with distinctive Chinese characteristics will enter a new stage. ■

# Main Goals of Economic Rectification Programme

by Our Staff Reporter Li Rongxia

*The article attempts to answer in detail these questions: What are the specific goals of the ongoing campaign to improve the economic environment and straighten out the economic order? Why were these goals chosen? Why are three years required for their attainment? What are the other issues that may affect their success?—Ed.*

As a result of China's consistent effort at reform and opening from 1978 to 1988, the country registered sustained development in the national economy, a substantial increase in its national strength, and marked improvement in the standard of living of both urban and rural residents. Profound changes have taken place in the nation. There exist, however, many problems and difficulties in the economy. These are clearly manifest in the worsening inflation, the unbalanced supply and demand, the irrational economic structure and a chaotic economic order. To address these problems, the Third Plenary Session of the 13th CPC Central Committee in September 1988 put forward the policy of improving the economic environment and rectifying the economic order and deepening the reforms. After more than a year's effort, China has achieved initial success in this regard. The excessive rate of industrial development has come down, agricultural harvests have been good, investment in fixed assets has been curtailed somewhat, the momentum of price hikes has been slowed, and the economy as a whole is continuing to develop.

However, China's economic problems, built up over many years, cannot be resolved in the short term. Because of this, the Fifth Plenary Session of the 13th Party Central Committee held in November 1989 decided to further improve the economic situation and deepen the reforms. At the session, clear goals and schedules were set for economic readjustment. The decision pointed out emphatically that continued implementation of such policy was the fundamental method to overcome present economic difficulties and bring about a sustained, steady and coordinated development of the national economy.

## Six Goals

Considering that the many economic problems cannot be quickly solved, the Fifth Session, after repeated discussion and solicitation of opinions from people of all walks of life, set six goals for the economic rectification programme.

1. Gradually reducing the rate of inflation, particularly the rate of the country's retail price hikes to below 10 percent.

In 1988, there was noticeable inflation in China. Statistics in-

dicating that in 1985, 1986 and 1987, the nation's general index of the rise in retail prices was 8.8 percent, 6 percent, and 7.3 percent respectively, but climbed to 18.5 percent in 1988. Factors contributing to inflation were an overheated economy and total demand outstripping total supply, as well as the unbalanced economic structure, state expenditures surpassing revenues, excessive scale of credit and an over-issuance of banknotes. Comprehensive rectification is a solution to this problem. Just as the rise in prices builds gradually, so the elimination of price hikes requires a gradual slowdown. The momentum of price rises was curtailed in 1989. The country's retail price index in February 1989 rose by 27.9 percent compared with the same period of 1988; this was followed by a gradual decline by month and in December it rose only 6.4 percentage points over the same period of 1988. The annual retail price index rise was 6.4 percentage points, noticeably lower than the previous year's level of 15.9 percentage points. Great efforts are required to reduce the rate of retail price rises to less than 10 percent. Major measures to be adopted for this purpose include

reduction of total scale of credits and control over the issuance of banknotes; an increase in revenue and decrease in expenditure and strengthened management of taxation by the financial department; tightened control over the market prices and rectification of the circulation field by industrial and commercial departments.

2. Reducing the volume of banknotes issued so that money supply is compatible with the needs of economic growth.

Between 1984 and 1988, because of the expansion of investment and consumer demand, the amount of money in circulation far surpassed the needs of the economy. During this period, the annual growth of the gross national product (GNP) was 14.5 percent, 13 percent, 8.3 percent, 10.6 percent, and 11.2 percent respectively while the growth of the money supply was 49.5 percent, 24.7 percent, 23.3 percent, 19.4 percent and 46.8 percent res-

pectively. The issuance of banknotes exceeding the needs of economic development gave rise to inflation and aggravated the imbalance between supply and demand.

In 1989, thanks to tight credit and inflation-proof savings deposits, there was a drastic reduction in money supply. The amount of money issued stood at 21 billion yuan, much lower than the previous year's level of 68 billion yuan. The year-end amount of money in circulation was 9.8 percent greater than the previous year, also far lower than the growth rate of 46.8 percent of the previous year and the lowest rate ever achieved since 1979.

This year China will continue to tighten credit, increase the central bank's regulating capability and strictly control the growth of total wages.

3. Striving to balance revenue and expenditure and gradually eliminate financial deficits.

In the past few years, the excessive state investment in fixed assets, the start of too many construction projects and poor economic returns in enterprises have resulted in serious imbalance between revenue and expenditure and substantial financial deficits.

Present domestic debt exceeds 80 billion yuan. Through readjustment in 1989, state revenue reached 281 billion yuan, some 104.4 percent of the budget, up 12.9 percent over the previous year, a rate basically compatible with the growth of industrial production.

To eliminate deficits and balance revenues and expenditures, it is necessary to raise economic returns, improve management and reduce and eliminate waste. At the same time, greater efforts should be made to boost technical advances so that new technology can provide a basis for economic growth.

4. Striving to maintain a 5-6 percent growth of GNP each year.

As a developing country, China should strive for a moderate economic growth rate and a gradual improvement of the living standard of its people. Moreover, China's large population, scarcity of resources and uneven economic development determine that industrial production can grow only at a rate appropriate to its situation. In the past few years, the overheated economy and the excessive rate of development have brought about a series of problems.

After a year's effort to improve the economic environment and rectify the economic order, the excessive rate of industrial development has come down. Total industrial output value came to 2,150 billion yuan, an increase of 8 percent when calculated according to comparable prices, and the growth rate dropped by about 13 percentage points from

**The goal of financial departments is increased income and reduced expenditure, and strengthened tax management.**

LI SHIJI



the previous year.

5. Changing the irrational industrial structure and trying to bring about a gradual growth in the production of major farm products, easing the shortage of energy and raw material supplies and improving transportation facilities.

The irrational industrial structure adversely affects the healthy development of China's economy and the irrational investment structure is an important cause of defects in the industrial structure. As a result of a fall in investment in energy, transportation, the raw material industry and agriculture over the past few years, the problem of reduced agricultural investment, the short supply of energy and raw materials and the shortage of transport facilities have come to the surface and must be solved without delay. To this end, earnest efforts must be made to carry out the industrial policy, effectively strengthen agriculture and basic industries and increase input.

Proportionate relations between the major industries improved somewhat in 1989. The ratio of industry to agriculture

was lowered from 5.33:1 to 2.42:1; while the ratio of the increase in energy production to the growth rate of GNP rose from 0.46:1 to 1.65:1; and the ratio of freight transport growth to GNP growth rose from 0.67:1 to 1.95:1.

6. Further improving various measures to deepen the reform and gradually establish a macro-economic control system which conforms with the principle of combining the planned economy with market regulation.

An important task in the nation's economic readjustment, the establishment of a macro-economic control system is also a reform measure which helps to achieve other goals. Extreme decentralization of the distribution of funds, foreign currency and materials during the past few years has seriously weakened the state's macro-control powers. The state was impotent to curb the inflationary demands or to readjust the deteriorating structure. To successfully improve the economic environment and straighten out the economic order, efforts must be made to strengthen the state's macro-control power, carry out the principle of combining the

planned economy with market regulation and maintain appropriate centralization. The state should also establish a comprehensive system to deepen the reforms in the contract responsibility system for enterprises and in the field of banking, finance, foreign trade, material distribution and pricing.

