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Fewer Officials,
Higher Efficiency

**NEW
GOVERNMENT
FORMED**

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Xu creates his wonder in a workshop of less than 10 square meters

New Type of Violin

In March 1997, the Edison Invention Center of the United States awarded Xu Shilian its top gold prize for his invention of a new type of violin.

Xu, a native of Shenyang, loves instruments and has been fond of music since his childhood. From 1980, he has applied himself to manufacturing violins. Wishing to cure some common flaws, such as, hollow and nasal timbre of notes A, B and C on the G-string, he spent years to invent a new type of sound beam for the instrument.

His effort has changed the "monomer straight beam," prevailing in Italy for several hundred years, into a new violin-family instrument with a compound structure with curved beam. This can attain greater volume and enriched overtone on a melody, demonstrating the full charm of the classic instrument.

Xu's invention has been registered with the Patent Office of the People's Republic of China, winning him the title of China's Great Master in Violin manufacturing.



The meticulously-carved violin hood.

Reported and photos by Zhong Tu



A celebrated conductor (center) of the Switzerland Symphony Orchestra makes a special visit to Xu's place to sing the praises of his invention.

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NPC Session Special

The Ninth National People's Congress held its first session in Beijing from March 5-19.



● Premier Li Peng delivered the Report on the Work of the Government. (p.9)

● The session produced a new government leadership to lead China into the 21st century. Profiles of newly elected Chinese leaders. (p.25)

● Newly elected Premier Zhu Rongji gave his first press conference. (p.36)

COVER: Newly elected State Council Premier Zhu Rongji.

Photo by Xin Hua

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Asia Meets Europe, Again

by Li Haibo

In early April, the second Asia-Europe meeting will convene in London. Leaders from the two continents are expected to continue their pursuit of dialogue and cooperation, which was initiated in Bangkok two years ago, when 10 Asian leaders met 15 of their European counterparts for the first time in history.

Great changes and events have taken place in Asia, Europe and the rest of the world since the Bangkok meeting, and these will definitely exert a rather profound influence over the Asia-Europe relationship and the coming London summit. Among the events, the Asian financial crisis is no doubt the biggest one and is expected to be high on the agenda of the London conference. Based on this, the London talks will probably turn out to be more pragmatic and specific, with a constructive outcome. The Bangkok conference, like most primary sessions of this type, seemed to be more symbolic and ritualistic in its significance, demonstrating mainly that Asia is playing an increasing role in the world arena, and Europe needs closer ties with the Orient.

Now, however, there are strong hopes that the current Asia-Europe summit will take some concrete steps to consolidate this East-West relationship, which will undoubtedly grow into a key block-to-block cooperation in the new century.

As a possible and painless step, it may be necessary to turn this seemingly gesture-prone conference into a long existing economic forum. Specifically, two improvements would give the conference substance. First, the biennial summit should become an annual one, just like the G-7 and APEC conferences. Given the different cultures, histories and political systems of the members, frequent high-level exchanges between the Asian and European nations are indispensable for better mutual understanding.



Li Haibo

Second, a standing consultative organ should be set up to study and analyse important issues in the fields of economy, trade and finance on the two continents. If there had been such an establishment in the past, it might have given early warning to the Asian financial crisis, and the economic situation might have not been as serious as we

have seen today.

Well, as many experts point out, the Asian crisis resulted from some rather intricate reasons, including external and, particularly, internal ones. It is Asian countries themselves that will play a decisive role in restoring the economies and solving the deeper problems that cropped up during the crisis. Meanwhile, Asia needs aid from the outside world, including Europe. Most of the Asian countries are developing ones, which, though boasting rapid economic growth, are less experienced in dealing with economic headaches, compared with the developed countries in Western Europe. So, it's reasonable to contend that Asia-Europe cooperation will help ease the crisis, provided the cooperation is carried out on the basis of equality.

Equality is the foundation of Asia-Europe cooperation, and certainly it should serve as a principle for the Asia-Europe summit.

Asia and Europe are not natural friends; there were miserable pages in the history books of bilateral relations. But things have changed with time. Leaders from Asia and Europe want to be friends, and they are sitting at the same table on the basis of equality—at least it appears to be so. That equality should be all-weather and unconditional. Whether its economies are on the rise or disturbed by troubles like the recent financial crisis, Asia is equal to Europe.

Two years ago, European politicians flew to Bangkok in a bid to establish closer economic ties, rather than kowtow to the so-called "Oriental tigers." Similarly, Asian leaders are going to London for discussions of international

economies and trade. They are not traveling there on a begging mission," nor for a lecture about Western politics given by the European politicians.

Objectively speaking, some Asian countries are now vulnerable to criticism because of the crisis. Asia's method of economic growth, its financial systems and foreign trade are all questioned and challenged inside and outside the region. These comments and criticism are inevitable and not at all surprising. Prior to the crisis, Asia had been widely praised for its admirable economic achievements. Now, it is harmless and helpful for this most populous and biggest continent to have some verbal attacks, however radical and fierce they are.

However, some European politicians and mass media have taken a cut-above-the-other attitude, and are attempting to lecture Asia. Moreover, those arrogant European "instructors" have strayed from the point so far that they are making irresponsible comments on such "problems" as human rights, democracy, religious beliefs and political systems, while criticizing Asia's economic models. According to some critics, the fundamental reason for the Asian crisis lies in the fact that those Oriental nations have not practiced the Western political system.

Examples like these defy enumeration. Fortunately, many Asian people have grown used to them. Maybe it is some people's hobby to give lectures to what they think are inferiors and poke their noses into other people's business. Such practices are not welcome in block-to-block dialogue, and shouldn't be introduced to this and future Asia-Europe meetings.

A friend in need is a friend indeed. The London summit provides a very good opportunity for the European leaders to show their sincerity—they don't want to take advantage of the crisis to give the East a lecture. They prefer to help Asia tide over the troubles, and intend to take some concrete steps. It is clear for those with strategic vision that Asia won't decline after this crisis. Rather, it has a bright future. To help Asia implies to help yourselves. Asia-Europe cooperation is by no means an expedient measure. To invest in that cooperation today suggests a bumper harvest tomorrow. ■



XUE CHAO

President Jiang Zemin addressing the closing NPC meeting.



XUE CHAO

Li Peng, newly elected NPC chairman, outlining NPC's task.

NPC Session Ends

The Ninth National People's Congress wrapped up its first session on March 19 after producing a new government leadership to lead China into the 21st century.

The cabinet of newly-elected Premier Zhu Rongji, four vice-premiers, five state councilors and 29 ministers, is expected to push the country further along a healthy and stable development track.

Nearly 3,000 deputies to the nation's top legislature endorsed former premier Li Peng's government report, praising its frankness in admitting that rising unemployment and corruption are the two major problems facing China.

They also endorsed the work report on national economic and social development presented by Chen Jinhua, minister of the former State Planning Commission, which described an 8 percent growth rate in GDP this year as "necessary and feasible."

Both Chen and outgoing Finance Minister Liu Zhongli, whose report regarding the central and local budgets was also passed, pledged to reduce the budget deficit by 10 billion yuan this year.

Other reports adopted included those by the Supreme People's Court

and Supreme People's Procuratorate, emphasizing the need to crack down on crime and corruption, and the report by the Standing Committee of the Eighth NPC, calling for rule by law.

Jiang's Vows. President Jiang Zemin pledged at the meeting to serve the country and people wholeheartedly in his new term of office.

"I will be loyal to the Constitution and my duty," he told the deputies. He thanked them for their trust. "I'm acutely aware of the loftiness and weight of my mission."

He urged the nation to hold high the banner of Deng Xiaoping Theory and speed up the transition towards a market system and a new way of economic growth.

"When we celebrate the 100th birthday of the republic, we will have basically achieved modernization and built our motherland into a strong, democratic and culturally developed socialist country."

He also vowed to adhere to the "one country, two systems" principle for the final reunification of China.

Li: Rule China by Law. Li Peng, newly-elected chairman of the Ninth NPC Standing Committee, marked the conclusion of the first session by outlining the legislative body's trans-century tasks for the next five years.

He said the NPC will try to lay a solid legal foundation to facilitate the

nation's social and economic development into the next century.

"Governing the country by law is an important component of Deng Xiaoping Theory and a basic strategy employed by the Party in leading the people," he said.

The essence of running the country according to law, and building a socialist country ruled by law, is to guarantee that the people are the masters of their country and that there is a legal framework within which they can manage state affairs.

The Ninth NPC will further protect the people's right to participate in the management of state affairs by implementing the system of people's congresses at all levels across the country, Li said, adding that he will also try in his term to further implement economic laws and improve those relating to socialist democracy and administrative management systems.

The body's supervisory function should be further strengthened to supervise the work of the State Council and other state departments and also the enforcement of laws, he declared.

"We must correct the tendency to ignore laws, either by not observing them or not enforcing them to the letter, failing to punish lawbreakers or by taking bribes." ■

Nation Gains Stable Economy

The national economy maintained stable growth during the first two months of this year, according to the State Statistics Bureau (SSB).

Consumption growth was stable, while product prices continued to fall, the SSB said in a report released on March 18.

Fixed assets investment rose by 10.2 percent on a year-by-year basis, compared to 10.1 percent for the whole of 1997.

The machinery and electronic industries registered the most rapid growth in investment (79.4 percent). Other industries enjoying fast growth

included telecommunications (50.8 percent), and energy (20 percent), the report said.

However, the expansion of the country's industrial output shrank 2.4 percentage points to 8 percent.

The retail price index dipped 1.7 percentage points compared with the same period of last year, while the consumer price index inched up by 0.1 percentage points. Retail sales registered 9.5 percent growth.

Export growth continued, with a 15.7 percent rise to US\$24.8 billion. The foreign trade surplus for the two months totalled US\$7.1 billion.

The SSB report called for positive action in fully implementing the central government's policy to expand domestic demand. ■

China to Launch Manned Space-Craft

China will launch a manned spacecraft in the near future, a leading space scientist said on March 18.

"China is striving to make breakthroughs in manned space flight technology at the end of this century or the beginning of the next, and will launch a small lunar probe when possible," said Ma Xingrui, vice-president of the Chinese Academy of Space Technology (CAST).

On behalf of CAST, the country's satellite and spacecraft developing and manufacturing center, Ma disclosed China's new space program which includes:

- Developing communication satellites of large capacity, high power and long life to provide direct broadcast, mobile and multi-media communications;

- Developing new remote sensors for environmental resource and oceanographic work based on the Zi Yuan-1 satellite;

- Further utilizing and improving recoverable satellites to explore space microgravity resources in relation to life science experiments and material processing research;

- Providing international "piggyback" launch services;

- Developing other spacecraft on the basis of recoverable satellite technology;

- Developing small and low cost satellites to meet the requirements of space exploration and international co-operation.

"Our goal for space exploration is to set up several application satellite systems, which are badly needed by the national economy and which can operate stably for a long period," Ma said.

China must prolong the operating life of orbital satellites as much as possible and launch replacement satellites within the lifetime of orbital satellites to ensure continuity, he added. ■

Law Firms Encouraged To Expand Abroad

China is encouraging domestic law firms to expand their business to other countries, said a senior official with the Justice Ministry at a recent conference in Beijing.

The Ministry of Justice has so far given approval to 13 law firms since 1995 to set up branches in the United States and other countries. "Seven branches are in operation now," the official said.

The number of lawyers in China rose to more than 110,000 in 1997. The figure was only 40,000 in 1993 when the process for setting up law firms began undergoing comprehensive reform. Law firms numbered 8,300 last year, more than double the 1993 figure.

There are now three types of law firms in China, whereas prior to the reform only state-funded firms were allowed. Today, about 70 percent of law firms are state-funded, 20 percent are partnerships and 10 percent are cooperatives.

Over the past five years, Chinese lawyers have handled more than 2 million criminal cases, 1.21 million civil cases, 1.5 million economic cases and 2.06 million cases that were settled without legal action.

They also served as legal consultants to 250,000 government bodies or enterprises, the official said.

Chinese lawyers have also provided legal services in bidding and tendering for some major projects in China, such as the Three Gorges Project on the Yangtze River, the Xiaolangdi Water-Control Project on the Yellow River, the Daya Bay nuclear power station and the Shanghai subway.

At the conference, another 17 foreign law firms, including three Hong Kong firms, were approved for establishing offices in China, bringing the total to 67.

Foreign and Hong Kong law firms can now open offices in Tianjin and Qingdao as well as in Beijing, Shanghai, Guangzhou, Shenzhen, Haikou and Suzhou.

"Allowing foreign law firms to set up offices in China is an important step in reforming China's legal system," the official said.

Since 1992, foreign and Hong Kong law offices on the mainland have played an active role in promoting foreign investment and helping China's reform and opening-up to the outside world, he said.

"They have also helped boost economic and technological cooperation between China and the rest of the world," he said. ■

The US Decision to Abandon Anti-China Proposals Welcomed

On March 14, a White House spokesman announced that the US Government had decided not to propose any bills against China at the United Nations Human Rights Conference in Geneva this year. The European Union had already decided neither to propose nor endorse any such bill, either by the organization as a whole or by any of its individual members. This welcome change of attitude is both practical and sensible.

In fact, the UN Human Rights Conference should be a place where the common problems of mankind are discussed and the human rights cause promoted. Several years ago, however, some Western countries began to intentionally provoke conflict. They freely criticized the condition of human rights in other countries and interfered in their internal affairs. Consequently, the annual human rights conference used to take on a cold war atmosphere. Developed and developing countries found themselves in confrontation, which was hardly beneficial to the development of global human rights. It also affected normal state relations and led to a deterioration in the international atmosphere. Most developing countries showed their dissatisfaction with this state of affairs and firmly struggled against it. Seven times, the Western countries presented anti-China resolutions and seven times these were rejected, so that it became increasingly clear that confrontation on the human rights issue could not work. As a result, both the United States and European Union have decided to change their attitude. This is not

only the result of joint efforts of people throughout the world, but also a trend of the times.

With the end of the Cold War, a favorable international environment was created for world peace and development. People everywhere have a strong wish to develop their economy, improve their living standards, stabilize their society and co-exist with other countries in a neighborly way. But it is also true that the international community faces many problems, such as sustainable development, regional security, environmental protection, international crime, drug trafficking and addiction. No country has the sole power to solve these problems. To meet the challenges, the necessity is greater than ever for the international community to develop bilateral and multilateral cooperation on the basis of equality and mutual respect. It is the demand of the times to cast off Cold War thinking and confrontational activities, and to enhance dialogue benefiting all.

"Human rights" is a developmental concept stemming from history. It is the common wish of mankind to push forward progress in human rights. However, their human rights conditions vary due to differences in each country's economic development level, social system, cultural tradition, historical background and value concepts. It is natural that disputes arise. But these can be handled through consultation and dialogue without interfering in other countries' internal affairs, and this has long been the consensus within the international community. The Western countries had become

more and more isolated at Geneva Human Rights Conference because of this, hence their changing attitude. Everybody hopes that the countries concerned have learnt a good lesson from this experience.

China and the United States share common strategic interests in many fields, while also seeing some divergence and contradiction. The human rights issue is one of the latter. The fact that some Western countries will abandon their anti-China activities is greatly beneficial to the improvement of their relations with China. Both the Chinese government and Chinese people welcome the action.

The Chinese government has always attached great importance to human rights and made great efforts in their development according to general principles and concrete national conditions. After 20 years' reform and opening up, the Chinese people have experienced great improvement in their material lives. What's more, with the perfection of the nation's democratic and legal construction, they are enjoying more political rights in democratic supervision, participation and discussion in politics and religious belief. China has so far signed 17 international agreements on human rights. Last year, it signed the Covenant on Economic, Social and Cultural Rights. Now, it is preparing to ink the Covenant on Civil and Political Rights.

It is obvious to all that China has made progress in human rights. Certainly, there are many aspects needing improvement. But these will come with economic and social development. We must be fully aware that battles in the human rights field are far from finished. China will maintain its consistent stand to conduct open dialogue and cooperation with others on the basis of equality and consultation. China hopes to make its due contribution to the cause of global human rights. ■

Foreign Ministry News Briefing

At the regular Foreign Ministry news briefing on March 17, Spokesman Zhu Bangzao announced that at the invitation of President Jiang Zemin, US President Bill Clinton will pay a state visit to China this year. President Clinton has decided to visit China at the end of June, and the Chinese side welcomes his decision. At present, the two sides are making active preparations for his visit. The spokesman said China believed the visit would help elevate Sino-US relations to a new stage.

