

BEIJING REVIEW

- On the Development of Modern Industry
— Vice-Minister Han Guang, State Capital Construction Commission
- The Crux of the Sino-Vietnamese Dispute



BEIJING REVIEW

北京周报

Vol. 22, No. 12

March 23, 1979

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Published every Friday by BEIJING REVIEW,
Beijing (37), China
Post Office Registration No. 2-922
Printed in the People's Republic of China

CHRONICLE

Mar. 13

• Vice-Premier Li Xiannian meets with President Clausen of the Bank of America. He says that though the social systems of China and the United States are different, more interchanges between the two countries are possible and the Bank of America is welcome to set up an office in Beijing.

• Xinhua reports: The State Council has approved the setting up of a committee for the promotion of the international system of measurements. This will gradually standardize China's system of measurements.

Mar. 14

• Replying to Lord Killanin, President of the International Olympic Committee, Chinese Olympic Committee President Zhong Shitong says that China accepts an I.O.C. proposal to hold talks on March 27 in Lausanne with representatives of the sports organization of Taiwan Province.

Mar. 15

• Premier Hua Guofeng meets the co-leaders of the Tokyo Friendship Delegation Governor of Tokyo Ryokichi Minobe and Chairman of the Metropolitan Assembly Ichiro Kono. Tokyo and Beijing have established official bonds of friendship.

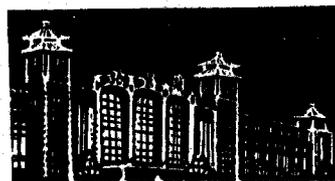
• Xinhua reports: A national conference on the study of religion was held recently in Kunming. The Chinese Association for the Study of Religion was set up at the conference and a six-year study plan was adopted.

Mar. 16

• Frontier troops of the Chinese People's Liberation Army from Guangxi and Yunnan complete their withdrawal from Viet Nam and are now back in Chinese territory.

Mar. 17

• Vice-Premier Deng Xiaoping and N.P.C. Standing Committee Vice-Chairman Song Ching Ling attend the Beijing premiere of the Boston Symphony Orchestra led by Seiji Ozawa.



Withdrawal of Chinese Frontier Forces Completed

The frontier forces of the Chinese People's Liberation Army in Guangxi and Yunnan, after attaining their set goals in the self-defensive counterattack against the Vietnamese aggressors, have completed their withdrawal from Viet Nam and returned to Chinese territory on March 16. This was announced by Foreign Minister Huang Hua at a press conference in Beijing on the evening of March 16.

The Chinese frontier troops started their counterattack on February 17 and were ordered to withdraw to Chinese territory on March 5. In the counterattack they captured more than 20 cities, towns and strategic points, including Lang Son, Dong Dang, Loc Binh, Cao Bang, Phuc Hoa, That Khe, Quang Uyen, Ha Lang, Thoat Lang, Hoa An, Dong Khe, Trung Khanh, Tra Linh, Thong Nong, Soc Giang, Lao Cai, Cam Duong, Muong Khuong, Bat Xat, Sa Pa, Pho Lu, Coc Xam and Phong Tho, and dealt devastating blows to the Vietnamese regular troops and local forces. While the Chinese forces were pulling back, they were repeatedly harassed by the Vietnamese troops. The Chinese troops dealt them heavy blows.

The Chinese frontier forces are now keeping a close watch on the boundary and are determined to defend the security of the motherland's border areas.

While announcing the complete withdrawal of the Chinese

forces from Viet Nam, Foreign Minister Huang Hua reiterated China's consistent position that disputes between China and Viet Nam should be settled through negotiation. He said the Chinese Government has repeatedly proposed that China and Viet Nam immediately hold negotiations to discuss ways of ensuring peace and tranquility in the border areas between the two countries, and then proceed to settle their disputes over their boundary and territory and restore their normal relations. The Chinese Foreign Minister pointed out that the Vietnamese Government has also expressed its readiness to hold negotiations, which should be welcomed. He added that as long as the Vietnamese side is really sincere, negotiations can start quickly and issues can be settled without much difficulty.