### The Schedule

The Fifth Plenary Session of the 13th CPC Central Committee decided that three or more years would be needed to complete the task of economic readjustment.

Why are three years needed?

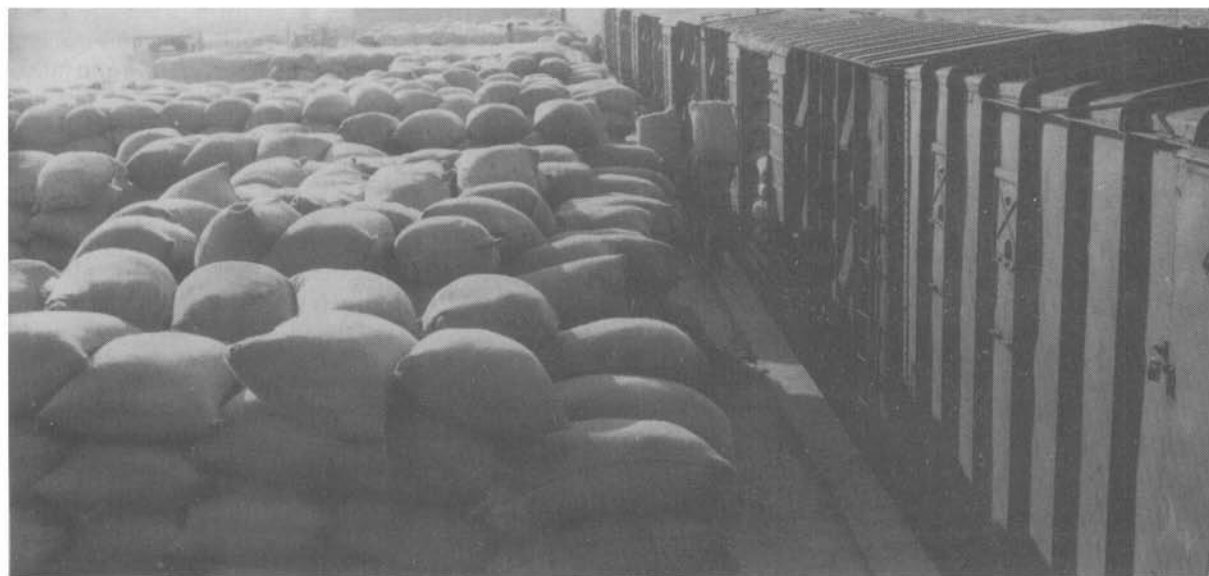
The goals selected for readjustment are based on both the superficial and deep-rooted problems in the economy. Problems confronting us at the surface level such as a sluggish market, tight money supply and a sharp fall in industrial growth can be solved when the product mix is improved, markets are enhanced and the volume of circulating funds is increased. But if the necessary readjustment is made ineffectively, the fundamental contradictions existing in the economy may be worsened.

Built up over the years, the deep-rooted problems forestall the long-term and stable development of the national economy. These problems are manifest in social demand exceeding social supply, irrational industrial structure, inflation and price hikes. Contradictions between agriculture and industry, basic industry and ordinary processing industries, financial and credit deficits all restrict to a large extent the national economic development. To achieve balance between supply and demand as well as the rationalization and perfection of industrial make-up is a complicated task that cannot be fulfilled in a short time, and any time-consuming readjust-

**A saltern in Inner Mongolia uses efficient evaporation recovery pots made with titanium compound boards to produce refined salt. One view of the saltern.**

BAISI GULANG.





Grain, fur, cotton, melons, fruit and nonferrous metals cannot be delivered due to shortage of transport facilities. A freight yard at the Shihezi Railway Station.

ZHENG ZHENSUN

ment will result in long-term economic instability, stagnation of people's living standards and social disorder.

The three-year duration can not only solve the surface problems but ease the impact of those which are deep-rooted so as to set the national economy on a right track of sustained, stable and coordinated development.

### Interlocking goals

Of the economic readjustment goals, an effective control over total social demand is the most important one, which covers such areas as the inflation rate, the amount of banknotes supplied, revenue and expenditure, and an appropriate economic growth rate. Structural readjustment goals give priority to bottlenecked industries which hampers the development of national economy. Meanwhile the economic readjustment goals also find expression in the necessity of combining economic readjustment with the nation's reform. Establishing a macro-economic control system is in fact the goal of reforming the macro-

economic management.

All are inter-related. These goals focus on checking inflation. To balance revenue and expenditure and to limit the amount of money supply and economic growth rate are all aimed at controlling total social demand and alleviating inflation. The same is true of the adjustment of industrial structure and the increase of effective supply. The establishment of the macro-economic control system aims to balance the general demand and supply, check inflation and, at the same time, deepen the reform of the macro-economic system.

These goals are also intrinsically related. There are close cause and effect relations between the inflation rate, the amount of money supply and the economic growth rate. Economic growth needs the support of money supply while price increases demand a larger cash supply. Any excessive issuances of banknotes will result in inflation. Therefore, to maintain a proper amount of the cash supply that meets the needs of the appropriately growing economy helps reduce inflation during the

economic readjustment.

Closer relations can be found between revenue-expenditure balance and the economic growth rate and the adjustment of the industrial structure. Irrational industrial set-ups and low structural profits can lead to an increase of revenues because of speed rather than efficiency. Revenues will be unavoidably affected if production speed slows down. Only by adjusting the industrial make-up in order to strengthen its weak links and raise structural efficiency and by keeping an appropriate economic growth rate based on improvement in efficiency, quality and science and technology can a balance between revenue and expenditure be achieved.

The normal operation of the macro-economic control system must be backed by a strong economy and a sound micro-control system. In establishing the macro-economic system, efforts must be made to bring into full play both the guiding role of the national industrial policy and the regulatory role of the market so as to successfully combine the planned regulation with the market regulation. ■

# Listening to the People

by our Staff Reporter Wu Naitao

If anyone in China directly writes to Jiang Zemin, general secretary of the Central Committee of the Communist Party of China, or Li Peng, premier of the State Council, the letter will be delivered to a grey building in downtown Beijing. There, the Public Affairs Division under the General Offices of the Party Central Committee and the State Council handles public letters and receive visitors who come from all over the country to appeal to the higher authorities for help with various problems. Over the past ten years, the division has received 7.54 million letters and more than 853,000 visitors. The division has now become an important channel for Party and government leaders and leading departments to keep in touch with public opinion.

In a letter to Zheng Youmei, director of the division, and Wang Gang, deputy director in charge of day-to-day work, Pre-

mier Li Peng said that Jiang Zemin and he welcomed the many letters that were addressed to them but their busy work schedules prevented them from responding personally to all of them. They asked that the division conscientiously consult and impartially handle each letter so as to ensure that the public voice be heard.

