

Market Economy

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prevents over-concentration in decision making," the professor says.

But some opposed the idea of a market economy, arguing that it confuses the principles of capitalism and socialism. They said the "specter of capitalism is lurking behind market regulation."

Final Verdict

The verdict on the debate was given by senior leader Deng Xiaoping, architect of China's reform and opening to the outside world. "It is surely mistaken to say that the market economy is limited to capitalist society," Deng told foreign visitors back in 1979. "A market economy began to appear in feudal society. Socialism can also practise a market economy," he noted.

Then, during his inspection tour of southern China in early 1992, Deng said: "A planned economy cannot be equated with socialism; capitalism also has plans. A market economy cannot be equated with capitalism; socialism also has markets. Both planning and the market are economic means."

He continued: "Socialism must boldly absorb and draw on all fruits of civilization created by human society, all advanced management methods that embody the laws of modern, socialized production of other countries, including developed capitalist countries."

The decision to develop a socialist market economy in China was included in the revised Chinese Communist Party Constitution approved in October, 1992.

Chinese officials and economists agree that neither market economics is omnipotent, nor planning.

"No modern country has successfully developed its economy by relying solely on economic planning or market regulation," Prof Xia Zhenku, a social scientist, says. Macro-control is still necessary.

Invisible Hand, Visible Results

Over the last 14 years, direct government mandatory planning has been gradually reduced and the scope of the market and market regulation expanded. Prices for 90 per cent

of consumer goods and 70 per cent of capital goods are now regulated by the market.

In 1985, the government lifted price controls over a wide range of products such as meat, fish, poultry, eggs, fruit and vegetable, so that farmers now produce these in response to market signals.

In 1993, state price control on grain was lifted in 90 per cent of the countries. Rationing of grain and cooking oil was abolished early this year, marking an end to all food rationing. This indicated another major step in shifting the country's agriculture toward market economics.

The abundant supply of food, cotton and silk has boosted the food and textile industries. China has become the world's leading cotton and silk textile producer.

The invisible hand of the market has produced visible results.

Another example is the growth of rural enterprises owned collectively or individually by farmers.

The Pearl River Delta in South China with a population of 16 million has averaged a 12 per cent growth since 1978. The delta has built an export-ori-

ented economy. Seventy per cent of farmers there have left the land to engage in commodity manufacturing, processing, transport, marketing and other services.

The Suzhou-Wuxi-Changzhou area in East China with a population of 13 million claims a GNP growth rate of 16.5 per cent since 1978. Only five per cent of the total industrial output value in the area is produced according to government mandatory plans and the rest, by arrangements of the "invisible hand."

Work to be Done

Professor Zhang Zhuoyuan of the Chinese Academy of Sciences says that while market forces dominate in the open coastal areas and in foreign-funded enterprises, private and individual businesses and rural enterprises, the planned economy is still dominant for state-owned enterprises and in most inland areas. The professor says reform of the old system remains a heavy task. It includes making state enterprises efficient and competitive, building a national open market, improving pricing systems, enacting new laws to maintain market order and macro-control.

Liu Guoguang and other economists say that the government will intervene, mainly by economic means, in areas outside the reach of the "invisible hand." These are the balancing of national supply and demand, prevention of monopoly to ensure fair competition, building of infrastructural projects and public works, limiting of great differences in personal incomes and environmental protection.

It will take years to build a socialist market economy in China. But, as Vice-Premier Zhu Rongji says, China has already "got rid of the mode of traditional central planning in important areas and is advancing, irrevocably, along a new road of development."

Chinese Assistance

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ding jetty built at Rangunia (6 Kilometers away from Raojan) with the first 210-MW Unit could be used for the second one.

(iv) 230-KV double circuit transmission line constructed during the first Unit would only need its second circuit strung to evacuate total power of the two Units (first & second).

(v) Administrative building, technical building, hydrogen plant, fire station, warehouse, workshop, waste water dis-

Basis China's Diplomacy

Continued from page 6
ing nation has remained unchanged over the years, and so have the common interests linking it closely with the rest of the Third World.

These ties continue to predominate China's foreign policy, apparent from the diplomatic agenda followed by Beijing. Among the 23 foreign heads of state who visited China in 1992, the overwhelming majority were from Third World countries in Asia, Africa and Latin America. For several years running, Foreign Minister Qian Qichen started the year by visiting African countries. Of the 20 countries he toured during the first half of this year, more than two thirds were developing nations.

China has been accorded observer status by the more than 100 nations of the Non-Aligned Movement. This has ushered in a new phase of cooperation with the international organization.