The Vietnamese side, however, has set up numerous obstacles even before the negotiations got started. He pointed out that after the Chinese side had announced its troop withdrawal, the Vietnamese side issued an order for general mobilization and clamoured that it would continue fighting with China. They spread rumours that the Chinese frontier forces had "committed atrocities" in Viet Nam and lied that the Chinese troops had moved the boundary markers. In view of all this, people cannot but doubt Viet Nam's sincerity in settling the disputes between the two countries through negotiations.

Huang Hua noted that if the Vietnamese authorities, aided and abetted by Soviet hegemonism, should continue their

armed provocations and incursions into Chinese territory in the future, the Chinese frontier forces will strike back resolutely.

China means what she says, Foreign Minister Huang Hua added. We have kept our word by withdrawing all our frontier forces. Facts have refuted the lies spread by the Soviet and Vietnamese authorities about China's "aggression and expansion."

Huang Hua said that the whole world now can see that it is Viet Nam, backed by the Soviet Union, that has sent more than 100,000 troops to occupy Kampuchea and they are still hanging on there and refusing to budge. No country and people in the world that uphold justice can tolerate such outright aggression by Viet Nam which has blatantly trampled upon the United Nations Charter and the norms of international relations. It is the unanimous demand of the people of the whole world that Viet Nam pull out its aggressor troops completely from Kampuchea. The Vietnamese authorities must respond to this, the Chinese Foreign Minister stressed.

The Chinese Foreign Ministry on March 19 sent a note to the Vietnamese Foreign Ministry proposing that Sino-Vietnamese negotiations at the vice-ministerial level start around March 28 and that the negotiations be held in turn in Beijing and Hanoi, with the first round to be held in Hanoi. The Chinese side will send a delegation headed by Vice-Minister of Foreign Affairs Han Nianlong. The note expressed the

hope that the Vietnamese side will set store by the traditional friendship between the Chinese and Vietnamese peoples and change its erroneous policy of opposition to China, so as to facilitate the negotiations.

Lao Government's Breach of Agreement Protested

The Lao Government requested that China suspend construction of the highway from M. Nam Bak to Luang Prabang in Upper Laos and withdraw all Chinese engineers and technicians. This is yet another step taken by the Lao Government under the pressure of other countries to undermine the traditional friendship between the Chinese and Lao peoples. The Chinese Government expressed great regret at this act and advised the Lao Government not to continue to slide down the anti-China road.

The Chinese Foreign Ministry in its March 15 note to the Lao Foreign Ministry made clear China's attitude.

The note said: "The highway from M. Nam Bak to Luang Prabang city is one of China's aid projects in accordance with an agreement between the Chinese and Lao Governments on October 3, 1974. Since the construction of the highway began in 1977, the Chinese engineers and technicians, with the assistance of the local Lao people, have surmounted various difficulties and accomplished their tasks in the project. They have won the praise of the Lao people and contributed to the strengthening of Sino-Lao friendship. Now on the pretext of 'the present difficult and

complex situation' in Upper Laos, the Lao Government suddenly made a unilateral breach of the agreement between the two governments, requesting that the Chinese side suspend construction of the project and withdraw all Chinese engineers and technicians. This is another step taken by the Lao Government under the pressure of other countries to undermine the traditional friendship between the people of the two countries. The Chinese Government expresses immense regret at this unilateral and unreasonable act of the Lao Government."

"In view of the above-mentioned decision of the Lao Government," the note added, "the Chinese Government is compelled to temporarily suspend the construction of the highway from M. Nam Bak to Luang Prabang city and withdraw all Chinese engineers and technicians as well as the construction equipment. The Chinese Government requests that the Lao Government provide convenience and assistance to the withdrawal of the Chinese engineers and technicians and the construction equipment and ensure the safety of these personnel and equipment. To facilitate the smooth handling of the work, the Chinese Government suggests that the Lao Government instruct Lao departments concerned to assist officials of the Chinese Embassy in Laos to make specific arrangements in Upper Laos for the withdrawal."

In conclusion, the note said: "The Chinese and Lao peoples have cultivated profound friendship in protracted revolutionary struggles. The Chinese Government believes

that any act undermining this friendship will not be countenanced by the Lao people. We advise that the Lao Government will not continue to slide down the anti-China road."