According to director Zheng, the majority of letter writers are ordinary people who suffered what they considered to be unfair treatment and so appealed to the higher authorities for help. Some made suggestions regarding governmental policy, reported on their local situations or exposed and denounced corruption. Over the past ten years, because local government at various levels have made concerted efforts to improve their work style, many problems have been resolved at the grass-roots level. The number of letters received

has decreased from 1.08 million in 1979 to 520,000 in 1989 and the number of visitors appealing to the division for help had dropped from 187,000 to 41,000.

## A Channel to the People

The system by which ordinary people may directly write to Party and state leaders was initiated by the late Chairman Mao Zedong and Premier Zhou Enlai in 1949 when the Peo-

ple's Republic of China was founded. In the beginning, leaders personally read and dealt with letters from the people. With the increasing number of letters, their secretaries did much of the work, and later, an office was set up. In 1975, the Public Affairs Division was established especially to deal with matters in this regard.

As of now, the system of receiving letters and visitors has been established around the country. In addition to the Public Affairs Division under the General Offices of the Party Central Committee and the State Council, the Party and government organizations at central and local levels and major enterprises have all set up similar departments. A fairly-integrated network has thus been formed. According to incomplete statistics, the number of full-time cadres responsible for public affairs in the Party and government departments at and above county level is now more than 60,000. Zheng said, "My division alone now has more than 500 members. Each letter they receive must be read and registered and recommendations put forward for dealing with it."

Zheng noted that his division mainly uses the following ways to respond to people's letters.

—Each week or every other week, key opinions, suggestions and problems are extracted from the letters or from the ideas put forward by visitors, compiled into a comprehensive material and delivered to each Standing Committee member of the Political Bureau of the CPC Central Committee. In regard to items of major importance, the division will make extracts and make a specific report on the item to the higher authorities. After putting down the riot occurred in Beijing last June, for example, a student of Qinghua University wrote to General Secretary Jiang. He invited Jiang to have a discussion

Over the past ten years, the Chinese government's Public Affairs Division has received 7.54 million letters and more than 853,000 visitors.

ZHAO REN





together with teachers and students in Qinghua University. Not long after, the general secretary went to the university. Zheng said that, since the Fourth Plenary Session of the 13th Party Central Committee, the number of letters to Jiang Zemin and Li Peng has averaged around 1,500 each week, all of which have been responded to in a timely manner or transmitted to related local governments and functional departments for settlement.

—Compiling and publishing the *Mass Reports*. Universal problems such as the proper implementation of policies, as extracted from people's letters and put forward by visitors, are reported to the Party Central Committee, the State Council, relevant Party and government departments so that policy makers can be aware of problems and take corrective action.

—Based on the letters and visitors arriving from each province, municipality and autonomous region, the division will each quarter make a corpus of people's letters and a monographic material of letters and visitors and deliver them to the Party and government leaders of the relevant provinces, municipalities and autonomous regions. In accordance with the principle of sharing responsibility by different levels and handling matters by departments concerned, those problems for which the local authorities and functional departments are responsible for are transmitted to related departments for resolution. Early in 1990, Li Ziqi, secretary of Gansu provincial Party committee, received a letter reporting on illegal activities by grass-roots cadres. He immediately wrote instructions that problems be investigated one by one. Up to now, 10 of 13 problems have been investigated. Li Wanlun, former manager of the Minqin County Coal Industrial Company, for example, was dis-

charged from public employment for speculation and extortion of exorbitant profits, placed on probation within the company for a year and placed on probation within the Party for two years after an investigation based on accusation contained in a letter.

—Making regular inquiries into the settlement of problems put forward by letters and visitors and urging related localities and departments to handle the cases. Each year the division sends 100 to 200 cadres to grass-roots units to follow-up on complaints and press them to handle cases.

—Responding to questions by letter. Many letters are replied to in this way by the division. Wu Jingshen, an ordinary cadre in Jingdezhen of Jiangxi Province, for instance, wrote last September to Li Guixian, State Councilor and president of the People's Bank of China, putting forth his opinions and suggestions for stabilizing commodity prices and controlling inflation. Li took note of his recommendations and forwarded it to the department concerned for review. At the same time, Li Guixian entrusted his secretary to write a letter of thanks to Wu Jingsheng in reply.

In order to do its work well, the division has often invited those who wrote the Party Central Committee and the State Council with important suggestions to attend discussions in Beijing.

### Value the People's Voice

Party and government leaders such as Jiang Zemin have made many suggestions for improving public affairs work. Be sure to make the situation at the grass-



Gu Chenju is sentenced by the court for economic crimes. ZHAO REN

roots known to the higher authorities, they have said. Public affairs departments must pay attention to the voice of the masses. Thanks to the concern of the Party Central Committee, the State Council and Party and government organizations at various levels, the just demands and positive suggestions put forward by people's letters and visitors are handled carefully and skilfully. In every case, state laws and regulations, and related policies are taken into account.

Last September, some people in Wuhan, Hubei Province, wrote to Party and government leaders about an epidemic of schistosomiasis and asked that measures for prevention and cure be implemented. General Secretary Jiang Zemin responded with clear instructions on September 18 and a working group, led by Leaders of the Ministry of Public Health and Hubei Province, immediately investigated and put forward their recommendations. Later, the State Council held a working conference on the prevention and cure of schistosomiasis in five provinces including Hubei and Jiangxi.

Last August, a primary-school teacher in Nanchong County, Sichuan Province, wrote a letter to Premier Li Peng that Zhou Jian,

an individual entrepreneur, illegally employed child labourers and beat children that became disabled. He asked that action be taken to save the children and to punish Zhou Jian in accordance with the law. The division immediately reported the letter to Li Peng. Premier Li quickly gave instructions. "If the fact is true," he said, "Zhou must be punished severely without mercy according to law" by the relevant department in Sichuan Province. The accusation proved to be true after an investigation. Last October, Zhou Jian was arrested and in the following month sentenced by a local people's court to two years and six months' imprisonment.

At present, the number of letters containing various suggestions accounts for 28 percent of the total received. Among all the suggestions, most have some value for the administration of the Party and state and so the Party Central Committee and the State Council attach great importance to them.

In October of 1989, working members of the Zhangjiagang Port Office wrote to Vice-premier Yao Yilin, saying that with the rapid development of local economy since 1984, the present capacity of the port could not meet the need of domestic and foreign trade. They hoped to get approval to start construction of the second-stage extension project. Yao Yilin asked the State Planning Commission to study the matter and, afterwards, the extension project for the Zhangjiagang Port was included as part of the harbour plan. Its construction recently began.