Zhu also announced a March 21-28 visit by a nine-member delegation of the National Assembly of the Republic of Belarus headed by Chairman of the Chamber of Representatives Malofeyev Anatoly Aleksandrovich and Chairman of the Council of the Republic Shipuk Pavel Vladimirovich.

He then answered reporters' questions.

Q: What's your comment on the US decision not to sponsor an anti-China draft at the upcoming meeting of the United Nations Human Rights Commission?

A: Our stand is always that China and the United States should not seek confrontation on the issue of human rights, but rather dialogue on the basis of equality and mutual respect. We believe the US decision is a wise one, and it will help promote healthy and stable development of Sino-US relations.

Q: What's your view on the Indonesian situation? Does the Chinese government have any aid program for Indonesia?

A: President Suharto is an outstanding leader of Indonesia. Under his leadership the country has achieved much in economic

development and the enhancement of people's living standards over the past decades. Indonesia has played an increasingly important role in regional and international affairs.



YANG LIMING

Spokesman Zhu Bangzao.

The Chinese government and people are deeply concerned and sympathize with Indonesia's current economic difficulties caused by the Southeast Asian monetary crisis. We admire the unremitting efforts made by the Indonesian government and people to overcome their difficulties. China has always attached importance to development of good-neighborly and friendly relations with Indonesia.

Since the occurrence of Southeast Asian financial crisis, we have participated in the International Monetary Fund's aid package for Indonesia. In order to express the Chinese people's friendship to the Indonesian people, the government recently decided to donate US\$ 3 million worth of food and medicine as emergency aid, making it clear that China is willing to strengthen economic and trade cooperation with Indonesia, either through export credits or barter trade.

We believe that under the leadership of President Suharto Indonesia will overcome its economic difficulties and regain the track of healthy development.

Q: Dalai Lama recently said that he did not want to achieve independence of Tibet, but high-level autonomy of Tibet. What's your reaction to this?

A: The issue of Tibet is an internal affair of China which should not influence Sino-US relations. As for the Dalai Lama's remarks, this is not the first time he has made this proposal. This is merely the first step toward restoration of his rule over Tibet prior to achieving independence. Facts have proved that Dalai Lama has never given up his attempt of gaining independence for Tibet. He is continuously carrying out such activities in the international arena. We hope he can give up his position and stop his activities to split the motherland, recognizing the government of the People's Republic of China as only legal government representing the whole of China. Under such circumstance negotiations can be conducted.

Q: It was reported that some companies of Taiwan would invest 20 billion new dollars of Taiwan in Southeast Asia. What's your comment on this?

A: As for your question, we have on many occasions expounded our position. We are willing to reaffirm that we have no objection to those countries which have established diplomatic relations with China developing people-to-people relations with Taiwan. But, we are opposed to the development of any official economic and trade ties with Taiwan. The Taiwanese authorities have no capacity to provide official economic and trade aid to those countries which have established diplomatic ties with China or participate in official relevant arrangements. ■

REPORT ON THE WORK OF THE GOVERNMENT

(Delivered at the First Session of the Ninth National
People's Congress on March 5, 1998)

Li Peng

Premier of the State Council

Fellow Deputies,

It has been five years since this government took office in March 1993 and its term is expiring. On behalf of the State Council, I now submit a report on the work the government engaged in over the past five years and put forward a number of suggestions on the work for this year for your examination and approval and also for comments from members of the National Committee of the Chinese People's Political Consultative Conference.

I. Review of the Work of the Government in the Past Five Years

In the five years since the First Session of the Eighth National People's Congress, under the leadership of the Communist Party of China, the people of all nationalities in our country have further emancipated their minds, made pioneering efforts and scored great achievements in the socialist modernization drive, which has attracted worldwide attention. Decisive strides were made in economic restructuring and the opening to the outside world reached a new level. The productive forces, the overall national strength and the standard of living of the people were brought to a new stage of development. Hong Kong was successfully returned to the motherland. National unity and social stability were further consolidated. The past five years constitute a good period in the development of the People's Republic. During this period, China enjoyed political stability and unity among the people, developed all businesses and increased its national strength. At present, inspired by

the spirit of the 15th National Congress of the Communist Party of China, the people of our country are advancing confidently toward the 21st century along the road to socialism with Chinese characteristics.

In the past five years, our economy maintained a good momentum of growth and the economic strength of our country increased substantially. In 1997, China's gross domestic product reached 7,477.2 billion yuan, with an annual increase of 11 percent on the average, calculated in terms of comparable prices. We fulfilled the Eighth Five-Year Plan and attained ahead of schedule the goal of quadrupling the 1980 GNP by the end of the century. We worked out the Outline of the Ninth Five-Year Plan and the Long-Range Objectives Through the Year 2010 and have had a good start in implementing these. We used to have overheated growth in some fields and excessively high price rises in the course of economic development. By deepening reform and strengthening and improving macro-control, we have both maintained rapid economic growth and brought inflation under effective control. Last year, the economy grew by 8.8 percent; retail prices rose by 0.8 percent. This favorable situation featuring a high economic growth rate with low inflation has not been witnessed for many years. The rural economy developed in an all-round way; the added value of agriculture increased by 4.5 percent annually on the average. Governments at all levels attached great importance to agriculture and policies for strengthening agriculture were gradually implemented, thus stimulating more motivation on the part of the farmers. We increased input in agricul-

ture through various channels, conscientiously popularized applicable advanced technologies and we improved water conservancy facilities and farmland improvement projects, which has resulted in a considerable increase in overall agricultural productivity. In 1997 China's total grain output reached 492.5 million tons, an increase of 50 million tons over that of 1992, representing a new stage in grain production. China has preliminarily established a relatively perfected grain storage system. Considerable increases were also registered in China's output of meat, poultry, eggs, milk, aquatic products, fruits, vegetables and other agricultural products. There was a sufficient supply and a great variety of non-staple foodstuffs in both urban and rural markets, enriching the people's material life. Town and township enterprises maintained a good momentum of rapid growth and constantly added new factors for developing the rural economy. The added value of industry increased by 15.3 percent annually on the average, and the industrial pattern and the product mix underwent positive changes. In 1997 the total steel output topped 100 million tons while the power-generating capacity reached 250 million kw. Transportation, post and telecommunications developed rapidly. Over the past five years, a total of 11,344 km of railway tracks were laid, an additional 4,083 km of expressways were constructed and the total number of telephones climbed to 110 million. The supply of main means of production and consumer goods more or less met or exceeded the demand, and the long-standing phenomenon of commodity shortages has now been fundamentally ameliorated. Investment in fixed assets over the past five years totaled 10 trillion yuan. The investment structure further improved, basic industries and infrastructure expanded rapidly and more investment was made in the central and western regions of China. New achievements were made in economic and social development. A large number of key construction projects were completed and put into operation. The railways running from Beijing to Kowloon and from Nanning to Kunming were opened to traffic; the damming of the Yangtze River at the Three Gorges and of the Yellow River at Xiaolangdi were accomplished in order to construct key water conservancy and hydropower projects. A number of major projects are currently under construction. Additional mineral resources were discovered and verified. The long-standing "bottleneck" restrictions on basic industries and infrastructure such as energy, raw and processed materials, transportation, post and telecommunications are being lifted, thus creating a more favorable environment for sustained development.

Major breakthroughs were made in the reform

aimed at establishing a socialist market economy, a framework for the new macro-control system was erected preliminarily and the fundamental role of the market in the allocation of resources was notably bolstered. During the past five years, in accordance with the reform objectives defined at the 14th National Congress of the CPC, the government took strides in promoting reform of the finance, taxation, banking, foreign exchange, planning, pricing and investment and fund-raising systems. New financial and taxation systems have been established and are functioning smoothly. The financial resources of both the central government and local governments have increased considerably. Non-commercial banking has been preliminarily separated from commercial banking, and the central bank is playing an increasingly important role in financial control, supervision and management. A single exchange rate for the RMB was successfully introduced; the exchange rate of the RMB remained stable; and the RMB was made convertible under current accounts. As planning regulations which were carried out mainly in the form of guidance plans constantly improved, and as the control over prices further relaxed, prices of an overwhelming majority of consumer goods and means of production are now being set by the market. As a result, the market is playing an increasingly evident role in augmenting supply, regulating demand and enriching the people's life. In the reform of investment and fund-raising, we introduced a system whereby a legal person is held responsible for projects, a capital system and a public bidding system. Safeguards against investment risks were gradually strengthened and enterprises had more channels through which to raise funds. The reform of state-owned enterprises has been intensified and is progressing steadily through conscientious experimentation. The direction, objectives, guiding policies and priorities of the reform have been defined. We have explored many means of and accumulated valuable experience in tackling difficult points. In the midst of market competition there have emerged a number of strong large enterprises and enterprise groups. The performance of some enterprises which had been operating at a loss has begun to improve and others have turned losses into profits. Further progress has been registered in the reform of the rural economy, social security, commodity distribution, foreign trade, urban housing and in other areas. The pattern in which public ownership remains dominant and diverse forms of ownership develop side by side has been further developed. The national economy is notably more market-oriented and socialized. Deepened reform has injected a continuous flow of

fresh vitality into our national economic and social development.

We continued an omni-directional, multilevel and wide-range opening to the outside world. The volume of China's annual imports and exports increased from US\$165.5 billion to US\$325.1 billion over the last five years. The mix of export commodities was noticeably improved with a steady increase in industrial products, especially electro-mechanical products. There was a big increase in the use of foreign funds. The actual funds from direct foreign investment totaled US\$185.8 billion over the past five years. The quality of foreign investment projects improved. There was an annual growth in the number of projects, each containing more technology, drawing a fairly large amount of investment or satisfying state industrial policies. Contracted projects for other countries and the export of labor services increased annually. Tourism continued to increase. We enjoyed a favorable international balance of payments and our national foreign exchange reserves rose from US\$19.4 billion to US\$139.9 billion, which played an important role in developing foreign economic cooperation and fending off the impact of international financial crises. The special economic zones and the Pudong New Area of Shanghai continued to develop. With more regions, trades and industries opening to the outside world, we continued to strengthen international cooperation and exchanges in such fields as science and technology, education, and culture. China signed or participated in 187 international treaties over the past five years. Further opening to the outside world has created favorable conditions facilitating better use of domestic and international markets and resources, optimizing the economic structure and enhancing international competitiveness, and in promoting a rapid, sustained and sound development of the national economy.

Science and technology, education, and cultural undertakings progressed in the course of the reform and new achievements were recorded in our work to promote socialist ideological and ethical progress. Over the past five years, our overall strength in the fields of science and technology further increased and a large number of major scientific and technological advances were made, some of which reached or approached advanced international standards. Some 224,000 applications for patent were approved and intellectual property rights were further protected. Scientific and technological work served the main front of economic development and helped solve a number of major and key technological problems. Many scientific and technological advancements were put into wide use, which contributed sig-

nificantly to national economic development and social progress. We vigorously promoted high-tech research and accelerated the application of research results to production. We developed a number of high and new technologies and related products of which Chinese people enjoy the intellectual property rights. Gratifying progress was made in some frontiers of basic research. The strategic decision of the state to give priority to education was gradually implemented and additional funds poured into education as state finance grew stronger. The running of schools by non-governmental sectors also contributed to the development of education. Nine-year compulsory education was basically attained for 65 percent of the population. Illiteracy among young and middle-aged people dropped to 6 percent. As the educational structure was further readjusted, vocational and adult education grew rapidly with students in secondary vocational schools accounting for over 56 percent of those eligible for senior secondary school education. Hundreds of millions of urban and rural laborers received various forms of on-the-job training and technical and vocational training to varying degrees. Higher education advanced steadily. The reform in our management of higher education was begun smoothly, improving instruction quality and producing better results in running schools. Over the last five years 6,870,000 two-year college and four-year university students graduated and 175,000 postgraduates completed their studies. More and more students studying abroad have returned each year, forming a steady flow of professionals into various fronts. Literature, the arts, the press, publications, radio, film and television all prospered. A number of excellent works were created which combined lofty ideological content with excellent artistic quality and therefore were very popular among the people. Both radio and television now reach over 85 percent of the population. Research was further carried out in philosophy and other social sciences. More public cultural facilities such as libraries, museums, science and technology halls, cultural centers, and archives were constructed. The nationwide physical fitness campaign was carried forward and Chinese athletes performed very well in major international sports events.

Ideological and ethical progress was further promoted. Cadres and people in general made an in-depth study of Deng Xiaoping Theory and their awareness of the importance of building socialism with Chinese characteristics was heightened. We also carried out education in socialist ethics focused on serving the people and stressing collectivism as well as education in democracy, the legal system and discipline. We made great efforts to promote patriotism,

collectivism, socialism and a hardworking and enterprising spirit. We also carried out many types of mass activities to enhance socialist culture and ethics, promote new moral standards and publicize models from all fields, which proved effective in raising the ideological and ethical standards of the whole nation and in fostering healthy social conduct.

Efforts to develop socialist democracy and improve the legal system were reinforced; ethnic unity and social stability were further consolidated. Governments at all levels accepted supervision by the people's congresses and their standing committees at the corresponding levels, and they attentively listened to the views of democratic parties, personages without political affiliations, specialists and scholars, and to the broad masses. Democracy at the grass-roots level was further promoted. The State Council drafted 66 laws and stipulated 197 administrative statutes over the last five years, further ensuring that the administrative functions of the government were carried out in accordance with law. Administrative supervision, auditing and economic supervision were strengthened. Education concerning the legal system was carried out so that the masses and especially leading cadres became well aware of the importance of obeying the law. New progress was made in the reform of the personnel system and a public service system was introduced. Assisted by the state and supported by other regions, ethnic minority areas witnessed an acceleration in economic growth and an all-round development in various undertakings through their own efforts and hard work. Equal rights for ethnic groups and autonomy for ethnic minority areas were guaranteed, resulting in further improvement in socialist ethnic relations. Fresh progress was made in the work regarding overseas Chinese. Normal religious activities and the legal rights of religious groups were protected. Continued efforts were made to improve all facets of public security. We cracked down on all criminal activities and launched special campaigns to fight the crimes and social evils that the people detest, thus preventing and stamping out crimes. Endeavors to keep government employees honest and industrious were intensified. Some results were achieved in rectifying malpractice in various trades. Major and key criminal cases were handled in accordance with the law and a number of corrupt officials were punished. Throughout the profound changes in its economic system and socio-economic structure, our country continued to experience social stability, which provided an important guarantee for reform and development.

Progress was made in modernizing defense and the army. The Law on National Defense, the first of

its kind, was implemented. Governments at all levels have supported the people's army in its effort to carry out the military strategy of the new period and to take the road of fewer but better troops with Chinese characteristics. We have focused on strengthening the army by relying on science and technology and some major achievements in the research of defense-related science and technology have been scored; the capability to provide logistical support has continued to advance. In following the policy of combining production of wartime products with peacetime products and integrating military with civilian purposes, defense-related enterprises have made vigorous efforts to turn out products for civilian use and new vitality has been added to these enterprises through readjustment and reform. The unity between the army and the government and between the army and the people has been consolidated through the government supporting the army and giving preferential treatment to families of servicemen and martyrs, and the army supporting the government and cherishing the people, and through the army and the masses joining in efforts directed toward cultural and ethical progress. The Chinese People's Liberation Army and armed police forces have made great contributions to safeguarding national sovereignty and security, have taken part in the construction of major projects and have been able to deal with emergencies and disasters and to provide relief.

The income of the urban and rural population increased significantly and the standard of living was improved. In 1997 the average per-capita disposable income reached 5,160 yuan for city dwellers, representing an annual increase of 6 percent in real terms over the past five years. The average per-capita net income of rural residents rose to 2,090 yuan, representing an annual increase of 5.4 percent in real terms. The market had an adequate supply of commodities, and the quality of the people's food, clothing, housing, articles for daily use and transportation improved markedly. Total retail sales of consumer goods increased by 10.3 percent annually in real terms, and in urban and rural areas the per-capita consumption of grain, meat and eggs reached the world average. Urban and rural people owned more household electrical appliances, with over 85 percent of the households having at least one television. Per-capita housing rose to 8.7 square meters on average for city dwellers and to 22 square meters for rural residents. Savings deposits of urban and rural residents grew considerably, reaching 4,628 billion yuan. Some 35.55 million urban dwellers found employment over the last five years. A five-day work week was adopted in cities and towns. Our work on birth control pro-

duced remarkable results with the population growth rate falling to 1.006 percent. More attention was paid to assisting women and children. Medical and sanitation facilities in both urban and rural areas were further improved. Poliomyelitis was eradicated and a number of diseases that seriously endanger people's health were brought under control. The Chinese people became healthier, enjoying an average life expectancy of 70.8 years. We intensified the control and treatment of environmental pollution in cities and key areas. We achieved marked results by stages in the prevention and treatment of pollution in the Huaihe River Valley. The environment in some areas was improved. A unified insurance system covering workers' basic old-age pensions was established preliminarily nationwide, and unemployment insurance was expanded gradually. A system to ensure a minimum standard of living was established in over 300 cities. The work to prevent disasters, to reduce damages caused by disasters and to provide relief to disaster-stricken areas played an active role in safeguarding people's lives and property. Substantial progress was made in assisting the poverty-stricken and in developing poor rural areas, and the basic requirements for food and clothing for 30 million people were met over the past five years.