Democracy and Guidance

The Third Plenary Session of the 11th Party Central Committee, which was held in December last year, stressed the need to give scope to socialist democracy. Since then, democratic life in China has made much headway. Showing concern for state affairs, many people have made suggestions on the ways and means of quickly bringing about socialist modernization and they have also openly criticized bureaucracy and other undesirable tendencies. This is really heartening.

Some problems, however, have cropped up. For instance:

- How to deal with some people's actions which are detrimental to stability and unity?

Last winter, a number of middle school graduates from Shanghai who had been assigned to work on the state farms in southwest China's Yunnan Province went on strike because they had complaints against management there. Of course, such action is safeguarded by the Constitution which guarantees that the people have the freedom to strike. They sent three representatives to Beijing who were received by Vice-Premier Wang Zhen. After listening to their case, the Vice-Premier had a heart-to-heart talk with them. While supporting their reasonable demands for improvement in the work of the state farms, he patiently explained the state's policy and

expressed the hope that the young people would place the stability and unity of the country above everything else.

Early in the 40s, Vice-Premier Wang Zhen led the great production campaign at Nanniwán, which turned this desolate place near Yanan into a good farming area. He was Minister of Reclamation prior to the start of the Cultural Revolution in 1966, and many state farms in the border regions had been set up under his personal charge. His words greatly enlightened the three representatives. After returning to Yunnan, they sent a telegram to the Vice-Premier, in which they acknowledged their mistake of calling a strike and promised to devote their energy to building up the border regions.

• How to deal with troublemakers?

Early this year, some Shanghai young people who had been assigned to work in other places left their posts without permission and returned to Shanghai to demand that they be transferred back. They stopped traffic on the thoroughfares and stormed into municipal government buildings, abusing and beating up the cadres there.

Their rash actions and abuse of democratic rights were severely censured by the local people who demanded that measures be taken immediately to stop them. They said that it was unreasonable and unfeasible for these young people to demand that they be transferred because they already have been given jobs elsewhere. The press also commented that while giving scope to democracy, it is necessary to maintain

normal order in production and in the society at large.

This produced the desired results. Many of the young people who had gone to Shanghai returned to their posts.

Why did a handful of people make trouble? An important reason lies in the pernicious influence of Lin Biao and the "gang of four" who, while imposing a fascist dictatorship over large numbers of cadres and ordinary people and undermining socialist democracy during the Cultural Revolution, flaunted the banner of "making revolution and rebelling" and incited others to "overthrow all." This led to anarchism, poisoning the minds of many people, the young in particular. Some of these young people were egoists, pure and simple, who stopped at nothing in pursuing their own selfish ends.

A short time ago, *Renmin Ribao* published a commentary entitled "Conscientiously Do a Good Job in Guiding the Promotion of Democracy." The commentary pointed out that a considerable number of leading cadres are not accustomed to and do not understand the need to respect and protect the people's democratic rights. On the other hand, some people are not accustomed to and do not know how to correctly exercise their democratic rights. For this reason, the commentary stressed, it is necessary to pay attention to giving proper guidance.

The commentary stressed: (1) Resolutely give scope to democracy, support the masses' reasonable demands and help them solve their problems. Explanations must be given if

certain problems cannot be solved for the time being. (2) Resolutely criticize those who make trouble without any reason and try to fish in troubled waters; these people should be given proper education and prevented from creating disturbances. Those who are bent on practising anarchism and breaking the law must be properly dealt with.

Stability and the four modernizations are now uppermost in the minds of the Chinese people. This is the most important thing. In a big country like China, for some people in some places to make trouble does not in the least affect the overall situation. With the Party and the government implementing the policy of giving scope to democracy and at the same time paying attention to giving it proper guidance, stability and unity will surely be further consolidated throughout the country.

Large-Scale Tree Planting in Beijing

On March 12, China's Tree Planting Day, Hua Guofeng, Deng Xiaoping, Li Xiannian and other Party and state leaders went to the suburbs of Beijing and planted trees together with the peasants.