Early last December, Zhang Muliang, a retired worker of the Tangshan Rolling Stock Plant, wrote to Li Peng, reporting that more and more teenagers were doing badly in their studies and that some school authorities usually dispelled academically

and morally poor students. He suggested that society, especially the schools, should direct their help and concern towards these children. Premier Li timely transmitted the letter to Tangshan's mayor Chen Liyou, giving him the following instruction, "Zhang Muliang, an old man in your city, speaks earnestly in his letter of certain problems. He's put forward some good suggestions for helping backward teenagers. Please review the material and select those which can be adopted. As a newly built city (the original city was destroyed by a great earthquake in 1976. —Tr.), Tangshan should uphold a moral standard." The municipal Party committee and government immediately held meetings to study which measures to take and soon introduced their ideas to Zhang Muliang. The old man said, "It's quite unexpected that my ordinary letter got the premier's attention. It shows that the Party and government's hearts and ours beat as one."

### Supervision by the Masses

The public affairs departments are duty-bound to do their utmost to deal with problems reported by the masses. In doing so, they should adhere to principles, promote justice and conscientiously subject themselves to the supervision by the masses.

As a channel linking the grass roots with the higher authorities, the Public Affairs Division needs the co-operation of all leaders and functional departments. Sometimes, delay is unavoidable. Therefore, Zheng Youmei demands that his staff "not be afraid of offending others and not stop until getting a result," especially in defending the laws, upholding discipline and building a clean government. He said that without this spirit it would be impossible to handle matters im-

partially and enlist popular support.

In 1987, the division forwarded a letter to the Secretariat of the CPC Central Committee, reporting that Gu Chenju, director of Sangzhi County Forest Bureau in Hunan Province, diverted 170,000 yuan earmarked for raising forest seedlings to the construction of an office building, high-class hostels and private houses, went in for extravagance and waste and felled and marketed trees in a conservation area. This letter immediately caught the attention of Chen Junsheng, then secretary-general of the State Council. He instructed the State Auditing Administration to investigate and deal with the situation in co-operation with the departments concerned in Hunan Province. The initial investigation concluded that "The five problems exposed by the letter were inaccurate, so no action should be taken." Such a statement was a cover-up by the local authorities. Moreover, the Sangzhi County Forest Bureau asked the division to send the letter back with the aim of discovering the source. The division refused the demand and kept the name of writer secret. Several months later, under the energetic support of Hunan provincial Party committee and government, the auditing departments broke through all kinds of obstructions and ascertained that the amount of funds for raising forest seedlings which had been diverted by Gu Chenju was not 170,000 yuan but more than 300,000 yuan. In a short time, Gu Chenju was dealt with in accordance with the law. One day, *Renmin Ribao* (People's Daily) frontpaged a detailed article entitled *It Is Fact, Not Frame-up*. The Public Affairs Division's protection of the people's right to supervise state cadres has won widespread acclaim. ■

# Water Crisis in North China And Counter-Measures

by Dong Shi

**T**oday, all countries, rich or poor, are facing the shortage of water resources in their socio-economic development. Several years ago, catastrophic drought engulfed almost all of Africa, and, last year, many parts of North America were struck by drought with varying degrees of severity. As early as 1977, the United Nations had issued the warning that water would create a serious social crisis. In fact, the shortage of water has already become a crisis for 180 million Chinese in 580,000 square km of North China and, in their struggle to overcome the natural adversity, the people have tried every means to save water and tap new water resources.

## Water Shortage

Tianjin is traditionally known as "a region of rivers" because the city's Haihe River, which empties into the Bohai Sea, flows with water from five tributaries of North China. During the summer of 1981, however, Tianjin, China's second largest industrial city, had its most serious water shortage in 50 years. Even during the season of floods, there was no water in local rivers nor in the area's 19 large reservoirs. The supply of water to the city was only at the lowest possible level. All industrial enterprises, particularly paper mills, printing and dyeing mills, and power plants that consume large amounts of water, were forced to reduce or halt altogether their operations. The shortage is estimated to have caused 9.1 billion yuan in losses to the city's industry.

Serious shortages were also reported that year in Beijing and other cities in Hebei Province. As a result of this natural catastrophe, the Chinese government ordered the Ministry of Water Resources to conduct an investigation into the water crisis in North China. Water conservation experts believe that although there are many reasons behind the shortage, the main cause lies in two areas.

The rapid expansion of population and industry in cities is one of the major causes. Take Beijing as an example. The city has eight water works with a total capacity of 1.86 million tons of tap water a day. Despite the fact that the amount is 22 times as much as that of 1949, the supply is still insufficient, especially in summer. Another example is the city of Dalian. In 1949, the city supplied 8.93 million tons of water for its 2.5 million residents, 3.25 million tons for industry, and 100 million tons for agriculture. However, its population had doubled by 1988, and the supply of water increased to 70 million tons for residents, 150 million tons for industry and 650 million tons for agriculture.

The second main cause is that since 1970 northern China was hit by drought for more than a dozen years running. According to data, between 1980 and 1987, drought struck a total area of some 30 million hectares throughout the country. In North China, the four provinces of Hebei, Shanxi, Inner Mongolia and Shandong account for only 23 percent of the nation's total cultivated area. Drought-afflicted areas there, however, accounted for half of the nation's

total. That such a vast area of China suffered from drought for such an extended period had not been seen in the country for many years.

Surveys by water conservation experts show that for many years the average amount of water available annually in northern China was 94.5 billion cubic metres, an average 517 cubic metres per person. The average water volume per person in the area only accounted for one-fifth of the nation's average, or 4.7 percent of the world's average. Clearly, the area is critically insufficient in water supply. The most disturbing aspect of this shortage is that the 584,900 square km of area affected by drought includes Beijing, Tianjin, Hebei, Shanxi, northern Henan, eastern Shandong and central and southern Liaoning. These are not only areas of political and cultural importance, but also crucial bases of wheat and cotton production and coal, petroleum, steel and chemical industries. The water crisis thus has seriously crippled socio-economic development in northern China as a whole.

## Saving Water

Despite the local governments' repeated call to save water, the problem is still serious. The low price of tap water is one contributing factor. In Beijing, for example, one cubic metre of water costs only 0.12 yuan (equivalent to US\$2.5 cents). Some residents who live in dormitories provided by their units are charged nothing for the use of water.

Water used for agriculture accounts for more than 80 percent of society's total water supply but much is lost due to the traditional method of flood irrigation and water transportation through earth-sand ditches. The effective utilization coefficient of water in the grain-producing Huanghe-Huaihe-Haihe Plain of North China, for example, is only 0.4. Some 60 percent of the water is lost in transit because of evapora-

tion and seepage. Farm experts estimate that in developed countries, production of one kilogramme of wheat requires only 600 kg of water. In China, however, one ton of water is required for each kilogramme of wheat.

Industry is another large consumer of water. At present, because China's technical and managerial levels still lag behind some advanced countries, its industry consumes much more water than those countries. In 1989, some experts compared water consumption by enterprises in Hebei Province with advanced foreign and domestic enterprises of the same trade. The comparison shows that making one ton of steel in some developed countries requires less than 10 tons of water, while it costs 330 tons of water in the province. Compared with some advanced breweries in other parts of the country, which produce a ton of beer using 20 tons of water, the province used 86 tons of water for one ton of beer.

In northern China, 70 percent of known water resources are already being tapped and prospects for discovering new water resources are not optimistic. Therefore, the most realistic means of solving the crisis, already being undertaken, is through conservation.