Hong Kong has returned to the motherland smoothly and maintains its prosperity and stability. The return of Hong Kong to the motherland is both a great victory for the Chinese nation and a great event attracting worldwide attention. It has wiped out the century-old humiliation of the Chinese nation and activated the national spirit and we are very proud of it. The smooth transition of power in Hong Kong is a great success attributable to Deng Xiaoping's concept of "one country, two systems" and will facilitate the return of Macao to the motherland and the solution of the Taiwan issue, all with a view to achieving the complete reunification of the motherland. In the past eight months since Hong Kong's return, its previous socio-economic system and way of life have remained unchanged and its laws have been kept basically unchanged. The policies of "one country, two systems", and "Hong Kong people administering Hong Kong" with a high degree of autonomy, and the Basic Law of the Hong Kong Special Administrative Region have been implemented in an all-round way. Hong Kong now enjoys social stability, its residents have a sense of security and its economy is developing smoothly. The central government has given full support to the government of HKSAR in its work and in the measures it has taken for dealing with the impact of the financial crises in Southeast Asian countries. We are pleased to see that, as an indepen-

dent constituency, HKSAR has elected deputies to attend this congress and participate in the administration of state affairs. Hong Kong's return has had a good beginning, and Hong Kong's future will be even brighter.

Fellow Deputies,

The achievements scored in the past five years are attributable to the leadership of the Party Central Committee with Comrade Jiang Zemin at the core and to the hard work done with one heart and one mind by the people of all our nationalities. They are also inseparable from the concern and support of overseas Chinese and foreign friends. I wish to extend, on behalf of the State Council, our high respect to the people of all ethnic groups, workers, farmers, intellectuals, the People's Liberation Army and personages from all walks of life and to express our heartfelt thanks to the overseas Chinese who have worked hard for the prosperity and the peaceful reunification of the motherland. Our sincere thanks also go to governments of various countries, world organizations and all foreign friends who have been understanding and supporting our endeavors in the modernization drive.

However, we are fully aware that there are still quite a few contradictions and problems in our economic and social development. The following are the main ones: quite a number of state-owned enterprises are experiencing difficulties in production and operation, causing an increase in unemployment and resulting pressures; our agriculture as the foundation of the economy is still fragile; there is blindness in investment with many redundant construction projects and the quality and performance of the national economy as a whole remain poor; the supervision and control over finance is imperfect and the financial order in some areas is somewhat chaotic; uneven regional development is obvious; the distribution of income needs to be straightened out; a portion of both urban and rural residents still live under difficult circumstances; current social conduct and public security still fall short of the expectations of the people. Bureaucratic behavior divorced from the needs of the masses and proneness to boasting and exaggeration divorced from reality are serious problems among some government functionaries, and corruption, extravagance and waste are still spreading and growing. Population growth and economic development have caused a great strain on resources and the natural environment continues to deteriorate. Some of these problems were left over from the past and others have emerged in the course of reform and development. There are also shortcomings and defects in the work of the government. We have tried to solve these problems in recent years, but the result is far

from satisfactory and some problems have become even more serious. It remains an arduous task for the government to continue tackling these conflicts and problems.

Fellow Deputies,

In reviewing the work of the government in the past five years, we have formulated the following ideas.

First, adhere to the ideological line of emancipating our minds and seeking truth from facts. In our efforts to carry out reform, opening up and the modernization drive, we should proceed from the actual situation of being in a primary stage of socialism and take our own road. We should assimilate all advances of other countries but refrain from mechanically imitating experiences gained by other countries. We should break away from old concepts, respect the people's pioneering spirit, make bold experiments and actively explore the way forward. At the same time, we should act in accordance with objective laws, correctly appraise situations and strive for practical results. We should seize opportunities and engage in ventures which we know to be sound and, at the same time, we should earnestly review experience and remain fully aware that reform and development will be protracted, arduous and complex; hence we should plan our work carefully. By combining our sense of urgency about speeding up the reform and development with a scientific and practical orientation, we can shorten our journey and avoid heavy losses.

Second, balance reform, development and stability. Reform is the motive force for development. We should lose no time in promoting reform in all spheres in accordance with the criterion of the "three benefits" [whether a policy is conducive to developing socialist productivity, to enhancing the comprehensive national strength of the socialist country, and to raising people's living standards] and solve the outstanding problems in our economic and social development. Development is the aim of reform and it is a guarantee for stability. The key to the solution of all China's problems lies in our own development. We should entertain new ideas concerning economic development and vigorously promote the shift in the economic system and the mode of economic growth so as to improve quality and performance in economic growth. Stability is the prerequisite of reform and development. We should promote reform and development amid social and political stability and we should secure social and political stability through reform and development. We must balance the intensity of reform, the speed of development and our people's ability to sustain these so as to further progress

under stable conditions.

Third, give full play to the role of the market mechanism and strengthen and improve macroeconomic control. We have learned that this is important in maintaining rapid economic growth and effectively curbing inflation in our country over the years. To develop a socialist market economy, we must allow the market to play its basic role in the allocation of resources. If this is not done, economic development cannot be dynamic. The market is unplanned and has its limitations, so the government must manage and guide it through macroeconomic control. If this is not done, there will be economic chaos. The macroeconomic control under a socialist market economy is different from the direct intervention in enterprise business operations and production under a planned economy. We must mainly employ both economic and legal means as well as the necessary administrative means to make rational readjustments in the national economy according to the laws governing a market economy.

Fourth, implement the strategies of developing the country by relying on science and education and of achieving sustainable development. Scientific and technological progress is a decisive factor in economic development, and educational development is the foundation of scientific and technological progress. The increasingly acute worldwide economic competition and overall competition between nations is, in the final analysis, competition in science and technology and for competent people. Only by vigorously developing education and science and technology and really setting forth on the path of developing our economy by relying on scientific and technological advancements and improving the quality of our laborers can we accelerate the process of modernization and narrow the gap between China and the developed countries. China has a large population and is relatively short of natural resources, the scale of its economy is becoming larger and larger, and the disparity between economic development on the one hand and natural resources and the environment on the other is becoming increasingly outstanding, so it is problematic to maintain an extensive mode in our economic growth. We must correctly handle the relationships between economic development on the one hand and population, natural resources and the environment on the other. We should rationally exploit our natural resources and make comprehensive use of them, protect and improve the ecology and ensure that economic development meets our needs and will benefit future generations.

Fifth, adhere to the principle of doing two types of work at the same time, attaching equal impor-

tance to both. In developing a market economy and opening to the outside world, we are confronted with a new situation and new tasks in promoting socialist cultural and ethical progress. In concentrating on promoting economic development, we are prone to neglect the promotion of cultural and ethical progress. Devoting more efforts to this type of work is not only a matter for the departments in charge of ideological and publicity work but also the responsibility of governments at all levels and the common task of all sectors of society. We should incorporate cultural and ethical progress into the overall plan for national economic and social development, guarantee the necessary resources and make unremitting efforts in this regard. In the process of China's modernization, we must always work for material progress and at the same time for cultural and ethical progress. We should develop the economy and at the same time strengthen democracy and the legal system. We should promote reform and opening to the outside world and at the same time fight crime and punish corruption. Only by doing both types of work at the same time and attaching equal importance to each can we achieve all-round social progress.

To sum up, the basic experience we have gained over the past five years is to hold high the great banner of Deng Xiaoping Theory, conscientiously carry out the basic line of the Communist Party of China for the primary stage of socialism, persist in making economic development our central task, adhere to the Four Cardinal Principles [adherence to the socialist road, to the people's democratic dictatorship (i.e., the dictatorship of the proletariat), to the leadership of the Communist Party and to Marxism-Leninism and Mao Zedong Thought], persevere in the reform and opening to the outside world and unswervingly advance along the road to socialism with Chinese characteristics. This is the basic guarantee for overcoming all difficulties and obstacles and continuing to advance in all our undertakings.

II. Suggestions on the Work of the Government for 1998

The year 1998 is the first year of implementation of the spirit of the 15th National Congress of the Communist Party of China in an all-round way and an important year for promoting reform, opening to the outside world and the modernization drive. A new leadership of the central government will be elected at this session. Through careful discussion and solicitation of views from all quarters, the State Council now puts forward the following suggestions on the work of the government in 1998.

The general requirement for the work in 1998 is to hold high the great banner of Deng Xiaoping Theory, carry forward the spirit of the 15th National Congress of the Communist Party of China in an all-round way, strengthen agriculture as the foundation of the economy, accelerate various reforms with the focus on state-owned enterprises, step up efforts to readjust the economic structure, open wider to the outside world, continue to promote the fundamental shift of the economic system and of the mode of economic growth and maintain a sustained, rapid and sound development of the national economy; to improve democracy and the legal system, rule the country in accordance with law, persistently fight corruption and maintain social stability; to promote ethical progress, the development of education, science and culture and all-round social progress; to consolidate unity among the people of all nationalities in our country and work together for the cause of building socialism with Chinese characteristics. In following this general requirement, we shall concentrate in 1998 on the goals as listed below:

First, further stabilize and strengthen agriculture.

Agriculture has a direct bearing on our overall situation. We should never neglect agriculture because of good harvests over the years or because there is an adequate supply of agricultural products. In 1998 we should continue to take effective measures to ensure that another good agricultural harvest is reaped, that farmers' incomes are increased and that social stability is maintained in rural areas. The total grain output should be stabilized at 492.5 million tons, and the total cotton output at 4 million tons. With the market as our orientation, we should readjust and optimize the structure of agriculture, and while keeping grain production high, take the initiative to develop animal husbandry, the aquaculture and forestry sectors, developing an agriculture featuring high yields, fine quality and high efficiency. We should take the initiative to promote an industrial management of agriculture, widen the channels of distribution, integrate the production, processing and marketing of agricultural products and have all these factors support each other to ensure that farmers can derive income from production and benefit from the processing and marketing of their products. In developing the processing of farm and sideline products, we should prevent the unplanned duplication of "small and all-inclusive" projects. There is a great potential for increasing agricultural output through relying on science and technology. We should arouse the initiative of the staff who engage in agricultural science and technology, strengthen training in applicable technologies among

farmers, popularize improved strains and utilize advanced, applicable technologies in production, processing, storage and preservation. We should persist in improving the system of provincial governors assuming responsibility for the "rice bag" and city mayors assuming responsibility for the "vegetable basket". Reforming the grain purchasing and marketing system is an important task in 1998 and we should go about this conscientiously. We should adhere to the policy of purchasing grain at protective prices.

We should continue to strengthen the agricultural infrastructure. We should take different measures in line with different conditions and emphasize priorities in water conservancy construction projects. In the south we should concentrate on preventing floods, and in the north we should concentrate on fighting droughts. We should harness large rivers and lakes, strengthen the construction of flood prevention projects and dredge medium-sized and small rivers to ensure safety in the high water season. We should continue to do well in the Three Gorges Project and in the relocation of the local people. China is short of water resources, so it is imperative to pay great attention to their protection, rational development and sustainable use. We should tighten control over water resources and implement the system of charging for their use to encourage more economical consumption. People in arid areas should intensify the construction of drought-relief water projects and vigorously develop water-saving irrigation and dry-land farming. We should continue to promote the overall development of agriculture and the creation of bases for the production of commodity grains and cotton. We should develop the agroindustry in accordance with the needs of agriculture. Governments at all levels should increase investment in agriculture, guarantee water conservancy construction funds and encourage farmers and rural collectives to increase their input through labor and investment. We should redouble our efforts to increase farmland improvement projects, plant trees and grass, control soil erosion and improve conditions for agricultural production and the ecology. We should strictly control the land used for urban and rural construction projects, implement a basic farmland protection system and attend to the protection of arable land in earnest.

We must vigorously promote the development of town and township enterprises, especially those in the central and western parts of the country. We should help town and township enterprises improve operations and management, accelerate technical progress, improve the quality of their products and readjust their product mix in light of changes in the market. We should develop farm and sideline product pro-

cessing by utilizing the rich labor force and resources available for this purpose. We should actively and prudently promote the reform of collectively-owned town and township enterprises. While trying to revitalize enterprises, we should ensure that the value of collective assets is preserved and increased and that the rural collective economy develops.

We should keep stable the household responsibility contract system with remuneration linked to output, carry out the policy of prolonging the land contract period for another 30 years and earnestly endeavor to lighten the burden on farmers. In rural areas, we should strengthen political power at the grass-roots level and the self-government organizations of the villagers and improve relations between cadres and the masses. All this is an important guarantee for developing the rural economy and maintaining rural stability.

Second, make new breakthroughs in the reform of state-owned enterprises.

The reform of state-owned enterprises is the principal task of the on-going economic restructuring. The Party Central Committee has proposed that within about three years, through reform, reorganization, upgrading and improved management, we should have extricated most of the large and medium-sized state-owned enterprises operating at a loss from their predicament. We should strive to establish initially a modern enterprise system in the bulk of large and medium-sized state-owned key enterprises by the end of the century. The guiding ideas and basic tasks for the reform of state-owned enterprises are as follows: 1. Taking the reform of state-owned enterprises as the pivotal point in economic restructuring, we should change the way enterprises operate, with the establishment of a modern enterprise system as our orientation. 2. Guiding enterprises according to their type and aiming at improving the state sector of the economy as a whole, we should carry out a strategic reorganization of state-owned enterprises by learning to manage large enterprises well while relaxing control over small ones. 3. Sticking to the criterion of the "three favorable", we should explore various forms for realizing public ownership. 4. We should combine our efforts to reform enterprises with efforts to reorganize, upgrade and exercise more effective management of them. 5. We should encourage mergers, standardize bankruptcy procedures, redirect laid-off workers, increase efficiency by reducing staff and implement re-employment programs. 6. We should promote supportive reforms which focus on the establishment of a social security system. We must be fully aware of the arduousness and urgency of the reform and of the conditions favorable for the reform. Under

the good macro-economic environment, we should be confident and take resolute and proper measures, working hard to make a success of the reform of state-owned enterprises and to improve their efficiency.

Pressing ahead with the reform and development of key industries and enterprises. Beginning with the textile industry, we shall encourage industries in difficulty to deepen their reform, turn their losses into profits and surmount their financial problems. On the basis of preliminary successes in this field, we shall spread these practices to the ordnance, machinery and other difficulty-ridden industries. Managing large key enterprises well is an important factor in improving the performance of the state-owned sector of the economy as a whole. In important industries and key fields we shall encourage the establishment of large enterprise groups in order to increase their competitiveness in both domestic and foreign markets. In boosting enterprise groups, we shall persist in taking the market as our orientation, break departmental, regional and ownership barriers, support association between strong enterprises so that they can take advantage of each other's strengths and thereby preventing the practice of simply piecing together groups and indiscriminately expanding the scale of operations. The State Council should strengthen financial supervision in large state-owned enterprises.

Accelerating the reorganization and readjustment of state-owned enterprises. We should encourage strong enterprises to merge with difficulty-ridden ones so as to use resources efficiently. We should declare bankrupt according to regulations enterprises which have been operating at loss for a long period of time and with which there is no hope of ending such a situation. We should be resolute in shutting down a number of enterprises whose products are unmarketable and which are finding it difficult to survive. Redirecting surplus employees of enterprises is an important way of raising efficiency, and governments at all levels should be concerned about and support this endeavor. We shall continue to implement, in selected experimental cities and key industries, the preferential policies that support enterprises in carrying out mergers and bankruptcies and policies relating to increasing efficiency through cutting the size of staff. In 1998, the total capital reserves earmarked for clearing the bad debts of banks should be raised to 40 billion yuan. In this endeavor, we should prevent concealed avoidance of the payment of debts so as to protect the security of bank assets. Both the central and local governments should take measures for reducing the burden of debt on enterprises. We shall continue to write off the debts enterprises have incurred because of government appropriations being replaced

by loans and capital construction operational funds, by turning them into state capital. We shall again turn 50 billion yuan of these funds into state capital this year.