Spring tree planting in the capital will continue until mid-April. It is being carried out on an unprecedented scale. It is estimated that 500,000 trees will be planted in this period and grass will be grown on 300,000 square metres of land. At the same time people are encouraged to grow flowers to beautify the environment. On the city's outskirts, 16,000



Representatives to the national youth conference on afforestation plant trees on the Baota (Pagoda) Hill in Yanan.

hectares will be afforested, while 10 million saplings will be planted by the lakes and rivers, roads and houses, and on the fringes of villages.

Before liberation, there were few trees in Beijing and most of them were in the parks and temples of the imperial households. After the founding of New China in 1949, a movement to plant trees was launched, and much headway has been made over the years. However, it was slowed down in the last ten years owing to sabotage by Lin Biao and the "gang of four," and the afforested area has decreased by 400 hectares, with only 9,000 hectares left today. The forest belt to protect the farmland on the outskirts has not been completed even to this day. What is more, owing to the serious damage done to the grassland and forest reserves to the northwest of the city and with the ecological equilibrium seriously upset and the drifting sands gradually moving south-

ward, Beijing is often hit by sandstorms.

The tree planting movement this year is being carried out all over the country. In early March, the Central Committee of the Chinese Communist Youth League and the Ministry of Forestry jointly held in northwest China's Yanan a national youth conference on afforestation. Taking part in the meeting were advanced units and individuals in planting trees. The conference called on the young people of the whole country to do their bit to turn the country green and set the goal of planting 26 million hectares with trees by 1985. It is expected that this will help bring an entirely new look to the country.

Increase Production And Practise Economy

The mass movement to increase production and practise economy is now in full swing in

factories, mines and other enterprises throughout China.

Vice-Premier Kang Shien who is in charge of economic work explained the importance of this movement in an interview with a correspondent from the national workers' daily *Gongren Ribao*.

In China's drive for the four modernizations, large amounts of money are needed. But where does the fund come from? The Vice-Premier gave the answer: China is a socialist country and therefore relies mainly on domestic accumulation. We cannot depend on foreign loans, nor can we increase the burden of the people. All enterprises are required to increase production and practise economy, reduce the consumption of fuel and raw materials and secure bigger returns and profits so as to accumulate more funds for accelerating the pace of construction. At the same time, efforts will be made to steadily raise the people's living standard on the basis of increased production.

Vice-Premier Kang pointed out in the interview that self-reliance and hard work is a fine tradition of our nation. Of course, it is necessary to study the advanced experience of other countries and introduce their advanced technology to China. But the aim here is to increase the ability of relying on our own efforts. The four modernizations cannot be bought or borrowed, and can only be achieved by the hard work and concerted efforts of the workers, peasants and intellectuals.

Great Potential. There are great potentialities for increasing production and practising econ-

omy. The technical and managerial level in many of China's industrial, communications and transport enterprises is very low and the consumption of raw materials is high and waste in some cases is appalling. In some enterprises, management is so poor and losses are so big that they have to live on state subsidies. A recent survey shows that the rate of fuel and power consumption in two-thirds of the country's 400 major industrial enterprises last year was higher than their lowest mark in history.

There is also much scope for improving the quality. The dust in marketable coal produced at the big collieries last year, for instance, was 3.3 per cent higher than the lowest mark. If the dust is reduced by 1 per cent this year, it means producing an additional 3 million tons of coal for the state.

The Vice-Premier requested that all enterprises should this year attain their peak level in such major economic targets as the variety and quality of products, the consumption of raw materials, and profits. Those which have already met these targets should strive to emulate the best in their respective trades. He put forward the following demands:

- (1) Increase production on the basis of strict economy, and pay special attention to the weak links — fuel, power, building materials, transport and communications;

- (2) Make earnest efforts to raise the quality of products and increase variety;

- (3) Mobilize the workers and staff to carry out technical innovations and tap to the full the

potential of existing enterprises. **Promote Political and Ideological Work.** Vice-Premier Kang noted that to increase production and practise economy, it is necessary to do a good job in political and ideological work and combine it with economic means. The primary task of political work is to strengthen unity and stability and bring into full play the initiative of the workers and staff for the four modernizations.

