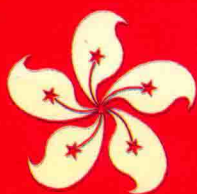




**THE THIRD SESSION OF THE  
SEVENTH NATIONAL PEOPLE'S  
CONGRESS OF THE PEOPLE'S  
REPUBLIC OF CHINA  
(1990)**



**The Third Session of the  
Seventh National People's Congress  
of the People's Republic of China**

(March 20-April 4, 1990)

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(April 4, 1990)

**Continue to Work for Stable Political,  
Economic and Social Development in China**

(March 20, 1990)

**Li Peng**





# **Resolution of the Third Session of the Seventh National People's Congress of the People's Republic of China on the Report on the Work of the Government**

*(April 4, 1990)*

The Third Session of the Seventh National People's Congress earnestly examined the report on government work entitled "Continue to Work for Stable Political, Economic and Social Development in China" delivered by Premier Li Peng on behalf of the State Council. The session holds that all the nationalities in China and the governments at all levels went through severe tests in 1989, overcame numerous difficulties, and won great historic victories in consolidating and expanding the socialist position in China. In a manner of seeking truth from facts, the report affirmed achievements, analysed existing problems and difficulties, summed up the experience, and put forward the principles and tasks for the work in 1990. With effort, the tasks for this year can be fulfilled. The session hereby decides to approve the report.

The session points out that the realization of the strategic goals of China's socialist modernization calls for a stable environment. At present, it is a matter of paramount importance to preserve the country's stability. Political stability and social stability are the prerequisites and steady economic growth is the basis, therefore it is necessary to concentrate on developing the national economy. The great achievements in China's socialist construction and reform and opening to the outside world in the past ten years have attracted worldwide attention and fully prove the correctness of the basic principles and policies for building socialism with Chinese characteristics. Therefore it is definitely necessary to maintain the stability and continuity of the basic principles and policies, to unswervingly

persist in taking economic construction as the central task and to adhere to the Four Cardinal Principles and the policies of reform and opening to the outside world. As implementing the principle of combining the planned economy with market regulation is the key to deepening and perfecting the economic restructuring, we should resolutely persist in this principle while summing up experiences continuously; we should further strengthen the building of socialist democracy and the legal system, guarantee that citizens be able to exercise their democratic rights according to the law and perform their duties, strengthen public security and maintain public order; we should earnestly implement the policies towards nationalities, strengthen national unity and promote the prosperity of all nationalities; we should start extensive education in patriotism, collectivism, socialism and national defence and train new socialist builders who have lofty ideals and moral integrity, who are better educated and have a strong sense of discipline; we should make efforts to strengthen ideological and political work and the building of socialist culture and ideology and should resolutely resist and oppose bourgeois liberalization, so as to consolidate and develop political stability and unity.

The session holds that 1990 is a year of vital importance for the economic improvement and rectification and the deepening of reform. The State Council and local governments of all levels must take effective measures to further improve the economic environment, rectify the economic order and deepen reform. Full implementation of the policies and measures for agricultural development must be ensured and efforts must be concentrated on agriculture so as to achieve a good harvest of major farm products. Efforts must be continued to control the scale of investment in capital construction, to check the excessive growth of consumption funds and to ensure that the rate of inflation is lower than that of the previous year. We should take advantage of the present favourable situation to readjust the economic structure, improve economic performance, strive to bring about a favourable turn in the situation of sluggish markets and maintain a proper growth rate for industrial production. We should push forward the advances of science and technology and the steady development of education and do a good job in family planning and environmental protection so as to serve economic

construction better. We should further advance the economic and political structural reform, perfect the socialist system and bring into full play the initiative and creativity of the people so as to put the national economy onto a track of sustained, stable and coordinated development.

The session holds that the struggle against corruption and the building of a clean and honest government are vital to the survival of our state. We must continue to adopt effective measures to resolutely eliminate the corruption so bitterly hated by the masses and cadres. We must remove all obstacles in order to carry out the work of screening and rectifying companies through to the end. We should crack down on economic crimes such as embezzlement and bribery according to the law, handle large and key cases without delay and make known to the public the results without delay. People's governments at various levels should report the progress in this work to the people's congresses and their standing committees at the corresponding levels and should conscientiously accept their supervision. It is necessary to establish and perfect laws, regulations and systems governing the building of a clean and honest government and to perfect the mechanism of supervision. All staff of governmental departments must be honest in performing their official duties, guard against corruption, work hard for the people, persist in the mass line and serve the people wholeheartedly.