Actively and steadily carrying out the reform involving the joint share system and the joint stock cooperative system. We shall corporatize large and medium-sized enterprises in a standard way where conditions permit, allowing some enterprises to be listed and issue stocks in accordance with market conditions. In the reform of enterprises, we must overhaul their operational procedures, separate government functions from enterprise management, delineate the rights and responsibilities of the state and of enterprises, improve the internal management system, strengthen the owners' constraints on and encouragement to management and prevent the devaluation of state assets. Since small state-owned enterprises are large in number, cover a wide range of areas, employ a very huge number of people and play an important role in the national economy, we should accelerate the pace of relaxing control over them and invigorating them by way of reorganization, association, merger, leasing, contract operation, the joint stock cooperative system and sell-off. We should make sure that the right to independent operation is delegated to small enterprises so that they can be responsible for their own profits and losses and adapt themselves to the market in a more flexible way. We must choose suitable means of reform in light of differing conditions and refrain from seeking speedy results indiscriminately. In implementing the joint stock cooperative system, we should respect the wishes of workers, never forcing them to buy shares and, at the same time, we should prevent shares from being concentrated in the hands of a small number of people.

Improving the leadership, operation and management of enterprises. Many enterprises are poorly run, mainly because of faulty leadership. We should improve the methods of selecting, supervising, examining, rewarding and punishing managers. Leadership of well-operated enterprises should be maintained and that of poorly-operated enterprises should be readjusted promptly. We should strengthen democratic management and give full play to the initiative and creativity of workers. Personnel of enterprises should change their thinking so that production, operation and internal management can meet the needs of the market. We must attach importance to speeding up technological progress, developing new products, readjusting the product mix, improving marketing and after-sale services, striving to reduce costs, raise quality and to become more competitive. Governments at all levels should actively help enterprises divest them-

selves of social functions. Enterprises should accumulate more funds and operate their assets more advantageously.

Pressing ahead with all other reforms. We should continue to readjust and improve the pattern of ownership. While promoting the reform and development of the state sector of the economy, we should actively develop various forms of collective economy in urban and rural areas. We should continue to encourage and guide individual, private and other non-public sectors of the economy to grow simultaneously. We will quicken the reform of the social security system including workers' basic old-age insurance, medical insurance and unemployment insurance, so as to pave the way for the reform of state-owned enterprises and the readjustment of the economic structure. In the field of distribution, we will break regional blockades and trade monopolies, rectify order in the market and resolutely crack down on such illegal acts as smuggling and producing and distributing fake or shoddy goods. We should establish more chain stores for the convenience of the people instead of indiscriminately building high-class department stores. We should press ahead with the agent system. We should encourage association between large production enterprises and distribution firms and between domestic and foreign trade businesses so that they will jointly develop markets at home and abroad. We shall continue to reform and study the management of state assets and strengthen this management.

Third, continue to strengthen and improve macro-control.

The main objectives for macro-control over the national economy in 1998 are having an economic growth rate of 8 percent and keeping the retail price increases below 3 percent. These objectives embody the spirit of seeking progress amidst stability. If they are achieved, we will be able to maintain the good momentum of development featuring high economic growth and low inflation.

Appropriately increased investment constitutes an important condition for sustained, rapid and sound development of the national economy. Total investment in fixed assets this year is planned to increase by 10 percent or more. We should focus investment on strengthening agricultural, forestry and water conservancy projects as well as energy, transportation, communications, environmental protection and other infrastructural facilities. More input should be made in high and new technology industries and the proportion of investment in technological upgrading should be increased. The construction of ordinary civil housing should be accelerated. In investing in infrastructure, we should see to it that infrastructural

facilities are rationally distributed, tapping the potentials of existing facilities and refraining from blindly building new ones. We should support the development of resources and major infrastructural construction in the central and western regions of the country. We must strictly control the number of new projects. In principle, we should not launch additional ordinary industrial projects, but concentrate our strength on accelerating the construction of those projects under construction which have good market prospects and are expected to be economically efficient. We should support enterprises in importing key equipment and high and new technology equipment to promote the upgrading of their products. We should better guide enterprises to set and adjust the direction of their investments according to market needs through industrial policies and the publishing of relevant information. We must press ahead with the reform of housing, taking effective measures to promote its commercialization and making the construction of civil housing a new point for economic growth. We should deepen the reform of our investment and fund-raising systems, improving and strictly implementing the project capital system and delineating responsibilities concerning investment and fund-raising risks. Adequate feasibility studies should be conducted for all projects. We should stress returns on all investments.

We should continue to carry out an appropriately tight financial policy. Financial and economic discipline should be enforced. Efforts should be made to increase revenues and cut expenditures, keep the scale of debts under control and further reduce deficits. We should strictly control the management of taxation. We should levy taxes according to law and tighten tax collection and management, severely fighting tax evasion and tax fraud and ensure that taxes owed to the government are paid so as to reduce non-payment of taxes. We should continue to deepen the reform of our financial and taxation systems. The income tax system should be improved and the consumption tax should be readjusted. Inheritance tax will be introduced. We should pay attention to solving problems concerning unreasonable income distribution. We should improve the accounting system, tighten the financial management of enterprises, exercise more effective auditing and supervision and ban all kinds of arbitrary quotas, charges and fines. We should strictly control expenditures to keep them within revenues. Relief funds for natural disasters and re-employment and anti-poverty funds should be increased appropriately. In many areas extravagance and waste still exist despite repeated banning, and this is becoming more and more serious in some instances, causing great resentment among the people. We must firmly imple-

ment the principle of building our country and accomplishing everything through thrift and hard work. We should oppose and put a stop to the unhealthy tendency to be extravagant or wasteful.

We should continue our appropriately tight monetary policy. We should improve the means of financial control, make timely and appropriate adjustments and optimize the loan structure to support the reform and development of large and medium-sized enterprises. Loans for small state-owned enterprises and enterprises with other types of ownership will be increased appropriately to promote the readjustment of the economic structure. In 1998 our priorities in the reform of the financial system are to improve and strengthen the financial control and supervision by the People's Bank of China; to exercise more effective centralized management of state-owned commercial banks; to develop regional commercial banks systematically, including urban ones and deepen the reform of credit cooperatives in urban and rural areas; and to straighten out and improve the supervision and management of securities. Issuing shares and bonds is an important way by which enterprises optimize assets organization and change the way they operate and an important channel through which they raise funds. We must ensure that they do this in strict accordance with regulations. In addition, we should give priority to large and medium-sized state-owned enterprises in this regard. Unqualified enterprises should be prevented from issuing shares and bonds so as to protect investors. We should improve financial statutes, rectify and standardize the financial order, vigorously enforce discipline in settling accounts, tighten internal management of financial institutions and prohibit illegal financial activities. Since last year, the financial crises in Southeast Asia have affected many countries. As the momentum of China's economic development is good, our financial situation has remained stable, as have the exchange rates for the Renminbi against other currencies. However, we can learn a lesson from these crises and take effective measures to prevent and eliminate any undesirable impact they might have on our economy. All our financial institutions should improve the ranks of employees by raising their political and professional competence.

Fourth, do better in opening to the outside world.

Opening to the outside world is a basic policy of China. In the new situation of opening up, there are a lot of favorable conditions but also some unfavorable factors. In 1998 we should make the best use of the current situation and open China wider to the rest of the world. We should strengthen economic, scientific,

technological, educational and cultural exchanges and cooperation with other countries and strive to do better in opening up. We should continue to do a good job in running the special economic zones and the Pudong New Area of Shanghai.

Efforts should be made to increase exports, increase imports as appropriate and strike a basic balance between the two. We should stick to the strategy of success through quality and a multi-outlet market. We should continue to expand the export of textiles and other light industrial products, electro-mechanical products and, in particular, complete sets of equipment, improve their quality and increase their added value. While maintaining and expanding existing export markets, we should try to open new ones. In increasing imports, we will give priority to the needed resources, high and new technologies and key technical equipment. Tariffs and value-added import taxes will be exempt for the equipment and technologies which China needs to import for high and new technology projects and for projects encouraged by the state. We should deepen our reform of the foreign trade system, quicken the pace in changing the way foreign trade enterprises operate and strengthen and improve the management of import and export goods and our method of refunding export taxes.

We should continue to utilize foreign funds actively, rationally and effectively. We should further improve China's investment environment, stick to the principle of stressing the importance of quality and economic returns, and guide foreign investment toward agriculture, infrastructure, basic industries, high and new technology industries and export-oriented projects. We should encourage foreign businessmen to further invest in the central and western regions of China. In addition, we should continue to give these regions priority in obtaining preferential loans. We should improve the laws and regulations governing business transactions with foreigners, administer foreign-funded enterprises in accordance with the law, and protect the lawful rights and interests of Chinese and foreign investors and the employees of the enterprises. We should reform foreign aid and invest in foreign countries as we deem safe. We should actively develop international tourism. We should make full preparations for the World Horticulture Exposition to be held in Kunming next year.

We must stick to the principles of maintaining an equilibrium in the balance of payments and keeping stable the exchange rates for the Renminbi against other currencies. In our balance of payments in 1998, there will be some new factors which will decrease revenues and increase expenditures. We should strive

to increase revenues in foreign exchange and use foreign exchange rationally and effectively. We should balance payment and manage exchange under the capital account according to law. We should manage foreign debts more effectively and in a unified way. Securing financing and providing credit guarantees in overseas financial markets must meet with the approval of the state in advance. We must investigate and punish the securing of foreign financing without authorization.

Fifth, develop science, technology, education and cultural undertakings.

The fundamental task of our work in science, technology, education and culture is to elevate the ideological and ethical standards and the scientific and cultural level of the entire nation and its capabilities to create. This should be done in such a way as to further China's modernization drive, to satisfy the requirements of the new scientific and technological revolution and to enable us to compete economically in the world.

In our work in science and technology, we should strive to propagate the use of applicable advanced technologies for production, distribution, consumption, environmental protection and other fields. We should promote the commercialization of scientific and technological achievements, and especially advances in information technology, and we should improve scientific and technological services for society so that scientific and technological progress can better serve economic and social development and the well-being of the people. We should accelerate the pace in applying high technology to production and upgrade our traditional industries with high and new technologies. We should focus on solving key technical problems for industrial restructuring and for a sustainable development and run our national high and new technology industrial development zones well. We should actively promote the reform of the management system of science and technology and quicken the pace in the reform of research institutes with an eye to tying science and technology closer to the economy. The association of enterprises with research academies, institutes and institutions of higher learning should be strengthened so that enterprises will also be a factor in technological development. We should concentrate on making progress in the various fields of basic research where we enjoy superiority. We should encourage invention, enhance our capabilities to create and protect intellectual property rights. Great efforts should be made to propagate scientific knowledge and enhance all our people's comprehension of science and technology.

In 1998 we will basically achieve nine-year com-

pulsory education in areas accounting for 72 percent of the total population and eliminate illiteracy among 3.5 million young and middle-aged people. We should actively develop secondary, higher vocational and adult education and conduct many forms of on-the-job and technical training. We should encourage all sectors of society to establish schools and provide guidance in this regard. We should vigorously promote the reform of management of higher education and, through joint administration, readjustment, cooperation and merger, judiciously allocate and make full use of educational resources so as to improve the quality of education and the efficiency in running schools. We will educate with emphasis on improving the overall quality of students and improve ideological, moral and aesthetic education. We should reformulate course content, the curriculum and teaching methods so as to satisfy the need for all types of qualified people by society. We should continue reforming and improving the system for investment in education to increase input through various channels. We should improve the ranks of our teachers, advocate respect for them and the value of education and improve their working and living conditions.

To arm our cadres and the people with Deng Xiaoping Theory and foster common ideals and aspirations throughout society is a basic component of our effort to promote ideological progress, so we should conduct mass activities to promote ideological and ethical progress, vigorously advocate social, occupational and family ethics and publicize the role models emerging in various fields with a view to raising political awareness and promoting ethical conduct throughout the nation. We should boost cultural undertakings, including literature and art, the press and publishing, radio, film and television. We should actively do research in philosophy and other social sciences. We should give full scope to the initiative and creativity of ideological and publicity workers, writers and artists and social sciences researchers. We will build more cultural establishments. We should further expand television and radio coverage in the border and remote areas and those inhabited by ethnic minorities. We should reform the management of cultural undertakings. We should tighten supervision over markets for cultural products and continue to eliminate pornography and other illegal publications so as to ensure a sound development of cultural markets in urban and rural areas.

Sixth, strive to improve the material and cultural conditions for people in urban and rural areas.

Based on actual economic growth, we should continue to increase the income of urban and rural resi-

dents and improve their standard of living. In cities we should concentrate on improving living conditions and environmental sanitation, building more public facilities and expanding community services. In rural areas we should improve the system of cooperative medical services, the quality of drinking water for people and livestock and further develop planned immunization and maternity and child care. We should strive to realize primary health care in these areas. We should raise the level of medical service and tighten control over pharmaceuticals. We should continue to carry out physical fitness programs involving all our people. Maintaining public security is one of the major functions of governments at all levels. We should continue improving all facets of public security by cracking down on all criminal activities and wiping out such evils as pornography, gambling and drug abuse and trafficking so as to ensure that our people can work, study and live in peace.

Assisting laid-off workers to find new jobs and guaranteeing their basic needs is a pressing task for governments at all levels in 1998. In the process of reforming state-owned enterprises and readjusting the economic structure, there will be some lay-offs, which will cause temporary hardships and put more pressure on employment. Nevertheless, we should recognize that the potential for employment is great. We should redouble our efforts to develop tertiary industry and create more job opportunities. We should rely on all quarters of society to provide better employment services and vocational training for re-employment. We should also support laid-off workers in seeking new jobs on their own and encourage them to become self-employed or to work in the private sectors of the economy. They should be encouraged to engage in and expand badly-needed community services, property management and household services. This will involve less investment and quicker results. Government departments, enterprises and the whole of society should foster new concepts of work and employment so as to create a favorable environment and conditions for re-employment. Laid-off workers, too, should alter their fixed notions concerning employment possibilities and enhance their competence. We should guarantee the basic needs of laid-off workers and show concern for employees in enterprises experiencing financial difficulties and also for retired employees who are struggling financially. We should accelerate the establishment of a minimum standard of living for impoverished urban residents. We should continue launching activities to solve their problems and offer them support and encouragement.

We should step up our efforts to assist indigent

people. This year we shall do our best to help another 10 million or more people secure adequate food and clothing. All local governments should further strengthen their leadership in anti-poverty work, increase input and strive to improve conditions for production in impoverished areas. They should support the development of planting, breeding, forestry, fruit growing and the processing of those agricultural and sideline products which directly provide the poor with adequate food and clothing. We should spread the practice of ensuring that assistance is provided to poverty-stricken households, especially to villages and households that are exceedingly indigent. We should try every possible means to make adequate arrangements for people in disaster areas and help them to restore normal life through their own production.

Family planning and environmental protection are China's basic state policies and are vital to improving the quality of people's lives. We should concentrate our efforts on the management of family planning and related services in rural areas and among the floating population so as to control population growth. We should improve prenatal and postnatal care and foster physical fitness among the population. We should show concern for and support efforts to assist the aged and the disabled. We should tighten control over and protection of arable land, water, forests, grasslands, mineral, sea and biological resources. We should institute a system of paid use of natural resources to make economical and rational use of them. We should strictly deal with and control pollution and speed up the handling of this problem in major regions and valleys. A number of enterprises that discharge excessive pollutants must be discontinued or closed. We should publish standards for monitoring environmental quality in large cities with an aim to improving this.

Fellow Deputies,

It is a common aspiration of the people of all nationalities in China to consolidate equality, unity and mutual assistance between our ethnic groups for the sake of their development and prosperity. We should provide greater support for ethnic minority regions in terms of funds, technology, trained personnel and education and encourage industries in advanced regions to assist their counterparts in ethnic minority regions so as to speed up the reform, opening up and economic and social development in the latter. We should uphold and improve the system of regional autonomy of ethnic minorities. We must firmly safeguard the unification of the motherland and national unity and oppose any acts designed to split the country or undermine national unity. We should conscientiously carry out policies concerning over-

seas Chinese affairs. We should fully implement the country's religious policies, manage religious affairs according to law and help various religions adapt themselves to socialist society.