Modern Management

A class for the study of management of enterprises was started by the State Economic Commission on March 3. The aim is to train in groups the directors and deputy directors of provincial and municipal economic commissions, directors of key factories and mines, and leading cadres of the various industrial, transport and communications ministries in charge of enterprise management. The 107 trainees in the first term will attend lectures by specialists and scholars, grasp the socialist economic law and learn from the advanced experience of foreign and domestic enterprises in modern management. They will discuss problems relating to management and make suggestions for improvement.

That same day, the Chinese Association of Enterprise Management was set up in Beijing. A mass organization composed of scholars, professors and experienced personnel in industrial departments, factories and mines, universities and research institutes, the association is charged with the task of studying the theories, systems, technology, and

methods and experiences in management both at home and abroad.

To modernize China's economy, it is necessary to modernize management. While the nation's scientific and technological level is rather low today, its methods of management are even more backward. In some industrial enterprises, the equipment and other facilities compare quite favourably with those of other countries, but their efficiency is much lower. Owing to poor management, some newly imported technology and equipment are operating below capacity.

There are numerous historical reasons for this. Influenced by the forces of habit in small production formed over the long years of feudal society, many cadres who do not understand the objective law of economic activities manage big enterprises merely by administrative orders or even by the small producers' and feudal bureaucratic methods. While learning from the Soviet experience in the early post-liberation years, they copied it mechanically, and this was followed by running the enterprise according to the "will of the superiors." Thus much time and energy were wasted by following a zigzag path. Some experience in management was acquired in the 1950s and 1960s after paying a high price, but this was jettisoned by Lin Biao and the "gang of four" who pushed an ultra-Left line and branded proper management as "controlling, restricting and oppressing" the workers. This resulted in a great retrogression in the management of enterprises.

On the agenda now are two tasks.

(1) Sum up our own experiences. The experiences gained in applying the Party's mass line to labour emulation movements and technical innovations, in cadre participation in productive labour and worker participation in management, in reforming irrational and outdated rules and regulations and in bringing about close co-operation between cadres, workers and technicians — all need to be summed up and improved.

(2) Study and learn from foreign methods of management. Comrade Mao Zedong said: "We must firmly reject and criticize all the decadent bourgeois systems, ideologies and ways of life of foreign countries. But this should in no way prevent us from learning the advanced sciences and technologies of capitalist countries and whatever is scientific in the management of their enterprises. In the industrially developed countries they run their enterprises with fewer people and greater efficiency and they know how to do business. All this should be learned well in accordance with our own principles in order to improve our work." (*On the Ten Major Relationships*.)

Renmin Ribao in an article pointed out that before crabs were regarded as delicious food, the first man ever to eat a crab's meat must be a very brave person. It is necessary for people learning to master the technique of management of enterprises to have such courage. They should be bold enough to think, explore, make innovations and, through summing up their own experiences

and learning from foreign ones, work out a set of scientific systems and methods of management suited to China's specific conditions.

Rural Fairs

Rural fairs, which number more than 30,000 in various parts of the country, are flourishing as never before. The quantity and variety of farm produce on sale have increased noticeably. A survey of 206 such fairs shows that their total sales in the last quarter of 1978 went up 30 per cent as compared with the corresponding period of 1977. There were big price cuts too, with grain, edible oil, pork, eggs, vegetables and five other major farm products cheaper by 7.3 per cent. The gap between the prices at the fairs and in state-owned shops is thus being gradually narrowed.

Commodities in China are handled mainly by the state-owned stores and supply-and-marketing co-operatives, and prices are fixed by the commercial departments. Their retail sales account for more than 95 per cent of the nation's total. In urban areas, state stores handle practically all the consumer goods the city dwellers need.

In the villages, the commune members devote most of their time to collective productive labour. In their spare time they till the small plots set aside for their own use or go in for sideline occupations, and the products so obtained are at their own disposal. If there is any surplus they can sell it at the rural fairs. Thus, through supplying surplus produce in exchange for what the peasants

want, the fairs play a useful complementary role to state-operated stores and supply-and-marketing co-operatives.

The setting up of rural fairs is one of China's consistent policies. But in the days when Lin Biao and the "gang of four" were riding high and when their ultra-Left ideas were in vogue, most of the rural fairs which were slandered as "tails of capitalism" were abolished. The result was that rural economy suffered and the peasants' enthusiasm for production was dampened. Black markets and speculations spread while the peasants' livelihood went from bad to worse.