Planned distribution of water and recycling was adopted by major industrial enterprises in more than 20 large and medium-sized cities in northern China beginning in the early 1980s when the shortage of water became evident. The supply of free water has been halted with each family dwelling supplied with a water meter and charged a reasonable fee. Such approaches have resulted in obvious water savings. The use of planned supply of water, coupled with popularization of new water-saving technologies, has enabled Beijing's average water consumption by industry to drop by 6.2 percent annually since 1978, although its industrial output value increased 10 percent each year. Altogether,

some 27 million cubic metres of water have been saved in the past three years.

Benefits from these methods are also obvious in some other cities. Since 1981, when Tianjin began a major effort to save water, the total value of industrial output increased and water consumption dropped. The rate of use of recycled water by industrial enterprises went up to 72 percent. Dalian, a coastal city, makes full use of sea water and so the amount of fresh water used in the production of every 10,000 yuan worth of products was reduced to 90 cubic metres. Scientific water-saving measures adopted by the industrial enterprises in Taiyuan, Shanxi Province helped increase the recycling rate to reach 83 percent in recent years. Overall, statistics show that 1 billion cubic metres of water can be saved each year in 100 cities, an amount sufficient to supply the city of Beijing for two years.

In recent years, the intensive use in northern China of such advanced techniques as sprinkling irrigation, drip irrigation and low-pressure water pipelines has proved effective in saving water. Compared with flood irrigation, these methods are capable of saving 40-60 percent of water and, on the average, increasing crop output by 20 percent. Shunyi County in the suburbs of Beijing used to irrigate crops with water from Miyuan Reservoir. But, in order to

ensure the water supply to Beijing, Miyuan Reservoir stopped providing water to the county in the early 1980s. With the help of the state, Shunyi succeeded in using underground water for overhead irrigation. This resulted in the saving of 120 million cubic metres of water annually and the steady growth of its grain production. Hebei Province, a major grain and cotton producing area in North China, has focused on preventing water leakage as a long-term strategic task. In the past few years, farmers have pulled efforts to level the land in order to improve on the method of irrigation. Old-style earthen ditches were laid with bricks to reduce the loss of water through seepage. In this way, the province has saved some 600 million cubic metres of water every year.

### Diversion Works

With regard to the question of how best to solve the water crisis in northern China, some people held the pessimistic view that while no new resources could be found, conservation could only temporarily ease the shortage. Perhaps, this argument is reasonable.

In recent years, water conservation experts have worked out a long-term water supply plan for northern China. According to their estimate, by the end of this century, the volume of water re-

**The 64-km-long Erwangzhuang water channel, built by 120,000 Tianjin volunteers, is an important part of the project to divert the Luanhe River water to Tianjin.**

YANG BAOKUN



quired by northern China will increase to 78.9 billion cubic metres. However, the actual water supply capacity in the area is only 74 billion cubic metres. There is a gap, therefore, of more than 4 billion cubic metres. One solution to this gap is to divert water from other rivers than the Haihe, Luanhe, and Liaohe rivers in the locality.

Since the 1980s, the Chinese government has spent huge amounts of money and labour in surveying, designing and building large-scale diversion works, including a score of rivers extending beyond northern China and several drainage areas. The completed diversion works include the project to divert the Luanhe River water to Tianjin and Tangshan, the project to divert the water of Biliu River to Dalian, and the project to divert the water of the Huanghe (Yellow) River to Qingdao. In addition, construction of the project to divert the Datong River, a tributary of Huanghe River, eastward to Qinhuangdao started in last October. Of these aforementioned, the project diverting the Luanhe River water to Tianjin has achieved demonstrable results. Starting from the Luanhe River in Qianxi County, Hebei Province, water flows to Tianjin through many tunnels, channels and pump stations totalling 230 km in length. Since it was completed in September 1988, the diversion project has supplied 2.5 billion cubic metres of quality water to Tianjin. This not only puts an end to the history of millions of Tianjin residents drinking bitter water, but has also guaranteed the supply of water to the city's industry. According to statistics, from 1983 to 1987, the diversion brought in 25.5 billion yuan, half of the total net value of the city's industry. Li Ruihuan, former Tianjin mayor and now member of the Standing Committee of the Political Bureau of the CPC Central Committee, highly praised the project, saying, "Without the diversion project to bring

Luanhe River water into Tianjin, there would be no Tianjin of today."

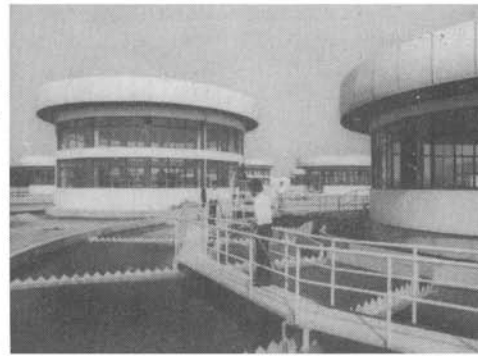
According to the Ministry of Water Resources, a number of other diversion works are to be constructed. They include the project diverting the water of the Jumahe River in Hebei Province into Beijing, the project diverting the Huanghe River water into Baiyangdian Lake, the project diverting the Huanghe River water into Shanxi Province, the project diverting the Songhua River water into the area in the middle and lower reaches of the Liaohe River.

Water conservation experts said that to completely resolve the water shortage problem in North China, quick decision should be made to start the project to divert water from southern China into North China, which has been planned over a number of years.

According to senior engineer Yao Bangyi, who is in charge of the design of this gigantic water diversion project, since the founding of New China, water conservation experts have put forward a dozen plans for the project, out of which three were selected. They are the west-line plan (diverting water from the Jinshajiang River, the upper reach of the Changjiang River), the central-line plan (diverting water from Danjiangkou Reservoir located in the middle reaches of the Changjiang River) and the east-line plan (diverting water from the lower reach of the Changjiang River).

Of the three plans, Yao added, the third, or the east-line plan, is the most likely to start first. The project covers the eastern part of the Huanghe-Huaihe-Haihe Plain and areas along the banks of Heiyuan River to the south of Huaihe River. It will involve the four water systems of the Changjiang, Huaihe, Huanghe and Haihe rivers, and cover two municipalities and four provinces—Beijing, Tianjin, Hebei, Shandong, Anhui and Jiangsu.

The project will start at the Jiangdu Pumping Station, diverting water of the Changjiang Riv-



The settling ponds of the Beijing No. 9 Water Works. SONG LIANFENG

er to North China. Using Beijing-Hangzhou Grand Canal as the trunk line, the project will extend 1,150 km. In the short-term plan, 1,000 cubic metres of water will be pumped per second. When the water is channelled to the north of the Huanghe River, the flow will be reduced to 400 cubic metres per second. The volume of diverted water at the starting point is scheduled to be 19.1 billion cubic metres and, in the dry areas north of the Huanghe River, about 8 billion cubic metres (equivalent to the storage capacity of two Miyun Reservoirs). The project will require a total investment of 11.4 billion yuan.