Seventh, actively restructure government institutions.

Restructuring government institutions is urgently needed to deepen the economic restructuring and promote economic and social development. It constitutes an important aspect of the reform of the state leadership system and is also a necessity in bringing the government closer to the people. The basic framework of current government institutions was formed gradually under the planned economy. In the past we adjusted and reformed these institutions on many occasions and made some progress and accumulated experience thereby, but we failed to fundamentally solve many of the problems due to the restrictions of historical conditions and the general environment. The incompatibilities of government institutions to the development of a socialist market economy have become increasingly apparent. Unwieldy organization and failure to separate the functions of the government from those of enterprises have given rise to bureaucracy, promoted unhealthy practices and created a heavy financial burden. Having conducted investigations and study and solicited a wide range of views, we have drafted a program for restructuring the State Council and will submit it to this session for your examination and approval.

We will carry out this reform in accordance with the requirements for developing a socialist market economy and by following the principle of simplification, uniformity and efficiency. We will alter the functions of the government and separate them from those of enterprises so as to establish a highly efficient, well-coordinated and standardized administrative system. We will improve the system of public servants, building a contingent of administrators who are highly competent and professionally specialized. In restructuring the State Council, we will focus on reorganizing or canceling departments directly in charge of economic management and reinforcing departments handling macroeconomic control and those enforcing the law and supervising law enforcement. In following the requirements of integration of power and responsibility, we should readjust the responsibilities and power of departments, specify their responsibilities and division of work and improve the administrative operating mechanism. This program calls for the 40 existing departments of the State Council to be reduced to 29 except for the General Office of the State Council. The offices and the agencies directly under the State Council shall

also be reorganized as appropriate. This reform involves greater changes both in institutions and people than were ever made since the launch of the reform and opening program. It should therefore be handled persistently and prudently. We shall do ideological work patiently. Government functionaries are fairly well-qualified and most have professional expertise, so they are a very valuable asset for our country. We should adopt the methods of "channeling cadres while enjoying their original material benefits, providing job-oriented training, replenishing enterprises and optimizing the structure", so that these cadres can play a full role in industrial, commercial and banking enterprises in light of needs, in institutions, including financial and taxation departments, public security and procuratorial organs, people's courts and market management offices, and in cultural, educational and public health institutions and intermediary organizations appropriate to the development of a socialist market economy. Local governments at all levels too should simplify their structures and streamline their staff from top to bottom, step by step and in an orderly way. We should strengthen legislation relating to administrative institutions in order to statutorily delimit the structures, functions and sizes of governments at all levels.

We should persist in the principle of managing state affairs according to law and improve socialist democracy and the legal system. All government institutions and functionaries must implement state laws, decrees and policies and faithfully perform their official duties according to law. We will earnestly keep government employees honest and industrious, combat corruption persistently and resolutely punish corruptionists. Leading cadres at all levels should play an exemplary role in observing discipline and the law, readily accept supervision and resist the corrosion of decadent ideas, setting an example of working diligently and performing official duties honestly. All government functionaries should foster the idea of serving the people, maintain close contacts with the masses, improve their style of work and become more efficient in performing their duties so as to become public servants with whom the people are satisfied.

Eighth, promote the great cause of peaceful reunification of the motherland.

Macao will return to the embrace of the motherland on December 20, 1999, which is an additional great event for the Chinese nation following the return of Hong Kong. All preparations for Macao's return are being made in an energetic and orderly fashion. We are convinced that with the joint efforts of both China and Portugal and in accordance with the policy of "one country, two systems" and the provisions of

the Basic Law of the Macao Special Administrative Region, Macao's smooth transition and smooth transfer of government will certainly be realized.

Taiwan is an inalienable part of the sacred territory of China. We will as always adhere to the basic principles of "peaceful reunification" and "one country, two systems" and to the eight-point proposal put forward by President Jiang Zemin on developing cross-straits relations and promoting the peaceful reunification of the motherland. We will spare no efforts in expanding exchanges and cooperation between the two sides of the Taiwan Straits in economic, scientific, technological and cultural areas and promote mutual visits of people. We will make joint efforts with our compatriots in Taiwan to firmly oppose any splittist activities aimed at creating the "independence of Taiwan" and creating "two Chinas" or "one China, one Taiwan". We hope that the Taiwan authorities take into consideration the overall interests of the Chinese nation and the fundamental interests of the people in Taiwan, take concrete steps for the early establishment of direct links of postal, air and shipping services and trade between the two sides and that they respond as early as possible to our solemn appeal that the two sides conduct political negotiations under the principle of one China. The reunification of the motherland is an irreversible historical trend. The Taiwan question will surely be resolved. Taiwan's future hinges on the reunification of the motherland, and to split the country is no way out. We are convinced that with the concerted efforts for all Chinese people on both sides of the Taiwan Straits and our overseas compatriots, the common aspiration of the complete reunification of the motherland and the all-round rejuvenation of the Chinese nation will certainly be realized.

Fellow Deputies,

To strengthen national defense and the army is an important guarantee for our national security and modernization drive. Governments at all levels should give strong backing to the strengthening and reform of the People's Liberation Army and support the army in its efforts to improve itself and take the road appropriate to China toward fewer but better troops. We will complete on schedule the task of reducing our armed forces by 500,000 persons within three years. Proper arrangements should be made for the placement of demobilized servicemen to be transferred to civilian work. Effective measures should be taken to readjust and reform defense industries. We should attach importance to research in defense-related science and technology, gradually upgrade weapons and other equipment and improve the defense capabilities and combat effectiveness of the

army under modern technological and especially high-tech conditions. We will carry out defense education and increase the people's awareness of the importance of national defense. We should strengthen the work with regard to the militia and the reserves. The government and the people should support the army and give preferential treatment to families of servicemen and martyrs, the army should support the government and cherish the people and the army and the people should jointly promote ethical progress. We should strengthen the people's armed police and the public and state security departments.

III. The International Situation and Diplomatic Work

Over the past five years, amidst international vicissitudes, China has adhered to an independent foreign policy of peace and has conducted fruitful diplomatic activities in both bilateral and multilateral contexts. China's friendly relations and cooperation with other countries and regions have steadily developed, which has secured a favorable external environment for the reform, opening up and modernization drive. By sticking to principle and resisting pressure, we have safeguarded our state sovereignty, territorial integrity and national dignity. China's solidarity and cooperation with developing countries have been further strengthened and its relations with developed countries have improved. China's international standing has been gradually raised.

Peace and development remain the two main themes of the world today. The international situation is undergoing major and profound changes. Big powers continue to readjust their relations. The overall strength of the developing countries as a whole is increasing. The trend toward multipolarity is becoming increasingly clear. International economic links have become tighter and tighter, and science and technology are advancing by leaps and bounds, both of which are exerting a major influence on world political, economic and social development. Under the new international situation, we will as always uphold our independent foreign policy of peace and open up new vistas in diplomatic work.

President Jiang Zemin made a successful state visit to the United States last year, which has ushered Sino-US relations into a new stage of development. We hope that the two sides can work together to seek common ground while putting aside differences and increase cooperation on the basis of the three Sino-US joint communiques and the Sino-US Joint Statement so as to promote new substantial developments in our bilateral relations.

Sino-Russian relations continued to develop. China and Russia signed the Joint Statement by the People's Republic of China and the Russian Federation on global multipolarization and the establishment of a new international order and completed demarcation work for the eastern section of our border in accordance with the relevant agreement. We should further expand the cooperation and exchanges between the two countries in such fields as economy, trade, science and technology and step up mutual consultation and cooperation on international issues.

Development in Sino-Japanese relations has on the whole maintained a good progressive momentum. We support Japan in taking the road to development through peace. We maintain that it is necessary to draw lessons from history, set our eyes on the future and properly handle the existing problems and disagreements so as to make fresh improvements in the friendly relationship and good-neighborly cooperation between the two countries.

China is ready to develop stable, long-term, mutually beneficial cooperative relations with the European Union and other European countries. We will develop our friendly cooperation and exchanges in an all-round way with other developed countries.

We will further develop our friendly and good-neighborly relations with the countries bordering China. We will establish a long-term partnership of good-neighborliness and mutual trust with the Association of Southeast Asian Nations. We will maintain our friendly relations with the Democratic People's Republic of Korea, promote mutually beneficial cooperation with the Republic of Korea and strive to maintain peace and stability on the Korean Peninsula. We will continue to develop our friendly relations and cooperation with countries in South and Central Asia.

We will strengthen our solidarity and cooperation with the vast number of developing countries in Asia, Africa and Latin America. We will enhance mutual consultation and render mutual support in regional and international affairs so as to jointly safeguard the rightful interests of developing countries. We will explore new ways of economic cooperation and develop new types of economic relations and trade of mutual benefit and reciprocity.

China will continue to play a constructive role in the affairs of the United Nations. China will actively participate in the activities of the Asia-Pacific Economic Cooperation and the Asia-Europe Meeting and take part in other multilateral diplomatic activities of a global, intercontinental and regional nature.

China has all along attached importance to the issue of human rights and has acceded to 17 interna-

tional covenants on human rights. China has already signed the International Covenant on Economic, Social and Cultural Rights of the United Nations and is now deliberating on accession to the International Covenant on Civil and Political Rights. It is China's position to conduct dialogue with various parties on the basis of equality and mutual respect, but we are firmly opposed to any attempt to interfere in a country's internal affairs on the pretext of human rights.

The Chinese Government has all along maintained that state-to-state relations should be established on the basis of the Five Principles of Peaceful Coexistence and that disputes should be settled peacefully through consultations on an equal footing. We oppose the use of force or the threat of it. China highly values the mediational activities conducted by UN Secretary-General Kofi Annan for the peaceful settlement of the Iraqi weapons inspection crisis. China maintains that the memorandum reached between the Secretary-General of the United Nations and the Iraqi government should be strictly implemented.

Resolutely against hegemonism in whatever form, China is forever an important force contributing to world peace and regional stability. The Chinese government and people are ready to work with all other governments and peoples of the world to make their due contribution to establishing a peaceful, stable, just and equitable new international political and economic order and to promoting the lofty cause of world peace and development.

Fellow Deputies,

The Ninth National People's Congress shoulders a cross-century historical mission. Looking ahead toward the next five years, we will preliminarily establish a socialist market economy, fulfill the Ninth Five-Year Plan for National Economic and Social Development in an all-round way, begin implementing the development program for the first decade of the next century and usher in and build a society in which people will enjoy a fairly comfortable life. We have arduous tasks to accomplish and a long way to go. Although we may encounter various difficulties and problems on our road ahead, we also have many favorable conditions and bright prospects. We are convinced that under the leadership of the Party Central Committee with Comrade Jiang Zemin at its core and by holding high the great banner of Deng Xiaoping Theory, relying on the wisdom and strength of the people of all our nationalities, working hard and advancing in a pioneering spirit, we will certainly be able to carry forward in an all-round way the great cause of socialist modernization into the 21st century!

Profiles of Newly Elected Chinese Leaders

Jiang Zemin—President of the People's Republic of China

Jiang Zemin, general secretary of the Communist Party of China (CPC) Central Committee, was re-elected president of the People's Republic of China and chairman of the Central Military Commission at the First Session of the Ninth National People's Congress (NPC).

In China, Jiang Zemin is generally regarded as "the core of the leadership of the third generation" since, in people's eyes, he is the top leader succeeding Mao Zedong and Deng Xiaoping, who were at the center respectively of China's leadership of the first and second generations.

Jiang's re-election as president of the People's Republic of China and chairman of the Central Military Commission is the common wish of the Chinese people.

In the past nine years since Jiang became the country's top leader, China has been stable socially and politically, its economy has continued to develop, its national strength has continuously increased, its government has been extremely active diplomatically and the people's living standards have risen steadily.

During this period, the country's gross domestic product (GDP) grew at an average annual rate of about 11 percent. Not only did the economy undergo a rapid growth, but inflation was brought under effective control. It is the common wish of the Chinese people of all nationalities to maintain the current momentum of development.

Jiang was born on August 17,



1926, to an intellectual family in Yangzhou, a historically and culturally famous city on the lower reaches of China's Yangtze River. The cultural background of his family, with a long tradition of learning, enabled him to read extensively in Chinese and foreign literary masterpieces, thus gaining a solid foundation in literature.

However, for his higher education he chose Shanghai Jiaotong University, a prestigious university of engineering in China, majoring in electrical engineering.

Jiang Shangqing, his uncle and foster father, had a great influence on his later decision to become a career revolutionary. His uncle, a Communist, who led a regional anti-Japanese armed force in the northeast of Anhui Province and north of the Huaihe River, sacrificed his life for the country in a battle in 1939.

Jiang joined the Communist Party of China in April 1946 and graduated from Shanghai Jiaotong University in 1947. During his col-

lege years, he participated in CPC-led student movements against Chiang Kai-shek's autocratic rule.

After the founding of New China in 1949, Jiang served as an associate engineer, head of a workshop and deputy director of a factory in Shanghai. In 1955, he was sent to the Soviet Union to work in Moscow's Stalin Automobile Works as a trainee for one year.

After his return home in 1956, he served as director of factories and research institutes in the big industrial cities of Changchun, Shanghai and Wuhan. Later, he was transferred to Beijing to take charge of the Foreign Affairs Department of the No.1 Ministry of Machine-Building Industry under the State Council.

After 1980, he served successively as deputy director and secretary general of the State Import and Export Administration and the State Foreign Investment Administration, vice-minister and minister of the Ministry of the Electronics Industry, mayor of Shanghai, secretary of the Shanghai municipal Party committee, and member of the Political Bureau of the CPC Central Committee. After June 1989, he was elected general secretary of the CPC Central Committee, president of the People's Republic of China and chairman of the Central Military Commission.

Jiang's family background and unique personal experience have made him always cherish a lofty ideal to enrich the people, strengthen the nation and rejuvenate China. When Deng Xiaoping put forward his initial ideas about building spe-

cial economic zones (SEZ), Jiang, serving as a leading official at that time in the State Import and Export Administration and the State Foreign Investment Administration, was resolute in their implementation without the least hesitation.

Facing Shenzhen, which was then like a wilderness, he made a clear proposal: "All construction projects in the SEZ should be started from a long-term point of view and should be in line with international standards." Adjacent to Hong Kong, Shenzhen, China's first special economic zone, has developed into a bustling metropolis with a population of over 1 million.

While he was in office in Shanghai, he won public praise from the more than 12 million Shanghai residents for his remarkable achievements.

Above all, the relatively backward condition of urban construction and infrastructure in Shanghai had to be changed so as to expedite city development. Jiang together with his colleagues drew up a plan to transform the municipal infrastructure with the help of international capital, using external investments of over US\$3 billion for the construction of such key projects as a subway, Nanpu Bridge, water pollution treatment facilities, airport expansion and the installation of program-controlled telephone exchanges.

Now, people marvel at the rapid developments in Shanghai, where "there is a change in a year and a big one in three years." This has to be attributed to the new thinking of utilizing external funds and the new mechanism of "borrowing, spending and repaying money by oneself." These policies were formulated while Jiang held office in Shanghai.

After he came to Beijing, Jiang's ability to manage Party and state

affairs was further put to good use. Under the leadership of the CPC Central Committee with Jiang at the core, China's reform and opening and the modernization drive moved forward without interruption. Based on Deng Xiaoping Theory, a major policy decision was made under his direction to establish a socialist market economy, and an Outline for the Ninth Five-Year Plan (1996-2000) for National Economic and Social Development and Long-Range Objectives Through the Year 2010 were formulated.

On the basis of summing up the experience of the reform and opening, he expounded in an all-round way 12 major relationships in China's economic and social development and pointed out that a proper balance between them should be maintained. In his report delivered to the 15th National Congress of the CPC, Jiang, holding high the great banner of Deng Xiaoping Theory, drew up a series of important guidelines for an all-round advancement of the cause of building socialism with Chinese characteristics into the next century.

Particularly in economic restructuring, new significant advances have been made. Not only has it been established that it is China's basic economic system for the primary stage of socialism to retain a dominant position for public ownership and to develop diverse forms of ownership side by side, but also it is clearly pointed out in the report that public ownership can and should take multiple forms and that all management methods and organizational forms that reflect laws governing socialized production, including the joint stock system and the joint stock cooperative system, may be utilized boldly.