China's active involvement in the affairs of these organizations is prompted by the conviction that they play an important role in safeguarding the interest of the Third World.

Against the backdrop of an increasingly grim living environment facing the Third World — the result of widening disparity and intensified conflict between North and South — China in working to strengthen its friendship and cooperation with Third World nations and reinforce the efforts to establish a just and reasonable new world political and economic order. China has made unflinching efforts to seek common development of the Third World in carrying out South-South cooperation.

China, although not rich, has always regarded assistance to Third World countries as an important international duty.

While striking an all-out foreign trade programme featuring the strategy of market pluralization, it has faithfully fulfilled its obligation to help other Third World countries as always.

By offering aid within its capacity, China seeks to help fellow Third World nations safeguard national independence, develop their economies and self-reliance.

In 1992 China signed agreements to provide assistance for 80 countries or organizations, most in the Third World. The sum involved was an increase of 13.9 per cent on the previous year's allocation. Meanwhile, China launched 267 new projects, finished 43 economic and technological assistance programmes and upgraded 100 previously-completed schemes in developing countries. China also participated in 46 multi-lateral projects in 26 countries.

Cooperation is undertaken in other areas. Since China sent the first 24-member medical team to Algeria 30 years ago, more than 13,000 personnel have gone to work in over 60 countries in Asia, Africa, Latin America and the South Pacific. At present, 37 Chinese medical teams with 1,200 members are working at 95 health centers in 37 countries and regions. Their work is deemed a model of South-South cooperation.