Yao explained that because the project is very large in scale, construction will be done in stages. Report on the feasible study for the first stage of the project has been completed. The general plan is now being reviewed and a revised version will soon be finalized. Based on plans for the first stage, it is quite possible that the water of the Changjiang River can be diverted to the banks of the Huanghe River, about 700 km away from the Changjiang River, by the end of this century, if all work goes smoothly. An exploratory hole has been made for scientific tests at the Huanghe River 70 metres under the river bed. The tests indicate that in case of a serious drought in North China, the Changjiang River water could be channelled to North China immediately after the exploratory hole is expanded and reinforced. ■

## Satellite Leasing Business Thriving

The leasing market of the relay transmitters of the Asia No.1 comsat to be launched in April is doing well in Asia, announced by Marketing Manager Chen Liqun of the Asia Satellite Telecommunications Co. Ltd. So far, it has already signed leasing contracts, reservation agreements and letters of intent with Thailand, Pakistan, Burma, Bangladesh, Mongolia, Nepal, China, South Korea and Hong Kong. By the end of 1990, one-third of the 24 relay transmitters will go into use. All the relay transmitters are expected to be leased out by 1992.

The Asia No.1 satellite, Chen said, is the first foreign telecommunications satellite launched by China. Manufactured by the Hughes Aircraft Co. of the United States, it possesses 24 Band C relay transmitters. With a life span of ten years, transmitter consists of north and south beams, covering more than 30 Asian countries and regions. It is able to provide more than 2.5 billion people from Japan to the Mediterranean countries with improved telecommunications service.

Eighty percent of the satellite's transmitters, he said, are expected to be used for TV relay, 40 percent by government TV stations, 40 percent by commercial TV stations. Commercial TV stations will provide TV audience with channels for special programmes such as music, sports, news, films and education. The remainder of the satellite will be used for public and special telecommunications networks such as long-distance calls, facsimile and data transmission.

The satellite should have been launched by the crashed United States *Challenger* space shuttle in 1984 and the US\$ 120 million expenses needed to launch the sa-

tellite is insured by 60 to 70 insurance companies. The Asia company pays US\$24 million in insurance premium. China's insurance company has joined the insurance.

The Asia Satellite Telecommunications Co. Ltd., owner of the Asia No.1 comsat, was jointly established by the China International Trust and Investment Corp. (holdings), the Hutchison Whampoa Limited of Hong Kong and the Cable and Wireless PIC of Britain in Hong Kong in February 1988. The Asia company initiated US\$120 million in investment, and three partners each hold one-third shares.

After launching the first one, the company plans to manufacture and launch Asia No.2 comsat.

by Yao Jianguo

## Time Group Turns Out New Products

Three new products, the Time Welder Training Tester, Time Surface Roughness Tester and Time Temperature Control Meter, developed by the Beijing Time Group Inc, will be displayed at the Chinese Export Commodities Fair to be held in Guangzhou on April 15 and the International Instruments and Meters Exhibition to be held in Beijing on May 16.

According to the company's Deputy General Manager, Wang Xiaolan, the three products are the newest her company turned out this year, and close and up to the advanced international standards in properties and quality. The easy-to-carry HL-D and portable HLN-11 Time Hardness Testers, developed in 1989, won the third prize of scientific and technological progress from the Beijing Municipal government and cited as fine products at China's First High and New Technology Evaluation Conference. The company acquired a patent right for

its new products.

Wang said that the appearance of the two types of Time Hardness Testers were so attractive to domestic and foreign businessmen that nearly 1,000 sets were sold in the domestic market and dozens more in the United States, Thailand, the Soviet Union, South Korea, Taiwan and Hong Kong. Some 100 to 200 sets are planned for export this year.

Wang disclosed that a Soviet enterprise had signed a letter of intent with her company to cooperatively develop the two products. The two sides will soon negotiate about establishing a joint venture in the Soviet Union.

Established in 1984, the Beijing Time Group Inc. is a technological, industrial and trading company specializing in the development of high-tech products. During the five years since its establishment, Time has every year turned out one to three new high-tech hot-selling products and offered good after-sales services.

The company has successfully ushered its new products to the Beijing International Foundry Exhibition, the Beijing-Essen Welding Exposition, the International Industrial Boiler Exhibition and the International Machronics Fair. Many domestic enterprises regard attendance at Time-sponsored exhibitions as channels to bring in advanced technology and equipment. More than 60 percent of the exhibits displayed each time are sold on the spot, mainly to the Time Group.

The Time Group will sponsor the Japanese Environment Protection Equipment Exhibition from October 13 to 17 and the Second International Boiler and Welding Exposition from November 6 to 12 to further promote China's co-operation with other countries in technology and development of new products.

by Yao Jianguo

## Xishuangbanna: A New Open Port

The authorities in southwest China's Yunnan Province have decided to develop their province's contacts with neighbouring countries, widen its opening to the outside, and establish Xishuangbanna as an important port open to Southeast Asian countries as quickly as possible, goals recently decided upon at a meeting held in Xishuangbanna.

Yunnan authorities at the meeting specifically decided to:

Dredge the international channel of the Lancang River as soon as possible. In the Eighth Five-

Year Plan Period (1991-95), two ports and eight docks will be built up along the Lancang River.

Expand Xishuangbanna's Gajiu Airport now under construction into international facility. As of now, the first leg of construction is near completion in order to be ready for the first international flight on April 1.

Immediately begin work to transform the highway from Jinghong to Xiaomenglun, from Jinghong to Damenglong as well as the highway leading up to the border with Burma.

Quicken construction of electri-

cal and coal facilities, rebuild and perfect tourist facilities, train personnel and upgrade scenic spots.

This meeting also discussed and made decisions related to development of foreign trade, port construction and building up a reserve of funds for construction, etc.

Xishuangbanna, adjacent to Laos, Burma and Thailand, occupies an important position in Yunnan Province's opening to the outside and to the development of the economy. In addition, the area has many unique sceneries, typical of tropical rain forests, attracting many Chinese and foreign tourists. ■

## Foreign Trade Boom in Hebei Province

In 1989, Hebei Province earned US\$1.637 billion from export, up 5.88 percent over 1988, and it also made much headway in introducing foreign funds and technology, contracting projects abroad and exporting labour services.

In 1989, Hebei Province approved 732 foreign investment contracts with a total value of US\$158.58 million, US\$65.334 million of which was derived from foreign investment. It signed contracts for compensation trade, and processing and assembling (drawing some US\$13.496 million in foreign funds); 89 contracts for importing and leasing, involving US\$66.78 million; 22 contracts for foreign projects and labour co-operation, valued at US\$9.8128 million. It sent 809 workers and technicians to 22 countries. In addition, it attracted US\$66.82 million loans from foreign governments and international financial institutions.

Last year, the Qinhuangdao-Tangshan-Changzhou Bohai Sea Gulf Economic Development Zone developed smoothly. The coal and sundry goods docks at the Qinhuangdao Harbour, the Wangtan Harbour, the Panjiakou Pump-

ing and Storage Station and the Datong-Qinhuangdao Railway have been completed and thus greatly improved the investment environment in Hebei Province.