It is further clarified in the report that the non-public sector is an important component part of the

socialist market economy and should continue to be encouraged and guided to a healthy development. In the reform of the political structure, new progress has also been made.

It is clearly pointed out in the report that the scope of democracy should be further extended, ensuring people's rights to hold democratic elections, make policy decisions in a democratic manner, and institute democratic management and supervision. Ruling the country by law should be upheld and great efforts be made to promote socialist democracy with Chinese characteristics.

His report, running to more than 30,000 Chinese characters, has been regarded as "a political declaration and program of action for the third generation of the collective leadership of China as it leads the nation toward a new century."

In leading China's reform and opening and modernization drive, Jiang has paid close attention to the correct handling of the relationship between material progress and cultural and ethical progress. He once said that economic backwardness is not socialism, nor is spiritual deficiency socialism.

In recent years, the CPC Central Committee under his direction made a series of major policy decisions to develop socialist culture and ethics, and to strengthen and improve the leadership of the Party.

These measures have helped China improve its social atmosphere. Paying attention to ethics and civility has become common practice.

The anti-corruption campaign has also won positive results. Such major cases as that of Chen Xitong, former member of the Political Bureau of the CPC Central Committee and former secretary of the Beijing municipal Party committee, have been investigated and dealt with according to law. All

these moves have won public support.

Jiang is fully aware that in order to carry out the modernization drive in a big country with a population of 1.2 billion, social stability is a prerequisite.

Hence, he lays particular stress on the need to balance reform, development and stability, and has formulated the basic principle of "seizing the current opportunity to deepen reforms and open China even wider to the outside world, promoting development and maintaining stability."

Even though China's political situation has become more stable, its economy is prospering and people's living standards improving day by day, Jiang as China's top leader has never been intoxicated by success, and has constantly exhorted leading carders at all levels: "We should be aware of hardships and think of danger in times of safety."

With regard to contradictions and difficulties existing in economic and social life, he always keeps a clear head and exerts himself to resolve them.

In the past nine years, he has traveled to all provinces (except Taiwan), autonomous regions and municipalities directly under the central government, and gone deep into grass-roots units for investigation and study as well as for the understanding of social conditions and popular will.

Wherever he goes, he will invariably visit those workers whose enterprises have not extricated themselves from difficulties, and express his sincere concern. He pays special attention to the life of those people who live in the poor areas of remote provinces.

The Chinese government under his direction has worked out a very ambitious plan to alleviate poverty and is determined to accomplish in the main the task of providing ade-

quate food and clothing for the needy in rural areas within this century.

In the diplomatic field, the third generation of collective leadership with Jiang at the core has demonstrated its outstanding capability to cope with the international situation and handle all kinds of complex international affairs.

In the past nine years under his leadership, China has scored a series of diplomatic successes. China's international position has risen increasingly and its influence in international affairs has kept growing.

China's relations with all countries in the world have further developed on the basis of the Five Principles of Peaceful Coexistence. Good-neighborly relations with surrounding countries have been further consolidated, and solidarity and cooperation with the vast number of developing countries have greatly strengthened.

In particular, his successful state visit to the United States in 1997 resulted in Sino-US relations entering a new stage.

Jiang as a statesman of the new generation has the distinct makings and style of a scholar. He has extensive knowledge. He loves reading, and reads the latest works on economics, science and technology, politics and culture.

While in office in Shanghai, he wrote papers such as *On the New Features of the Development of the World Electronic Information Industry and Strategic Problems in the Development of China's Electronic Information Industry*, and the *Trend of Energy Development in the World and Main Energy-Saving Measures*, which were published in the *Shanghai Jiaotong University Journal*.

He knows English, Russian and Romanian, and some German and Japanese. In meeting with foreign

guests, he often expresses his viewpoints in foreign languages.

He has extensive knowledge of the Chinese classics and often quotes well-known lines from exponents of various schools of thought as well as Tang, Song and Yuan dynasty poetry.

He is also widely read in classic Western literature. He loves to read novels by Mark Twain, and can recite passages from *Hamlet* by Shakespeare and verses from *Ode to the West Wind* by Shelley. He is also well-versed in the works of Leo Tolstoy, Pushkin, Chekhov and Turgenyev.

He not only loves literature, but has a wide range of other interests. He likes both *erhu* tunes by A Bing, a great master of Chinese folk music, and symphonic music by Mozart and Beethoven, great masters of Western music.

In his moments of leisure, he may play the *erhu* and the bamboo flute, traditional Chinese musical instruments, as well as the piano. He sees the art treasures of Chinese and Western cultures as the common spiritual wealth of mankind.

Jiang has a warm, harmonious and happy family. He and his wife Wang Yeping have two sons, a grandson and a granddaughter. In his spare time, Jiang often indulges in games with these "pearls in his palm", tells them stories and teaches them to recite ancient poetry and read English, in the tradition Chinese manner of having "several generations living under one roof".

Li Peng—Chairman of the NPC

Li Peng, born in October 1928, was elected chairman of the Standing Committee of the Ninth National People's Congress (NPC) March 16.

The Standing Committee is a permanent organ of the NPC, China's paramount body of state



power.

Li, who is a Standing Committee member of the Political Bureau of the CPC Central Committee, has served as the Chinese premier since 1987.

Son of a revolutionary martyr, Li acquired his higher education in the former Soviet Union. Renowned as an electricity specialist, he is one of those high-ranking officials with a technical background in New China.

Li was born in October 1928 in the city of Chengdu in southwest China's Sichuan Province. He joined the CPC in November 1945.

Li studied at the Yanan Institute of Natural Sciences, Yanan Middle School and Zhangjiakou Vocational School of Industry between 1941 and 1946.

He then served as a technician in the Shanxi-Chahar-Hebei Power Co. and an assistant manager and Party branch secretary at the Harbin Grease Co.

In 1948, one year before the founding of New China, he was sent to study at the Moscow Power Institute, majoring in hydroelectric engineering. During that period, he was chairman of the Chinese Students' Association in the Soviet Union.

Upon his return home in 1955,

Li served as deputy director and chief engineer of the Fengman Hydroelectric Power Plant in northeast China. Later, he served as deputy chief engineer of the Northeast China Power Administration and director of its Electricity Dispatch Department, director of the Fuxin Power Plant and deputy secretary of the plant's Party committee.

Between 1966 and 1976, he held posts as acting secretary of the Party committee of the Beijing Power Supply Bureau, chairman of the revolutionary committee of the bureau, deputy secretary of the Party committee of the Beijing Power Administration, chairman of the revolutionary committee and director of the administration and secretary of the Party group of the administration. Between 1979 and 1983, he served as vice-minister and minister of the power industry and secretary of the Party group of the Ministry of the Power Industry, and vice-minister and deputy secretary of the Party group of the Ministry of Water Resources and Electric Power.

Li Peng was elected member of the CPC Central Committee at the 12th CPC National Congress in 1982 and was elected member of the Political Bureau and member of the Secretariat of the CPC Central Committee at the Fifth Plenary Session of the 12th CPC Central Committee in 1985.

Li Peng started to serve as vice-premier of the State Council in 1983, and took charge of the energy, communications and raw materials departments. Beginning in 1985, he served concurrently as minister in charge of the State Education Commission.

Li was elected member of the Standing Committee of the Political Bureau of the CPC Central Committee at the First Plenary Session of the 13th CPC Central Committee in November 1987 and

in the same month he was appointed acting premier of the State Council. Five months later, at the First Session of the Seventh NPC, Li was appointed premier of the State Council, the fourth premier in the history of the People's Republic of China.

Li was re-elected member of the Standing Committee of the Political Bureau of the CPC Central Committee at the First Plenary Session of the 14th CPC Central Committee in October 1992, and re-appointed premier at the First Session of the Eighth NPC in the following year. Between 1988 and 1990, he served concurrently as minister of the State Commission for Economic Restructuring.

Over the past 11 years of Li Peng's tenure as premier, China has made tremendous achievements in its socialist modernization drive, attracting worldwide attention. The country's economic restructuring has taken decisive strides forward, opening-up has reached a new level, and social productive forces, overall national strength and people's living standards have climbed to a new stage.

Meanwhile, China's exchanges and cooperation with other countries have been greatly enhanced. Li has made a number of visits to foreign countries, contributing to the consolidation and development of China's friendship and cooperation with other countries. As premier of the People's Republic, Li Peng has always maintained a busy schedule. He has often visited grass-roots units across the country to carry out investigations and studies. In his past 11 years as premier, he has undertaken inspection and study tours to almost every area of the country.

As premier, he has paid equal attention to economic growth and socialist cultural and ethical progress. He construes socialist cultural and ethical progress as ide-

ological and ethical progress and the development of education, science and culture. Li showed particular care and attention for the world and life of intellectuals.

According to sources close to him, Li is unassuming and easy to approach, and good at making friends. Among his acquaintances are common folks as well as political personalities, experts and scholars. Li is well-versed in Russian and is self-taught in English. He also loves reading.

At home, Li is a good helper and often does housework. Newspapers once published a photo showing Li Peng mending his overcoat. He said he learned sewing in Yanan in the 1940s when he lived with children of other revolutionary martyrs.

"Li Peng has not the slightest trace of male chauvinism," said Zhu Lin, his wife. "Whenever he was free, he would lend a helping hand in household chores, either when he was an ordinary official or later as a minister or even after he became premier."

Li Peng's father, Li Shuoxun, was one of the earliest CPC members. He was killed in Hainan Island by the Kuomintang when Li Peng was only three years old.

Li Peng's mother, Zhao Juntao, used to be an educator and was also one of the early CPC members. She passed away in 1985.

Li Peng's wife graduated from the Harbin Foreign Languages Institute and worked in power departments for many years. The couple have two sons and one daughter.

Zhu Rongji—Premier of the State Council

Zhu Rongji has been elected as the fifth premier of the People's Republic of China.

Zhu is well-versed in management of the economy. He is acknowledged as an able economic

administrator and is renowned for his pragmatic work style.

Zhu was nominated as premier of the State Council by President Jiang Zemin. The nomination was confirmed on March 17 by the Ninth National People's Congress (NPC) at its first session in Beijing.

Four years of successful macro-economic controls, with the curbing of inflation as their primary task, have cooled down the overheated Chinese economy enabling it to achieve a "soft landing". The



country's healthy economic situation is a rarity in the world at present. With these achievements to his credit, Zhu has now become premier of the State Council, the Chinese cabinet.

Zhu, 69, was born in Changsha, capital of central China's Hunan Province. He joined the Communist Party of China in October 1949. After graduation from the prestigious Tsinghua University in Beijing, where he majored in electrical engineering, he worked for the Northeast China Ministry of Industries as deputy head of its production planning office.

From 1952 to 1958, he worked in the State Planning Commission

as group head, deputy director of the minister's office, and deputy section chief.

From 1958 to 1969, Zhu continued to work in the State Planning Commission, as a teacher at a cadre school and an engineer. From 1970 to 1975, he was transferred to work at a "May Seventh Cadre School", a kind of farm for reeducation during the "cultural revolution" (1966-1976).

From 1975 to 1979, he served as deputy chief engineer of a company run by the Pipeline Bureau of the Ministry of the Petroleum Industry and director of the Industrial Economics Institute under the Chinese Academy of Social Sciences. From 1979 to 1982, he worked for the State Economic Commission as division chief and bureau deputy director. He was appointed member of the State Economic Commission in 1982 and vice-minister in charge of the commission in 1983, a post he held until 1987, when he was appointed mayor of Shanghai.

His three years in Shanghai saw tremendous changes in the development and opening-up of Pudong, a Singapore-size area wedged between Shanghai proper and the East China Sea, and the city's telecom, urban construction and transport sectors. He won popular respect and acclaim for these achievements.

In 1991, Zhu became vice-premier of the State Council and director of the State Council Production Office. He focused his attention on tackling tough economic problems in industry, agriculture and finance.

Soon after he came to Beijing from Shanghai, Zhu launched a drive to disentangle the "debt chains" of state enterprises; he took the lead in eliminating IOUs in state grain purchasing, thus benefiting farmers. He served concurrently as governor of the central bank to put the financial system back on

its feet. Deng Xiaoping once said that Zhu "has his own views, dares to make decisions and knows economics."

The year 1992 saw runaway investment in fixed assets, an excessive money supply, soaring prices and chaotic financial market. With support from Jiang Zemin and Li Peng, Zhu, as vice-premier and head of the State Council Economic and Trade Office, instituted a series of tough macroeconomic control measures. He began by bringing the runaway money supply under control, laying the foundation for holding down prices. However, Zhu did not advocate overall entrenchment.

While he axed low-tech duplicate projects and sectors that would result in "a bubble economy", Zhu backed projects in transport, energy, agriculture and sectors that had promising prospects as new areas of economic growth. Thanks to these measures, the Chinese economy has not only avoided violent fluctuations but has also maintained healthy development.

Zhu Rongji has now turned his attention to reforming state enterprises. His concern is also focused on strengthening agriculture as the country's economic base and continuing a moderately tight monetary policy. He faces both opportunities and challenges, observers note, and he has ample room to display his talents.

He upholds the principle of "strict administration". He departs himself in a calm and unhurried manner, but he acts quickly and is decisive in handling affairs. He cannot tolerate a dilatory style of work.

"My criticism is sometimes too severe and that is not good," he once said. "But why do you have to wait until your leader flies into a rage before starting to do your work? It's not that you can't do it, rather that you won't do it."

Zhu also shows his emotional side sometimes. On the 80th anniversary of the founding of Tsinghua University, his Alma Mater, Zhu defied fatigue from a long European visit and rushed to the school to offer his greetings.

Between 1993 and 1995, Zhu served as a member of the Standing Committee of the Political Bureau of the CPC Central Committee, vice-premier of the State Council and concurrently governor of the People's Bank of China. Since 1995, he has kept the positions of Standing Committee member and vice-premier. In September 1997, he was re-elected member of the Standing Committee of the Political Bureau of the CPC Central Committee.

Zhu has a good command of English. He is rarely seen speaking from a script. His eloquent speech has always retained the attention of his listeners. Zhu is also a Peking Opera fan.

His wife, Lao An, was once vice-chairman of the board of directors of China International Engineering and Consulting Corp. She and Zhu attended the same school twice, the Hunan First Provincial Middle School and Tsinghua University. They have a son and a daughter.

Li Ruihuan—Chairman of the CPPCC National Committee

Li Ruihuan, chairman of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC), was re-elected the supreme leader of the Ninth CPPCC National Committee in Beijing.

His principal duties are to unite all sectors of society, confer on state affairs and provide ideas for the top bodies of Chinese Government for reference. The achievements he has scored over



the past five years fully demonstrate that he is qualified for the demanding post.

Li, born into an ordinary peasant family in Tianjin's Baodi County in September 1934, worked as a construction worker in the Beijing Third Construction Company from 1951-65, attended a spare-time architecture engineering institute from 1958-63, where he received college certificate.

Inventor of a "simplified calculation method", which updated the traditional "lofting methods" in carpentry, Li became known as the young "Lu Ban", (China's legendary master carpenter).

Li has both practical experience at the grassroots level and college education. He joined the CPC in September 1959 and served as deputy secretary of the Party Committee of the Beijing Building Materials Company starting in 1965. He was persecuted from 1966 to 1971 during the "cultural revolution". After 1971, he held leading posts in civil construction units, including serving as vice-chairman of the Beijing Municipal Trade Union Federation and vice-chairman of the All-China Youth Federation.

From 1982 to 1984, Li served as secretary of the CPC Tianjin Municipal Committee and acting

mayor and later as mayor of Tianjin. Between 1987 and 1989, he was a member of the Political Bureau of the CPC Central Committee, secretary of the CPC Tianjin Municipal Committee, while still serving as Tianjin's mayor.

During his tenure of office as Tianjin mayor, he pushed for institutional restructuring, focusing attention on improving urban housing and public transportation. He organized and implemented the Luanhe River-to-Tianjin water diversion project and a series of other construction projects around Tianjin. He has been praised by the local citizens for his practical working style.

People of Tianjin still remember very well his call-in radio and TV programs when he directly answered residents' queries, always in concrete terms.

Li was elected member of the Standing Committee of the Political Bureau of the CPC Central Committee and member of the Central Committee's Secretariat at the Fourth Plenary Session of 13th CPC Central Committee in 1989, to take charge of ideological work. He is renowned for his profound study and open-mindedness in intellectual circles. He has published two books "Ideas on Urban Development" and "Ideas On Doing Practical Things for People".