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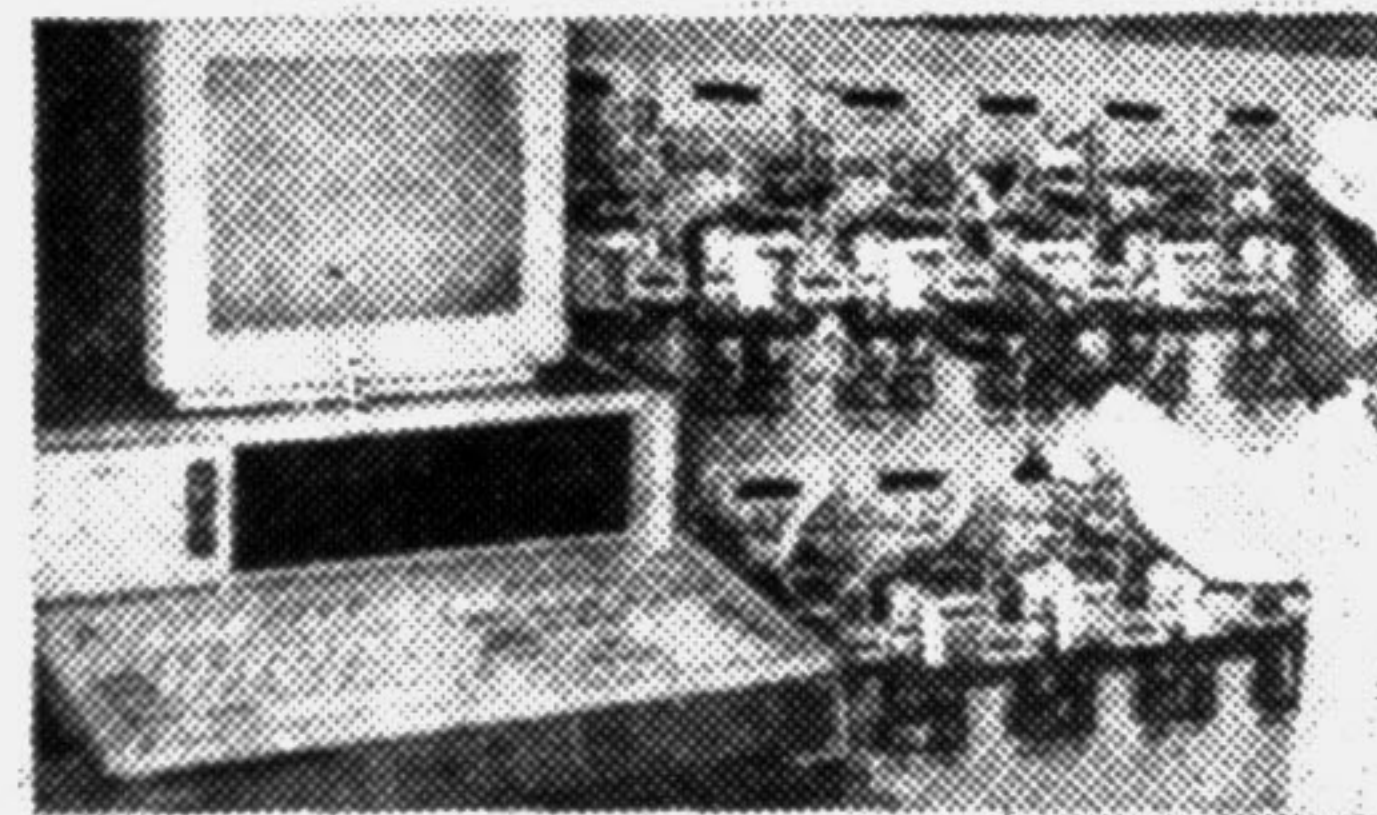
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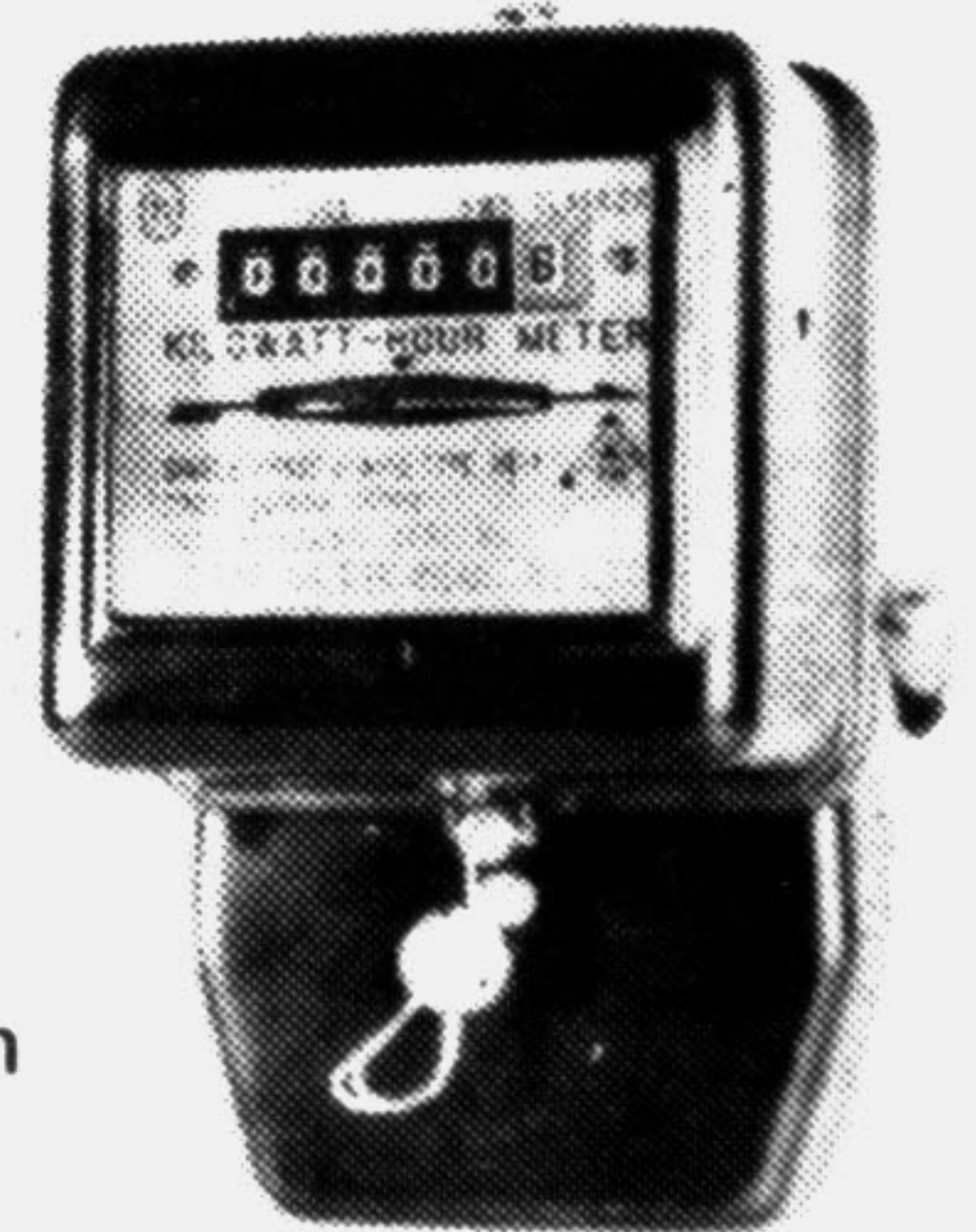
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