This year, Hebei Province will focus its co-operation with foreign countries on those projects having good economic efficiency and advanced technology, and give priority to the development of those joint-ventures and co-operative items urgently needed for the development of agriculture, energy, transportation, metallurgy, building materials, textile and chemical industries.

by Gao Xingchun

## WB Issues Loans For Agro-Development

The World Bank (WB) has recently announced that it processed a loan of US\$60 million into south China's Jiangxi Province for agricultural development. Projects are now under construction.

Although the contract for the loan was initialed last May, the Beijing June turmoil forced it to be put off. The total 445 million yuan in investment will be used for the

Jian-Poyang Lake Comprehensive Agricultural Development Project.

The funds, contributed equally by China and WB, have gone to some 29 counties and cities in the Jian and Poyang Lake areas, covering one-third of the province. Emphasis will be on developing animal husbandry, forestry, tea, aquatic products and processing industries.

All facilities are expected to go into operation one after another beginning in 1991. After completion, they will be able to increase the annual output of lean meat pigs by 330,000 head, poultry by 13.26 million head, fresh fish by 20,000 tons, pearls by 2 tons, tea by 23,700 tons and rosin by 3,000 tons every year. In addition, some 64 processing factories, with an annual capacity of 174,000 tons of meat and aquatic products, will be built and enlarged.

Jiangxi began its agricultural co-operation with WB in 1986. The province has since spent 246 million yuan, reclaiming its red-soil wasteland, half of which was provided by WB. By the end last year, 80 percent of the co-operative projects had been finished. The WB, after sending experts to evaluate, expressed satisfaction with the successful operation for these projects. ■

## China Excels at Sport Parachuting

Hao Dongshan, in the balloon on the right, participated in the Indian Ballooning Festival on November 19, 1986.



**D**uring a parachuting competition in Indonesia early last August, attended by 218 parachutists from 20 countries, the Chinese team took three of the eight events. At October's Fifth World Cup Sport Parachuting Meet, which brings together the world's top parachutists, the Chinese won four of the 12 events and placed second in four others. These results prove that China has reached the international front rank in parachute jumping.

China first became involved with sport jumping in 1955 when seven parachutists were selected from the air force to compete at a meet involving seven socialist countries held in the Bulgarian capital of Sofia.

In 1958, China held its first national parachuting competition. Song Guangxi of the men's team broke the accuracy record

that had been set by the overall champion of the 1956 World Parachuting Championship by landing 1.86 metres from the target. Hao Jianhua, Cui Xiuying and Geng Guifang of the women's team broke the world record with an average accuracy of 9.8 metres in the 1,000-metre team event.

Although China began its sport parachuting late, it has since made great progress. Statistics show that during the ten years between 1955 and 1965, 70 aircraft-borne parachutists set 41 world records in 22 events. Twenty-two provinces and cities founded parachuting teams manned with more than 400 parachutists.

It wasn't until early 1979, when the Sports Aviation Association of China first sent a delegation to attend a meeting of the Federation Aeronautique Inter-

nationale in the Netherlands, that China really entered the world of international sport parachuting.

In the past 10 years of reform and opening to the outside world, China has participated in more than 30 international competitions and won 85 top titles. At present, the international records for men's and women's individual trick parachuting events are held by Chinese parachutists Zou Jimin and Li Rongrong.

Every year before an international competition, the top Chinese parachutists are assembled to receive training at the Anyang Aerial Sports School of the State Physical Culture and Sports Commission in Henan Province. The school is the cradle of top-notch parachutists for world competitions as well as the training base for China's sailplane pilots and balloonists. Re-



Hao Dongshan with an American boy when he was taking part in a balloon contest in the host country.



cently, because of its unusual contribution to China's aerial sports, the chairman of the Federation Aeronautique Internationale presented the school with a certificate of merit on behalf of the federation.

According to Wang Jianye, chief coach of the training team and a world record-holder in the 1950s, China now possesses world-class facilities for parachute training. Besides the Anyang Aerial Sports School, 24 Chinese provinces and cities have similar organizations that have trained thousands of parachutists. Every year parachuting aficionados come to China to take part in friendly competitions, a fact indicating that sport parachuting has become a bridge linking the different peoples of the world.

by Liu Shumin and Wang Zhonglin

## Asian Games: Millions of Chinese Pitch In

The countdown to September's Asian Games is on. Numbers on billboards on Beijing's busiest streets tell by-passers how many days are left before the opening of the 11th Asiad, and Beijing is racing against the clock to make the Games a big success.

On September 28, 1984, when the Olympic Council of Asia declared that China would host the 11th Asian Games, ordinary Beijingers didn't show much excitement, in contrast to the Spaniards who were overjoyed by the news that the 1992 Olympics would be held in Barcelona.

That cool reaction was not surprising. China was going through a critical period in its reforms and the Games appeared to be just another major task. For one thing, a formidable amount of money would be needed, a severe test for China's modest finances.

To raise that money, Zhang Baifa, who is executive vice-chairman of the Games Organizing Committee, general director in charge of the construction of sports facilities and vice-mayor of Beijing, has tried just about everything.

When he completed his four-year term as vice-mayor this year, he told the members of the city's people's congress: Frankly speaking, I want to try another term so that I can have time to complete the construction of the Asian Games facilities." He won the trust of his peers and was re-elected vice-mayor, which demonstrated Beijingers' support for the Asiad.

### China Reassures the World

Between April and June last year, the counter-revolutionary turmoil in Beijing posed a serious threat to China's ability to hold the Games on time. During that period, however, more than 30,000 construction workers at Games sites stayed at their posts, keeping the projects on schedule.

In July, Sheik Fahd, president of the Olympic Council of Asia, came to Beijing to inspect the Asiad facilities under construction. He said that before he had come to Beijing he had seen Western news reports that said construction was lagging. But in Beijing he saw a different picture. China's efforts and sincerity reassured him and he left feeling confident.

On September 21, the Games Organizing Committee delivered Asiad invitations to all 38 members of the Olympic Council of Asia at an official ceremony held in the Great Hall of the People. Nineteen member countries and regions sent their envoys to accept the invitations and 15 ac-



cepted through representatives of their embassies or commercial offices in Beijing.

### Heart and Cash

A fund-raising campaign, meanwhile, was being conducted throughout China. On March 7, 1989, the same day a group of separatists in Tibet rioted in Lhasa, students of a Tibetan middle school sent 200 yuan to the Organizing Committee. In their letter they said, "The 11th Asiad is an honorable task entrusted to us by Asian countries and regions. Upon learning that the state does not have enough money, we have collected donations in our school and the money can be considered as a gift to our motherland from the heart of Tibetans."

Zong Jingren is a veteran soldier who joined the army in 1948. When he retired, he donated 1,000 yuan to the Asiad. He brought his luggage to the construction site and began 100 days of voluntary labour for the Asian Games.