Since he chaired the Eighth CPPCC National Committee in early 1993, he has injected new vigor into the CPPCC's work with his enlightened views and practical attitude.

The CPPCC's basic functions in the past were political consultation and democratic supervision. After Li assumed office, he added participation in and deliberation of state affairs to the members' duties. Following this, the CPC Central Committee issued a notice to Party committees at all levels, and urged

the committees to improve conditions for the work of local CPPCC committees. As a result, the CPPCC's status in China's political life has been elevated to a new level.

From late November to early December 1993, Li paid official visits to Nepal, India and Pakistan. That was the first time for a Chinese leader to visit foreign countries in the name of the chairman of the CPPCC National Committee since New China was founded in 1949. Li's diplomatic activities have raised the level of the CPPCC's foreign contacts.

Within the framework of China's general foreign policy, the CPPCC has conducted exchanges with foreign countries at various levels over the past five years. By 1997, it had forged ties and conducted friendly exchanges with 98 institutions from 68 countries and four international organizations. Li Ruihuan sets great store by methodical study. At the 21st meeting of the Standing Committee of the Eight CPPCC National Committee, he recommended a unique study method, which integrates theoretical knowledge with the review of experience and study of practical work.

Reading books is one method of study but applying ideas is another and more important method, he said. Reading, he stresses, is in fact a process of learning and applying theories.

In his personal life, Li has a wide range of interests, with a particular liking for Beijing Opera. His other pastimes include playing tennis, table tennis and fishing.

Hu Jintao—Vice-President of the People's Republic of China

Hu Jintao, a top official of the CPC, was elected vice-president of the People's Republic of China on

March 16 at the First Session of the Ninth National People's Congress (NPC). He is the youngest of the Standing Committee members of the Political Bureau of the CPC Central Committee, the highest decision-making body of the CPC Central Committee.

Hu, 55, has been in charge of Party affairs work as a Standing Committee member of the Political Bureau of the CPC Central Committee. He also serves concurrently as president of the Party School of the CPC Central Committee.



Since 1992, when he was first elected member of the Standing Committee of the Political Bureau of the CPC Central Committee and the secretariat of the CPC Central Committee, Hu Jintao has won praise from all quarters for his superb theoretical achievements and his sure and steadfast work style.

When he was elected to the CPC Central Committee 16 years ago, Hu was only 39, at the time the youngest member of the CPC Central Committee.

Born in December 1942 in Jixi County, in east China's Anhui Province, Hu studied hydroelectric engineering in Beijing's Tsinghua University, the country's most pres-

tigious polytechnic, where he joined the CPC in April 1964.

After graduating in July 1965, Hu remained at Tsinghua University as a researcher and political instructor until the start of the "cultural revolution" in 1966. In 1968, he was assigned to work in Gansu, one of China's least-developed provinces in the northwest.

After doing manual labor for one year in a housing construction team, he served successively as technician, office secretary and deputy Party secretary in an engineering bureau under the Ministry of Water Resources and Electric Power. This signified the beginning of his career in Party affairs work.

In 1974, he was transferred to the Gansu Provincial Construction Committee and served as its secretary. From 1975 to 1980, he was deputy chief of the committee's design management division.

He was promoted to deputy director of the committee in 1980, and later became secretary of the Gansu Provincial Committee of the Chinese Communist Youth League (CCYL).

During the 11th National Congress of the CCYL convened in 1982, Hu was elected member of the Secretariat of the CCYL Central Committee and president of the All-China Youth Federation.

In November 1984, he took over as first secretary of the Secretariat of the Central Committee of the Chinese Communist Youth League, becoming the top leader of China's largest youth organization.

In 1985, when he was 42, Hu became secretary of the CPC Guizhou Provincial Committee, again the youngest of his rank across the country.

He visited 86 counties, cities and prefectures in this poor southwestern province in the next two years. He once said economic development in poverty-stricken areas requires the effort of one gen-

eration of dedicated people.

At the end of 1988, Hu became secretary of the CPC Tibet Autonomous Regional Committee. During his four-year stay there, despite the harsh natural conditions on the Tibet Plateau, Hu visited many areas and made extensive contacts with people in various circles, contributing tremendously to the region's ethnic unity, stability and economic growth.

During the 14th CPC National Congress held in October 1992, Hu was elected Standing Committee member of the Political Bureau of the CPC Central Committee, as well as member of the CPC Central Committee's Secretariat. He has served concurrently as president of the Party School of the CPC Central Committee since 1993.

He was also a member of the Standing Committee of the Sixth National Committee of the CPPCC.

According to colleagues, Hu is a very persuasive person, and very good at coping with complex situations with firm principles and flexible tactics.

Hu himself once said a good leader must have firm beliefs and lofty pursuits, do solid work, seek no fame or gain, dispense with an air of bureaucracy, and share the feeling of the masses of people.

Hu's experiences with work related to youth have enabled him to become aware of the country's younger generation. He once noted that in the process of reform, Chinese youth should not only be imbued with a sense of urgency and a sense of mission, but also a good understanding of the arduous and complex nature of reform.

Hu loves literature and art, and plays table tennis well.

Hu and his wife, who now works in the Beijing Municipal Construction Committee, were schoolmates at Tsinghua University. They have a son and a daughter.

Li Lanqing—Vice-Premier

Li Lanqing, native of Zhenjiang, Jiangsu Province, was born in May 1932 and joined the Communist Party of China (CPC) in September 1952.



After graduating from Fudan University as an enterprise management major in 1952, Li was assigned to work in the No. 1 Automobile Factory in Changchun.

He worked as a trainee at Moscow's Liharchev and Gorky automobile factories in the former Soviet Union in 1956 and 1957. After his return home, he worked in the Changchun No. 1 Automobile Factory as chief of its planning section.

Between 1959 and 1981, he worked successively in the No. 1 Machine-Building Ministry, the State Economic Commission, No. 2 Automobile Factory and the No. 3 Automobile Factory.

He became chief of the Government Loan Office under the Administrative Commission of Foreign Investment in 1981; he became director of the Foreign Investment Administration in the Ministry of Foreign Economic Relations and Trade (Mofert) in 1982, and he became vice-mayor of Tianjin in 1983.

He held the post of Mofert vice-minister from 1986-90, and served as its minister from 1990-92; he has been vice-premier of the State

Council since 1993.

Li Lanqing was elected to the Political Bureau of the CPC Central Committee in 1992, and made a Standing Committee member of the Political Bureau of the CPC Central Committee at the 15th CPC National Congress in the fall of 1997.

Qian Qichen—Vice-Premier

Qian Qichen, native of Jiading, Shanghai, was born in 1928 and joined the CPC in 1942.

He studied at a secondary school attached to Datong University, Shanghai from 1942-45; after 1945, he became a leading member in charge of the Party's underground activities in Shanghai's secondary schools.



After 1949, Qian was a member of several district Party committees and secretary of several district Communist Youth League committees in Shanghai. In 1953, Qian did research work at the General Office of the Central Committee of the Chinese Communist Youth League.

In 1954, Qian studied in the Central Communist Youth League School of the formal Soviet Union.

After leaving school in 1955, he worked in the Chinese embassy in Moscow, serving successively as second secretary, deputy section chief in charge of Chinese students studying in the Soviet Union, and director of the Research Office.

In 1963, Qian returned home and worked in the Ministry of Higher Education as section chief in charge of Chinese students studying abroad and then deputy director of the Department of External Relations.

In 1972, Qian was a councillor in the Chinese Embassy in Moscow. Later, he became Chinese ambassador to Guinea.

He served as director of Information Department of the Ministry of Foreign Affairs from 1977-82, vice-minister of foreign affairs from 1982-88, minister of foreign affairs from 1988-91, State councillor and concurrently minister of foreign affairs from 1991 to 1992.

He has been a member of the Political Bureau of the CPC Central Committee, State councillor and foreign minister, a member of the Political Bureau of the CPC Central Committee, vice-premier of the State Council and foreign minister, from 1993 to the present.

He served as alternate member and member of the 12th CPC Central Committee, member of the 13th, 14th and 15th CPC Central Committees and a member of the Political Bureau of the 14th and 15th CPC Central Committees.

Wu Bangguo—Vice-Premier

Wu Bangguo, native of Feidong, east China's Anhui Province, was born in July 1941 and joined the CPC in April 1964.

He studied in the Radio Electronics Department, Tsinghua University from 1960-67; worked in the Shanghai No. 3 Electronic Tube Factory as worker, technician and technical division chief, from 1967-76; deputy Party secretary and deputy director and director from 1976-78; deputy manager of the Shanghai Electronic Component Industrial Co. from 1978-79; deputy manager of the Shanghai Electronic Vacuum Component co. from 1979-



81; and deputy Party secretary of Shanghai Meters, Instruments and Telecommunications Bureau from 1981-83.

In 1983, Wu entered Shanghai's decision-making organ as a Standing Committee member of CPC Shanghai Municipal Committee, serving concurrently as Party secretary in charge of the municipality's work on science and technology.

In 1985, he was promoted to deputy secretary of the Shanghai Municipal Committee, holding the post from 1985-91; served as Party secretary of Shanghai Municipal Committee from 1991-92; elected member of the Political Bureau of CPC Central Committee in 1992.

In 1994, Wu was transferred to Beijing to become a member of the Political Bureau and member of the Secretariat of the CPC Central Committee; in 1995, he was nominated and confirmed as vice-premier of the State Council while remaining in his Party posts in the CPC Central Committee.

Wu was an alternate member of the 12th and 13th CPC Central Committees, and also a member of the 14th and 15th CPC Central Committees; a member of the Political Bureau of the 14th CPC Central Committee; he was added to the membership of the Secretariat of the CPC Central Committee at the 4th plenum of the 14th CPC Central Committee, and elected a member of the Political Bureau of the 15th CPC Central Committee.

Wen Jiabao—Vice-Premier

Wen Jiabao, native of Tianjin, was born in September 1942 and joined the CPC in April 1965.

He studied in the Department of Geology and Minerals at the Beijing Institute of Geology from 1960 to 1965, and took postgraduate courses in structural geology in his alma mater from 1965 to 1968.

For 10 years after 1968, worked with the Geomechanics Survey Team under the Gansu Provincial Geological Bureau, serving successively as technician and political instructor. He became the team's



deputy chief in 1978 and the deputy director of the Gansu Provincial Geological Bureau in 1981.

From 1982, Wen worked in the Ministry of Geology and Mineral Resources, serving successively as head of Policy and Regulations Research Section and vice-minister.

In 1985, he was appointed deputy director of the General Office of the CPC Central Committee, and was director of the office from 1987 to 1992.

He was alternate member of the secretariat of the CPC Central Committee from 1987-92; alternate member of the Political Bureau of the CPC Central Committee and the committee's secretariat member from 1992 to 1997.

He has been a member of the Political Bureau and a secretariat member of the CPC Central Committee since 1997.

Newly Elected State Leaders

New state leaders were elected at the First Session of the Ninth National People's Conference ending on March 19 and the First Session of the National committee of the Ninth Chinese People's Political Consultative Conference that closed on March 13. Nominated by the state president and chairman of the Central Military Commission (CMC), candidates for the premier and members of the CMC were approved by the NPC session. The session also decided upon the choice of members of the State Council according to the appointment of the newly-elected premier.

President of the People's Republic of China (PRC):

Jiang Zemin

PRC Vice-President: Hu Jintao

Standing Committee of the Ninth NPC

Chairman: Li Peng

Vice-Chairpersons: Tian Jiyun, Xie Fei, Jiang Chunyun, Zou Jiahua, Pagbalha Geleg Namgyai (Tibetan), Wang Guangying, Cheng Siyuan, Buhe (Mongolian), Tomur Dawamat (Uygur), Wu Jieping, Peng Peiyun (female), He Luli (female), Zhou Guangzhao, Cheng Kejie (Zhuang), Cao Zhi, Ding Shisun, Cheng Siwei, Xu Jialu and Jiang Zhenghua.

Secretary-General: He Chunlin

Names of the 134 members omitted here.

Central Military Commission of the PRC

Chairman: Jiang Zemin

Vice-Chairmen: Zhang Wannian and Chi Haotian

Members: Fu Quanyou, Yu Yongbo (Manchu), Wang Ke and Wang Ruilin.

President of the Supreme People's Court: Xiao Yang

Procurator-General of the Supreme People's Procuratorate:

Han Zhubin.

National Committee of the Ninth CPPCC

Chairman: Li Ruihuan

Vice-Chairpersons: Ye Xuanping, Yang Rudai, Wang Zhaoguo, Ngapoi Ngawang Jigmei (Tibetan), Zhao Puchu, Ba Jin, Qian Weichang, Lu Jiayi, Ren Jianxin, Song Jian, Li Guixian, Chen Junsheng, Zhang Siqing, Qian Zhengying (female), Ding Guangxun, Sun Fuling, Ann Tse-kai, Fok Ying-tung, Ma Man-kei, Zhu Guangya, Wan Guoquan, Hu Qili, Chen Jinhua, Zhao Nanqi (Korean), Mao Zhiyong, Bai Lichen (Hui), Jing Shuping, Luo Haocai, Zhang Kehui, Zhou Tienong and Wang Wenyuan.

Secretary-General: Zheng Wantong

Names of the 290 members omitted here.

State Council

Premier	Zhu Rongji
Vice-Premiers	Li Lanqing, Qian Qichen, Wu Bangguo and Wen Jiabao
State Councillors	Chi Haotian, Luo Gan, Wu Yi (female), Ismail Amat (Uyгур) and Wang Zhongyu
Secretary-General	Wang Zhongyu (concurrently)

Departments Under the State Council

Ministries (Commissions)	Ministers
Ministry of Foreign Affairs	Tang Jiaxuan
Ministry of National Defense	Chi Haotian
State Development Planning Commission	Zeng Peiyan
State Economic and Trade Commission	Sheng Huaren
Ministry of Education	Chen Zhili (female)
Ministry of Science and Technology	Zhu Lilan (female)
Commission of Science, Technology and Industry for National Defense	Liu Jibin
State Ethnic Affairs Commission	Li Dezhu (Korean)
Ministry of Public Security	Jia Chunwang
Ministry of State Security	Xu Yongyue
Ministry of Supervision	He Yong
Ministry of Civil Affairs	Doje Cering (Tibetan)
Ministry of Justice	Gao Changli
Ministry of Finance	Xiang Huaicheng
Ministry of Personnel	Song Defu
Ministry of Labor and Social Security	Zhang Zuoji
Ministry of Land and Resources	Zhou Yongkang
Ministry of Construction	Yu Zhengsheng
Ministry of Railways	Fu Zhihuan
Ministry of Communications	Huang Zhendong
Ministry of Information Industry	Wu Jichuan
Ministry of Water Resources	Niu Maosheng (Manchu)
Ministry of Agriculture	Chen Yaobang
Ministry of Foreign Trade and Economic Cooperation	Shi Guangsheng
Ministry of Culture	Sun Jiazheng
Ministry of Public Health	Zhang Wenkang
State Family Planning Commission	Zhang Weiqing
People's Bank of China	Dai Xianglong
National Audit Office	Li Jinhua

New Premier Charts Development Course

Following are excerpts from Premier Zhu Rongji's first press conference. The conference was held on March 19 at the Great Hall of the People.

Q: Last week, I observed village elections in Jilin and Liaoning provinces, which generally enable villagers to elect their leaders. Would you personally endorse such a system which will allow all Chinese above age 18 to choose not only their local leaders, but also national leaders, including state president and premier?



Zhu Rongji smiles as he greets reporters at his first press conference on March 19 after his election as the premier.

A: Of course, I am in favor of democratic elections. A US foundation recently organized a mission to China, investigating and looking into village elections. They issued a very affirmative report on that.

Such a democratic system now is not only in existence in villages in rural areas, but also in practice in enterprises. You know, in some enterprises, workers complete a democratic appraisal on their directors, have democratic auditing and examinations of account books, and also have democratic elections to choose the heads of their enterprises. So I think these are very

good ways and good directions for development.

With regard to democratic elections to choose government officials, such as president and premier, I think that is a question involving political restructuring. So that should be done in accordance with some legal procedures. This process of democratic elections is different in China from that in foreign countries, and also varies between the Orient and the Occident. So we still need some time to look at that. It is hard now for me to predict when such elections can take place.

Q: As the new premier of the State Council, what do you think are the most pressing problems at present and what are the most challenging problems? Some people say your work style is based on taking bold and drastic actions and being quite stern. Do you also think so? What is your style of work?