After the "gang of four" was toppled, rural fairs were revived again. Their positive role has been reappraised and reaffirmed at a national conference of directors of industrial and commercial administrations just held in Beijing. The conference which reviewed the developments of the last two years agreed that rural fairs help stimulate the rural economy, improve the peasants' life and promote farm production and side-line occupations in the countryside. It's true that rural fairs are not without their negative aspects if not properly handled. They are liable to become hotbeds for capitalist tendencies and may even upset the planned socialist market. For this reason steps should be taken to ensure that lawful trade is protected and speculations and other illegal activities are curbed.



On the Development of Modern Industry

Han Guang, Vice-Minister in Charge of the State Capital Construction Commission, recently discussed with our correspondent some questions concerning the development of modern industry in China. The following is a record of the discussion.



Comrade Han Guang.

Question: Vice-Minister Han, as the communique of the Third Plenary Session of the 11th Central Committee of the Communist Party of China stated last year, the Party is to shift the focus of its work to socialist modernization as of 1979. Does this mean that the tempo of our industrial development will move forward into higher gear?

Answer: Yes, the aim of our Party in leading the whole nation in making revolution and taking over political power is, in the final analysis, to develop the economy. But for a long time Lin Biao and the "gang of four" were opposed to developing production and that seriously disrupted the economy. The Party Central Committee has now decided that, from now on, barring large-scale invasion by enemies from without, the work of the whole Party will be centred on production. This aims, of course, at stepping up the tempo of national construction.

Let us take a look at the actual situation in recent years. In 1977, investments made in capital construction and the new, added productive capacity of main products were both larger than those of 1976. Last year, nationwide investments in capital construction were 121.5 per cent as great as those in 1977 and larger than any other year. The new, added produc-

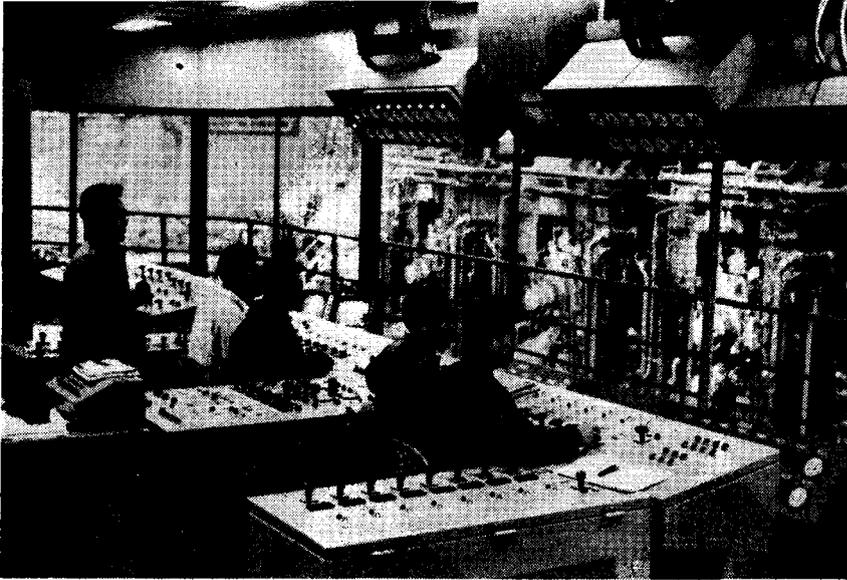
tive capacity for many major industrial products, too, was much greater than that of 1977. For instance, the generating capacity (excluding small rural hydro-electric power stations) last year climbed by 36.2 per cent; the crude oil production capacity rose by 28 per cent; natural gas, 15.9 per cent; harbour cargo-handling capacity went up by 51.3 per cent; and track-laying railway length by 31.4 per cent.

The scale and tempo of capital construction are determined by the amount of accumulation provided by industrial and agricultural production. In the two years, 1977 and 1978, we succeeded in rehabilitating and developing the national economy which was on the brink of collapse as a result of sabotage by the "gang of four." Compared with 1976, total industrial output value in 1977 rose by 14.3 per cent; in 1978, it was about 12 per cent better than that of 1977. Agricultural output, too, has grown in the last two years. Higher accumulation undoubtedly leads to the national economy making a correspondingly larger share available for capital construction.