The session holds that the 1990s are an important historical period for accelerating the reunification of our motherland and the rejuvenation of the Chinese nation. We will, together with the compatriots in Taiwan, Hong Kong and Macao, as well as overseas Chinese and all those who support China's reunification, work to quicken the process of peaceful reunification of the motherland in line with the principle of "one country, two systems."

The session maintains that, in the present international situation, we should uphold the foreign policy of independence and peace, resolutely oppose hegemonism, safeguard world peace, maintain and develop friendly relations with all countries on the basis of the five principles of peaceful coexistence, strengthen unity and cooperation with the third world countries, and make due efforts to strive for a new political and economic world order and to promote peace and development in the world.

The session calls on the people of all nationalities in the country, under the leadership of the Chinese Communist Party, to be inspired with enthusiasm, to unite as one, to rely on their own efforts, to work hard, to continue to work for stable political, economic and social development in our country and to continue with full confidence on the road to building socialism with Chinese characteristics.

# **Continue to Work for Stable Political, Economic and Social Development in China**

*(Report on the Work of the Government Delivered  
at the Third Session of the Seventh National  
People's Congress on March 20, 1990)*

**Li Peng**  
*Premier of the State Council*

Fellow Deputies,

On behalf of the State Council, I now submit a report on the work of the government for examination and approval by this session.

## **I. Review of 1989**

In the annals of the People's Republic of China 1989 was recorded as a very unusual year. During that year people of all nationalities in China experienced soul-stirring struggles and severe tests, overcame numerous difficulties, and achieved great, historic victories in consolidating and expanding the socialist position in this land of 1.1 billion people.

The successes and achievements we scored in 1989 were concentrated in three areas: one, the stopping of the turmoil and the quelling of the counterrevolutionary rebellion; two, the fairly evident achievements in improving the economic environment, rectifying the economic order and deepening the reform; and three, the turn for the better on the political and ideological front. Without a doubt, these successes and achievements are of supreme importance to and

have far-reaching influence on enhancing people's understanding, inspiring national enthusiasm and ensuring that China will continue on the socialist road.

Late spring and early summer last year a handful of people, taking advantage of the student unrest, organized, planned and plotted political turmoil, which later developed into a counterrevolutionary rebellion in the country's capital, Beijing. In essence, it manifested the sharp conflict between bourgeois liberalization and the Four Cardinal Principles [keeping to the socialist road and upholding the people's democratic dictatorship, leadership by the Communist Party, and Marxism-Leninism and Mao Zedong Thought—*Tr.*] and an acute struggle between infiltration and anti-infiltration, between subversion and antisubversion, and between the forces for peaceful evolution and against peaceful evolution. The sole purpose of both domestic and foreign hostile forces in creating such disturbances was to overthrow leadership by the Chinese Communist Party, subvert the socialist system and turn China into a bourgeois republic and a dependency of developed capitalist countries. At that crucial moment, when the fate of the state and the nation hung in the balance, the proletarian revolutionaries of the older generation, represented by Comrade Deng Xiaoping, did all they could to turn the tide, playing the important role of mainstay. With the support of all nationalities in the country, the heroic Chinese People's Liberation Army, the Armed Police and the Public Security Police played a significant part in quelling the turmoil and the rebellion. Here, let us once again express our highest respect for them.

China's victory in quelling the turmoil and the rebellion has not only foiled the vain attempt of the international anticommunist and anti-China forces to subvert China's legitimate government and socialist system, but also defended the fruits achieved by countless revolutionary martyrs and high-minded people in their struggle of more than a hundred years for the survival and liberation of the Chinese nation, defended the gains of the new-democratic and socialist revolutions over more than half a century, defended the achievements in socialist construction over the past four decades and in reform and opening to the outside world of the past decade, and prevented China from utter political and economic destruction and historical retrogression. Having stood the test of blood and fire, the

socialist People's Republic of China has emerged before the world as an independent, self-reliant and vigorous nation, persevering in its policies of reform and opening to the rest of the world. The immense significance of this victory will undoubtedly become ever clearer, both at home and abroad, with the passage of time.

Since public order quickly returned to normal after the quelling of the rebellion, the martial law imposed on parts of the capital was soon lifted; in fact, it was lifted more than two months ago. Now political, economic and social stability prevails throughout the country. Events have proved that the policy decisions made and the measures taken by the Chinese Communist Party and the Chinese Government in quelling the turmoil and rebellion were correct and in line with the common aspirations and fundamental interests of all nationalities in the country and can stand the test of history.

Last year's disturbances greatly hindered our efforts to improve the economic environment, rectify the economic order and deepen the reform, causing huge losses to China's economy. Nevertheless, by dint of the hard work and joint efforts of workers, peasants, intellectuals and people from the other sectors of society throughout the country, we have, under extremely difficult conditions, achieved fairly satisfactory results in our efforts at improvement and rectification and the national economy is taking a favourable turn. All this is evidence of the strong will of the Chinese people to fight bravely in unity and of the great vitality of the socialist system.