Liang Yaquan, an individual entrepreneur who owns a taxi business, donated 100,000 yuan to the Games.

"I often drive by the construction site," he said. "I heard that the work was often impeded because of cash shortages. As a Chinese, I felt deeply worried. China is the host of such a massive sports meet for the first time and we have no choice but make it a success. This event is closely related with our country's image. Even our ancient ancestors said, 'Everybody is responsible for his country's fate.' I want to take a lead and hope the 20 million private business owners in the country all contribute something to the Asian Games."

A young man serving a prison sentence in eastern China's Jiangsu Province mailed 50 yuan to the Asian Games. In his long

letter, he showed deep repentance for his past crimes. He said that although he couldn't see the 1990 Asian Games because his term didn't end until 1991, he sincerely hoped that his motherland would successfully hold the Games.

Mr. Yok Yingtung from Hong Kong donated HK\$100 million. "All Chinese, as descendants of the Yellow Emperor, hope the Beijing Asiad is a success," he said, reflecting the feelings of overseas Chinese.

Hong Kong singer Zhang Mingmin toured 26 cities and gave 160 performances to raise funds for the Asian Games. At every performance he sang *My Chinese Heart*, which evoked thunderous applause from the audience. People saw the depth of his Chinese heart when he donated 600,000 yuan to the Asian Games.

In the office of the Organizing Committee's fund-raising section, there is a flag covered with the signatures of disabled people from the Western District of Beijing who donated 1,555 yuan and 69 cents. "We disabled people, though living the most difficult life among 10 million Beijing citizens, also have love for our country," they said. "It is the People's Republic that gives us an enjoyable life and this small amount of money is a demonstration of our feelings."

Organizing Committee officials believe that deeds speak louder than words. All of these officials, including Executive Vice-Chairmen He Zhenliang and Zhang Baifa, and workers in the fund-raising section have donated money to the Asiad.

### Better Service

In November 1989, the Voluntary Service Team of the 11th Asian Games was founded in Beijing. Beijing Mayor Chen Xitong handed over the team

flag to Qiangwei, head of the team. On that occasion, more than 2,000 young volunteers sang their team song, *We Are Marching to the 11th Asian Games*. The team consists of 200,000 young volunteers. Its main tasks will be to carry out extensive propaganda work, organize voluntary services, including the cleaning of streets and areas around Games venues, and helping with traffic control.

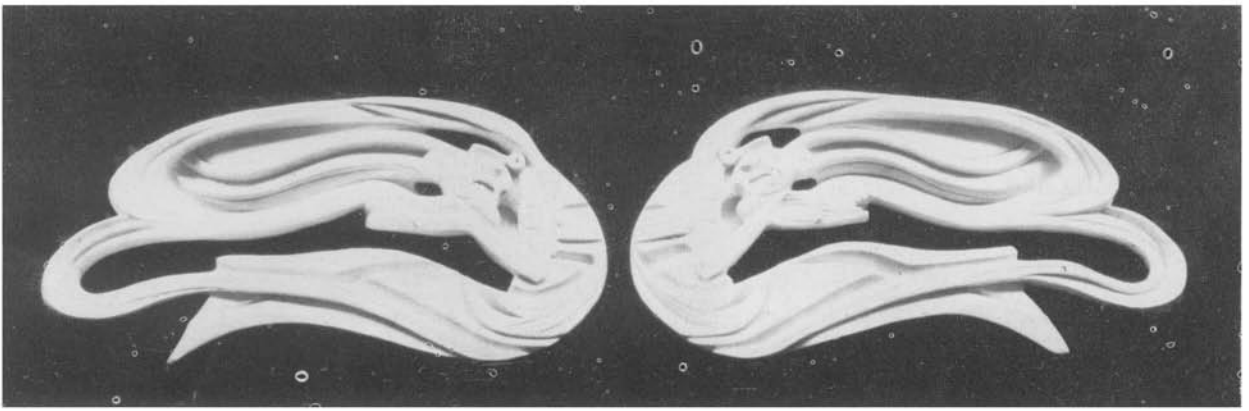
In the past few months, thousands of young men in Beijing had joined in voluntary labour. Nearly 300 young people from religious circles also joined the service. According to sources, many religious service halls have been set up for the use of believers among Games athletes. Clergymen will preside over services for them.

In order to provide satisfactory services, more than 200 of the 1,000 workers have received training. The training centre also enrolled more than 1,000 middle school students to receive professional-oriented technical training.

Beijing taxi companies organized a three-week course for 12,000 taxi drivers, with satisfactory results. ■



11th Asian Games



Two Flying Fairy Maidens play the sheng, a reed pipe wind instrument.

## ART PAGE

### **Sculptures by Yang Wenhui**

Yang Wenhui, born in Laishui County, Hebei Province in 1953, teaches at the Hebei Academy of Arts and Crafts. Skilled in porcelain sculptures, he expresses national and decorative characteristics in his works which are suited for both refined and popular tastes.



Owl.



Three Girls.



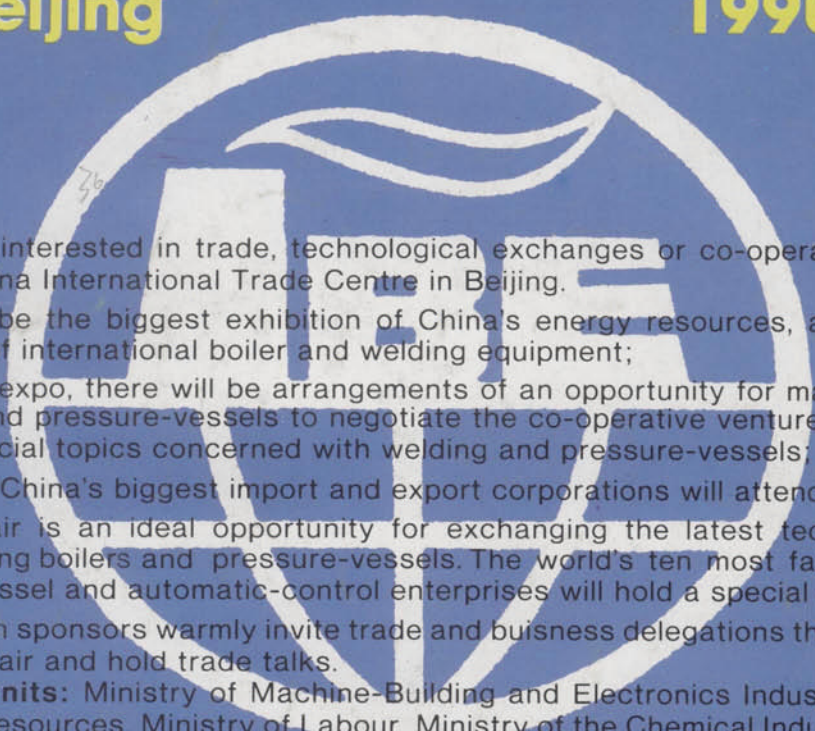
An Ox.

# The 2nd China Expo of Boiler and Pressure-Vessel Technology

November 6 to 12, 1990

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