Although industrial production in the last two years has been fairly rapid, it was still in the process of recovery. During that period, the whole Party worked chiefly to expose and criticize the "gang of four." But today, with the emergence of a political situation characterized by stability and unity throughout the country, and as the main thrust of the Party's effort is at promoting production, it is entirely possible to speed up the pace of construction.

Q.: What is the position today in regard to the 120 major projects scheduled to be built by 1985?

A.: Some of them were started before 1976, and construction of these is continuing. For example, the Gezhouba Hydropower Station in Hubei Province is the biggest of its kind under



A control room in the Wuhan Iron and Steel Company.

construction in our country. Last year, the volume of concrete poured and earth and stone work removed were larger than in any previous year.

New starts among the 120 projects between March last year and March this year included the Dongjiang Hydropower Station in Hunan Province, the Wanan Hydropower Station in Jiangxi Province, the Datong No. 2 Power Plant in Shanxi Province and the Shiliquan Power Plant in Yanzhou, Shandong Province — four of the 30 planned power projects; the Huolinhe Colliery in Jilin Province, one of the eight coal bases; and the Baoshan Iron and Steel Complex in Shanghai, one of the ten scheduled major iron and steel complexes.

These 120 projects will be phased in. Under the Ten-Year Plan for the Development of the National Economy (1976-85), a number of them will be completed and commissioned before 1985. The rest will be started sometime before 1985 and completed after that year.

These 120 projects are merely the props of the basic industries preliminarily envisaged in the ten-year plan. They are not the whole content of the plan. Construction of many other engineering projects are planned to supplement them. For instance, we must build as many as 20 to 30 projects as ancillary facilities for the Baoshan Iron and Steel Complex. These include jetties, railways, coal mines, power plants, telecommunications and public utilities. In addition, we must put up facilities to cater to people's material and cultural needs, develop textile and other light industries and cultural, science and educational undertakings. A na-

tional conference last year decided that there should be more appropriations for speeding up the construction of urban housing projects.

Q.: Could you tell us something about the principle in construction, the order of priorities, for instance?

A.: Well, we expect to build our country into a modern, powerful one by the turn of this century. This was what the late Chairman Mao and Premier Zhou had set for us to do. Since the downfall of the "gang of four," the Party Central Committee headed by Chairman Hua has worked out principles, policies and specific measures for construction in the light of the new situation and new tasks.

The balance in our national economy has been upset by the sabotage carried out by Lin Biao and the gang over a number of years. So construction at the moment is a matter of development and readjustment. We shall first boost the development of the weaker sectors of the national economy and develop industries that grow easily and quickly and give good economic returns.

Agriculture is the foundation of our national economy and, at present, it is extremely weak. So we must first arouse the socialist initiative of the several hundred million peasants and push agricultural production forward as fast as possible. In industrial development, special attention should be paid to supporting agriculture.

At present, the weak links in the industrial sector are the coal-mining, electricity, oil, transport and building materials industries. Their development must be stepped up. Much has already been done to this end. For instance, last year's investments in the power industry increased 47.3 per cent over those of 1977. Investment for 1978 in the building materials industry was 63.3 per cent higher than in 1977. This year larger investments will be continued.

The textile and other light industries will be powerfully expanded because they need less investment, take less time to build and give quick returns. Besides putting more goods on the market and improving the standard of liv-

ing, these industries speed up the turnover of funds for capital construction.

The tourist industry will also be rapidly boosted. In addition to repairing villas and guest houses in a number of well-known scenic spots, more hotels for tourists will be built. They are being built now in Nanjing (Nanking), Zhengzhou, Xian (Sian), Nanning and Kunming.

As to the overall arrangements for the construction, our principle is to undertake development energetically but within our means. Start steadily on a reliable basis, not to start everything all at once. Attention is also being paid to transforming existing enterprises and making full use of them. We are not out to have everything new.