—The inflation that seriously retarded stable economic growth has been curbed, and the strain caused by total demand outstripping total supply is easing. Last year's general index of national retail prices was up 17.8 percent over the previous year, a rise lower than that of the previous year. Although we failed to make it significantly lower than it was in 1988, it is going down month by month and the increase rate has been below 10 percent for five consecutive months starting with October of last year. Today, the supply of commodities is adequate and market prices are basically stable, in sharp contrast to the conditions which led to panic purchasing in 1988. Last year total social investment in fixed assets came to 400 billion yuan, nearly 50 billion less than the preceding year. After allowing for price rises, the actual reduction was greater. Excessive growth in consumption funds was checked and savings deposits in both urban

and rural areas increased by 133.4 billion yuan, up 35 percent over 1988, indicating people's effective contribution to national economic development and their trust in the government's economic policies. Currency put into circulation was cut back considerably, the loan scale was brought under control and the financial situation took a turn for the better.

—Economic restructuring has begun. In tightening control over total demand and supply and readjusting investment patterns and the loan mix, we cancelled construction of a number of office buildings, auditoriums and hotels, the production or construction of a number of ordinary processing industries plagued by high consumption of raw materials and energy, low technological level and overlapping production, and the production of goods that encourage high consumption and unduly high levels of spending. On the other hand we strengthened agricultural production and construction of such basic industries as energy, essential raw and semifinished materials, transport and communications. Many localities and enterprises met changing market demands by readjusting their product mix and increasing production of readily marketable goods, achieving some positive results.

—We have scored a preliminary success in checking the circulation chaos and screened and reorganized more corporations. By the end of February this year, we had abolished or merged more than 70,000 corporations, accounting for 24.5 percent of the country's total. The overwhelming majority of the corporations run by Party or government departments have been abolished or have had their ties with such departments severed, and the problem of Party and government cadres taking full- or part-time jobs in corporations has basically been solved. In the course of screening and reorganizing corporations, more than 90,000 cases involving violations of the law and discipline were examined and dealt with: the money collected in the form of fines or confiscations totalled 280 million yuan. The haphazard increase of corporations in the circulation field was curbed. In rectifying the economic order, a total of 850,000 cases of various violations of economic laws and regulations were examined and handled, with fines and confiscations totalling 1.1 billion yuan handed over to state financial authorities. The nationwide check of taxation, auditing, business accounting and prices uncovered viola-



tions of discipline involving more than 10 billion yuan. Various local authorities and relevant departments rectified market order and gradually improved market regulations and administration.

—The national economy kept growing, and the supply of essential products continued to increase. In 1989 the gross national product reached 1,567.7 billion yuan, representing an increase of 3.9 percent over 1988; national income came to 1,300 billion yuan, representing an increase of 3.7 percent. The total agricultural output value amounted to 655 billion yuan, up 3.3 percent. Grain output was 407.45 million tons, an all-time high. The total industrial output value came to 2,188 billion yuan, an increase of 8.3 percent over 1988. A number of major products that bear heavily on the state of the national economy and people's well-being maintained good growth momentum. The output of steel amounted to 61.24 million tons, outstripping its 60-million-ton target; that of chemical fertilizers (in terms of 100 percent active ingredients) came to 18.55 million tons, up 6.6 percent over 1988; that of coal, 1.04 billion tons, surpassing the billion-ton target, and that of electricity, 582 billion kwh, up 6.7 percent over 1988. From these figures we see that the gap between the growth of energy production and that of industry as a whole—a problem of many years' standing—was closed to some extent.

—New success was gained in the construction of key projects. In 1989 a total of 57 large and medium-sized capital construction projects and 25 above-norm key projects for upgrading technology were completed and put into operation. Major newly added production capacities included: 9.02 million kw of electricity, 24.95 million tons of raw coal, 18.7 million tons of washed coal, 17.05 million tons of crude oil, 318 kilometres of double-track railways, 3,002 kilometres of highways, 48.85 million tons in the handling capacity of ports, and 1.05 million telephone sets in urban areas.

—Trade and economic and technological exchanges with other countries continued to grow. Last year total import and export volume reached US\$111.6 billion, an increase of 8.6 percent over 1988. Export volume alone was \$52.5 billion, an increase of 10.5 percent. A total of \$10.06 billion in foreign funds was actually used, including direct foreign investment in 5,779 approved projects. Progress was made in expanding the export-oriented economy in the