A: By raising this question, actually, you expect me to make a policy address. I wonder whether all of you present today have the patience to listen to me deliver such a long speech.

The tasks of this government, as a matter of fact, were set in the report delivered to the 15th National Congress of the Communist Party of China (CPC) by General Secretary Jiang Zemin last year. Jiang has already identified them in very explicit terms. And in speeches made by President Jiang Zemin and Chairman of the Standing Committee of the Ninth

NPC Li Peng at the closing ceremony of the National People's Congress (NPC), tasks were also expounded in very specific terms.

If you want me to give you specifics, I can give you some generalizations. That is, the government is expected to complete these objectives: one ensuring, three putting into places and five reforms.

One ensuring is: We must ensure the economic growth rate of China this year reaches 8 percent, inflation must be lower than 3 percent, and China's renminbi (RMB) cannot be devalued.

This is an objective we must attain because it will have a bearing not only on the development of China, but also on the prosperity and stability of Asia.

The main means we will adopt to reach this objective will be increasing domestic demand. Thanks to the success in macro-regulation and control efforts over the past several years, and also with the moderate monetary and fiscal policies we adopted, we have effectively controlled the currency issue over the years and the inflation index has been capped at a lower level. So given these good conditions, we have the possibility of channeling more financial resources to stimulate domestic demands. By stimulating domestic demands, I mean we will increase investment in construction of infrastructure, such as railways, highways, agricultural land and water conservancy facilities, municipal facilities and environmental protection facilities. We will also increase investment in high-tech industries and in the technical renovation of existing enterprises.

Of course, another important



Four newly elected vice-premiers join Zhu to co-chair the press conference.

area is housing development, because it will be a new growth point in China's national economy.

As for "three putting into places," the first is, that we have decided to enable most large and medium-sized state-owned enterprises (SOEs) to be lifted out of their current difficult situations in about three years, and then to establish a modern enterprise system in these firms. That is to say, we must do this job well in three years.

The second is that, last year, at the national conference on financial works, a decision was adopted to make some reforms in China's financial system in three years: The central bank of China must increase, and step up, its supervision and regulation functions, and commercial banks must operate independently. This objective should also be attained by the end of this century.

The third concerns the reorganization of government institutions. According to the program on the reorganization of institutions of central government, adopted by the current session of the Ninth NPC, the number of ministries and commissions under the State Council has been slashed from 40 to 29, and

we plan to cut in half the staff working in government institutions within three years. And correspondingly, local governments at various levels are also expected to achieve this reorganization in three years.

I would like to call your attention here to the fact that by three years, I am referring to the re-direction of half of the government's functionaries into their final posts. But re-directing these people from their original posts can actually be completed before the end of this year. You know, after the new government takes office, we will first determine the size, number of posts and the number of new government institutions. But in order to re-direct half of the people to their new jobs and new posts, it will take three years. You can understand they need to be retrained and their own personal wishes should also be taken into account so that they can be assigned to posts in which they can best demonstrate their competence and skills. This will take a long time. But with regard to the reorganization of government institutions, that can be accomplished this year.

Regarding the five reforms: The

first is the reform of the circulation system for grain. Thanks to the success of the agricultural policy in China, we have had bumper harvests for three consecutive years. So now China's grain reserves have been at a historically high level. I can say in a responsible manner, if there would be serious natural disasters in the coming two years, China will not suffer a grain shortage.

However, given the huge grain reserves, government subsidies in this regard have to be correspondingly increased. So it is necessary and imperative for us to conduct reform in the marketing system of grain.

The second reform will involve the investment and financing systems. The current system is implemented mainly through administrative examination and approval, which cannot bring into play the market's fundamental role in resource distribution. This has led to many duplicated construction projects. So we must conduct fundamental reform in this system, to bring the investment and financing system in line with international practices.

The third reform will be that of

the housing system. As I said earlier, housing development will be a new growth point in China's economy. So to achieve that objective, we must change the policy of welfare allocation of housing, so as to market and commercialize all houses, so all people can purchase their own houses. And we expect to issue a new policy in the second half of this year, after many years of study and deliberation. According to the new policy, we will stop all allocation of welfare housing and all housing will be commercialized.

The fourth reform will be reform of the medical care system. In the second half of this year, a nationwide medical care reform program is expected to come out, to ensure the basic welfare of people.

The fifth reform will be the furtherance of reform in the fiscal and taxation system. The current system is the result of reforms in 1994, which achieved great success in ensuring the increase of government revenues every year by a very large margin. However, the current problem facing us is that more revenue comes from collection charges. Various government institutions, out of provisions and regulations of the state, charged various fees from people. As a result, people are heavily burdened and have a lot of complaints. So this phenomenon must be reversed.

Except some necessary and required fees, government institutions at various levels are prohibited from levying charges and fees.

This government maintains "revitalizing China through science and education" will be the most import task.

President Jiang Zemin attached great importance to this issue and has repeatedly emphasized the importance of science and education for China's development. But why can't this be implemented well? Because there is no money.

Where has all the money gone? We have very unwieldy government institutions. We call it an "eating budget." A large proportion of the budget has been earmarked for paying salaries of government functionaries. All the money has been eaten up.

Second, under the intervention of governments at various levels, there are many duplicated construction and some projects which have absorbed billions or tens of billions of investment. As soon as they are put into operation, they actually cannot find a market for their products, and some existing enterprises

strategy of "revitalizing the country through science and education."

The Central Committee of the Communist Party of China decided to establish a leading group for science and technology and education. And I will be the head of the group and Vice-Premier Li Lanqing will be the deputy. This received approval from President Jiang Zemin and we have the determination to implement well the strategy.

Q: When China thought about carrying out the reform of state-owned enterprises, Republic of Korea's conglomerates were quite successful. Since the upturn



More than 600 Chinese and foreign correspondents attend the press conference.

have to be closed or suspended because of the newly established projects. That is the main reason why the central government, including various banks, does not have enough money to support the strategy of "revitalizing the country through science and education." A lot of money has been squandered.

So the current government has decided to streamline and simplify government institutions and cut the staff in half. We will continue to implement the policy of prohibiting and stopping all duplicate construction, so we will be able to channel more money into implementing the

as you know, will the collapse of them affect the way you carry out reforms? Because of the financial crises in Southeast Asia, will China slow down the reform of state-owned enterprises? Or will you be more cautious?

A: First, I do not want to make any comment on the experience of the enterprises of the Republic of Korea.

Second, the financial crisis in Southeast Asia will not affect the pace of China's SOEs reform.

We think in three years, the objective of bringing most of its loss-making, state-owned enter-

prises out of their difficulties can be realized.

I think some foreign media overestimated the difficulties of China's state-owned enterprises.

When we say the percentage of loss-making state-owned enterprises is 49 percent, we're referring to a percentage calculated according to the number of enterprises. You know, there are 79,000 industrial enterprises owned by the state in China, and some of them are very small, with only up to dozens of people. So in terms of numbers, it seems the percentage of loss-making SOEs is very high.

But here I must call your attention to the fact that in China, there are 500 extremely large state enterprises, whose profits and taxes turned over to the state account for 85 percent of the country's total. Only 10 percent of them, or 50 of them, are suffering losses.

That's why I say three years are enough for us to bring most loss-making SOEs out of their difficult situations.

Q: With the election of the trans-century leadership in China, what historical experience can the new government draw from the June 4 incident so as to avoid an occurrence of a similar incident in the future? Would that incident become a historical burden on the new government? If you go to Hong Kong in the future and meet demonstrations and protests, how would you react?

A: With regard to the political disturbance in 1989, the CPC and government took very resolute measures in a timely manner to stabilize the situation nationwide. On this matter, the whole Party is entirely of one mind.

During past years, various meetings and conferences of the Party have already drawn a correct conclusion regarding that matter, and this conclusion will not be changed.

At that time, I was working in Shanghai, and Shanghai was completely in line with the central government on this matter.

As for going to Hong Kong, I wanted to go to Hong Kong in the past and I did. And now, I would love to go there again. But it is a pity as I was appointed premier, I have lost some of my freedom, and my "human rights" have

been somewhat constrained. So I cannot go as I wish, but I will go in the future.

As for whether the Hong Kong people would welcome me or protest or demonstrate against me when I arrive in Hong Kong, that is the freedom of the Hong Kong people.

But I think any activity conducted by any organization in Hong Kong must be in full compliance with the Basic Law and relevant laws and regulations of the Hong Kong Special Administrative Region government.

Q: Some people say that you didn't study in the former Soviet Union like some other Chinese leaders, and therefore maybe you will bring something new into China's attitude toward Russia. Can you formulate the policy of your cabinet on Russia or Chinese-Russian relations?

A: As known to all, when I was the vice-premier of the previous government, I was in charge of economic work. So I didn't attend to diplomatic work very much. I have never thought of having any change in China's policy toward Russia. We will pursue unswervingly the foreign policy decided by President Jiang Zemin and former Premier Li



Photos by XUE CHAO

The correspondent from US Time magazine raises questions.

Peng. I wonder if we can ask Vice-Premier Qian Qichen to add a few things.

Qian: We do not have such a logic that in a cabinet if one member or several members have studied in the former Soviet Union or in any other countries, this cabinet will favor any country. I think no matter where the members of the cabinet once studied or what experience the members of the cabinet used to have, this cabinet is the cabinet of China.

Q: The effect on Hong Kong of the financial crisis in southeast Asia has begun to show, especially in the first half of this year. The unemployment rate in Hong Kong is the highest over the past one and a half years. What specific measures will the central government adopt if the Hong Kong economy faces difficulties? Foreign media have spoken highly of you. In the course of reform, is there any inconvenience caused to your family? Have you ever felt frustrated? Have you ever thought of giving all this up?

A: Since the financial crisis happened in Asia last year, and especially since the stock market crash in Hong Kong on October 24, thanks to the sound economic

structure, strong economic power and a very large foreign exchange reserve of US\$98 billion in Hong Kong, and also thanks to the effective measures and leadership exercised by the HKSAR government, Hong Kong has overcome one difficulty after another.

The central government speaks very highly of policies adopted by the HKSAR government. I do not think Hong Kong will encounter insurmountable difficulties in the future.

But if the HKSAR government were to need support from the central government in an exceptional case or under exceptional circumstances, as long as the HKSAR government files a request with the central government, the central government will spare no effort or cost to maintain the prosperity and stability of Hong Kong, and to maintain the link system between the US dollar and the Hong Kong dollar.

As for myself, I do not have much to say. Whatever the foreign media call me, either "China's Gorbachev" or "economic tsar", or anything else, I am not happy about that.

As for my thinking, at present it is very simple. During this session of the NPC, the deputies entrusted me with a very heavy and important task. I myself can feel very keenly the arduousness of this task. And actually I am very fearful, or I am afraid, I would let the people down.

But no matter what is waiting ahead for me, being landmines or an abyss, I will brace my trail, and I have no hesitation and no misgivings, and I will do my best and devote myself to the people and the country until the last day of my life.

Despite some burdens on my mind, I still have every confidence as long as we hold high the banner of Deng Xiaoping Theory, as long as we have the leadership of the

CPC Central Committee with Comrade Jiang Zemin at the core, and as long as we rely totally on the entire Chinese people, the current government will be able to surmount any difficulty and will greet, and will usher in, successes and triumphs one after another.

Q: How is China going to advance reform in its financial system, such as the opening of the financial market and the realization of the complete convertibility of the RMB. And is it possible to achieve this objective before 2000?

A: The financial crisis in Asia will not affect the agenda and schedule for China's financial reform, nor will it affect China's policy of opening its banking and insurance sectors to the outside world. China has already achieved the convertibility of the RMB under the current account. With regard to when the full convertibility of the RMB can be realized, that is to say the convertibility of the RMB also under the capital account. According to our set schedule, that will take some time. We will achieve that objective when the supervision and regulation abilities of the central bank of China are up to the standard.

Q: How do you see the potential of China's market?

A: China has the largest market potential in the world. However, due to the problem of duplicate construction, which is a problem that has not been resolved for many years, in certain areas of products, there is the phenomenon of over supply. In spite of that, China remains the biggest market in the world for several products. China's output of steel exceeds 100 million tons. Is this market small? Every year, the newly increased program-controlled telephone switches in China exceed 20 million lines. That is No. 1 in the world. Is this market small? But unfortunately there are

also too many VCDs. Also No. 1 in the world. But too many to be sold. So what China needs now is economic restructuring. So in the future, we intend to increase and step up infrastructure construction and explore and open up vast markets in rural areas. We also intend to step up housing construction, which is of great interest to the people. So this is really a very, very big market. China's market is far from being saturated now. All foreign investors are warmly welcome to invest in China.

Q: You have outlined some of the difficult and ambitious reform programs within SOEs and within the banking system which will take three years, will the difficulties of these reforms postpone China's expected entry into the World Trade Organization (WTO). Will, on the question of financial service liberalization, the world have to wait until China has reformed its banking system before certain liberalization can be given?

A: We have set the objective of completing the financial system reform in three years. But as a matter of fact, we can basically complete the reform in the banking system before the end of this year. The reason why we have set the target of three years is that we have estimated this will be a very arduous and complicated issue. So we cannot rush into the reform. But the main task of the reform will be completed within this year.

As to the question of China's accession to the WTO, I think Vice-Premier Li Lanqing is in the best position to answer.

Li: I'd like to make three points. First, China's attitude toward accession into the WTO is positive. We have been working toward that objective for 11 years. We took part in the whole Uruguay Round process and signed the final package of agreement of the Uruguay

Round.

The reason we have a positive attitude is we believe the world trade and economic cooperation needs a unified set of rules. Otherwise, there will be regional protectionism or even trade conflicts or war which are in nobody's interest.

Second, China needs the WTO. On the other hand, the WTO, as a world trade organization, I think, will be hard pressed to play its role without the participation of China, which is already the 10th largest trading nation in the world.

Now, the problem is that a few members of the WTO think China needs the WTO more than the WTO needs China. I do not think this is a correct view.

Third, after China joins the WTO, China is prepared to undertake due obligations for a developing country. Meanwhile, we shall also enjoy the corresponding rights.

During the past decade, and more, great achievements have been made in China's reform. Although China is still not a member of the WTO, as a matter of fact, the results of many of our reforms have gone beyond of our commitments.

But our reform must proceed in a step-by-step manner, according to pre-set objectives and plans. This has been proved correct through practice.

Now important progress has been made in negotiations on this question. We hope this matter will be resolved very soon.

Q: In 1997, trade between Taiwan and the mainland was more than US\$20 billion, in which Taiwan had a trade surplus of about US\$15 billion. What are the measures and principles that the new government under your leadership is going to adopt in handling cross-Straits economic relations? Is there any prerequisite or pre-condition for

Mr Koo Chen-fu to visit the mainland? When is the appropriate time for him to come?

A: As to the relationship between the two sides across the Taiwan Straits, President Jiang Zemin made very important remarks on the eve of the Spring Festival of 1995. The eight-point proposal he put forward is the basic policy guiding the development of the cross-Straits relationship.

With regard to the question of trade relations between the two sides, I read some Taiwan newspapers yesterday and I found the Taiwan business community, and Mr Vincent Siew Wanchung, reacted positively toward that. I believe relations between the two sides will surely be improved. And I'd like to ask Vice-Premier Qian to have a few words on this.

Qian: According to our statistics, the trade surplus on the part of Taiwan is higher, reaching US\$17 billion. So you can see this trade is very much in Taiwan's favor. There is all the more need for both sides to work together to increase trade. I

think the best way to do that is to gradually establish direct air, shipping and postal and trade links. Mr Koo Chen-fu has expressed his wish to visit the mainland and the Association for Relations Across the Taiwan Straits has expressed its welcome. The Taiwan side seems to want to send some people before Mr Koo to the mainland to have some pre-discussions. That is also welcome.

Q: As India's new prime minister prepares to take office today (Thursday), what message would you like to give him?

A: I sent a message of congratulations to the newly elected prime minister of India yesterday. I hope very much I will have the opportunity to meet him in due course, and that I will learn from him.

I recall my visit to India in 1984. On that occasion, I was there to attend the World Energy Congress. That trip to India left me with a very sound impression. I hope to extend through you my best greetings to the head of the Indian government and the Indian people. ■

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Zhang, 58, is a native of Jiangsu Province. Currently, she is an associate professor with the Beijing Training School of Arts and Crafts and a member of the Chinese Arts and Crafts Association. In recent years, she has focused on teaching and creating pieces of sculpture, porcelain and decorative handicraft articles.

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