Q.: Thank you for explaining our capital construction in general, its guidelines and policies. But, considering our comparatively weak base and the large number of modern enterprises we are going to build, will there be any technological problems?

A.: Our present scientific and technological level is incompatible with the needs of modernization. It is a big problem. We have taken that into account and are taking appropriate measures to step up the training of specialists.

We have decided to set up 153 more institutes of higher learning. This will bring the number of our colleges and universities to nearly 1.4 times as many as that before the Cultural Revolution. In addition, we have restored postgraduate studies as of last year and more than 10,000 postgraduates have been enrolled by our colleges, universities and research institutes.

We have been inviting experts from abroad to give lectures. More than 100 experts from over a dozen countries were invited last year by the Ministry of Education to lecture. We are also sending people — 480 last year — abroad for further studies.

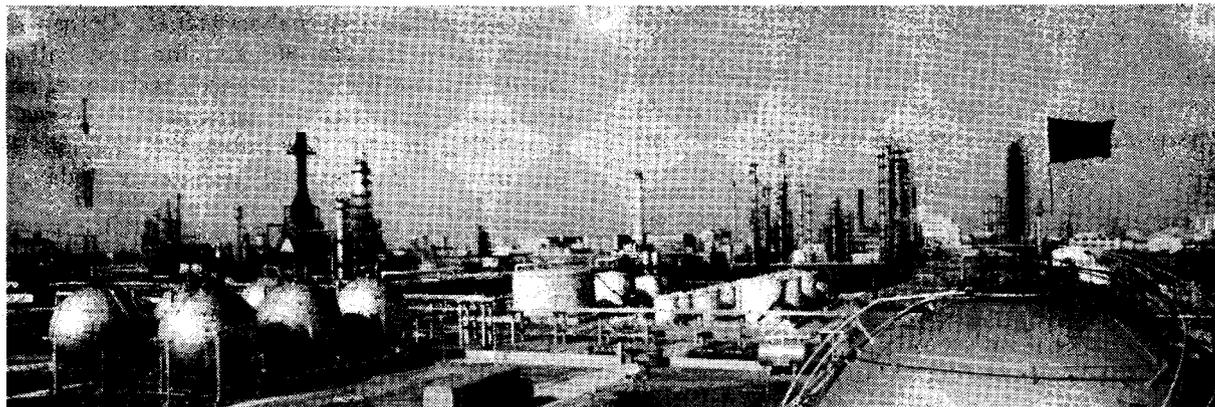
To build a modern, powerful socialist country, we have to raise the scientific and cultural level of the nation as a whole. We have set up TV, radio colleges and correspondence schools in many places. Many factories, too, have established spare-time schools. In some factories, the newly built Xindian Power Plant in Zibo, Shandong Province, for one, 75 per cent of their workers and staff members have been enrolled.

In a way, modernization itself is a big school. People can learn as they work and work as they learn. This on-the-job training will ensure constant upgrading of their technical levels.

I believe our industrious and intelligent people will be able to master the latest science and technology.

Q.: How is management to keep pace with modernization?

A.: In the more than two decades since the founding of the People's Republic, we have accumulated some good experience in running the economy, such as cadres taking part in physical labour and workers in management. But as our country is economically and culturally backward, there is still a considerable gap between our level of management and that of the developed countries. It is due to poor management and low efficiency in construction work that the productive capacity of our industrial



Shanghai Petrochemical Complex.



Exchanging technical experience.

and agricultural enterprises has not yet been fully tapped.

Management needs to be modernized. The Party and government are working on a series of policies and organizational measures to reform our economic management. We must change the method of managing the economy by purely administrative means and the over-concentration of power in management, bring the role of economic means and economic organizations into play and observe the economic laws. A major problem is to raise our cadres' managerial ability. To this end cadres in various economic departments are being rotated for training.

We have already founded a national association for business management and put out a journal *Jingji Guanli* (Economic Management). Some of our newspapers have special columns on management. All this will help our cadres raise their managerial level. In addition, we are sending managerial personnel abroad to study and acquire advanced experience.

Q.: But modernization needs a lot of funds. Where is the money to come from? Do we have enough foreign exchange to pay for imported equipment?

A.: We rely mainly on domestic accumulation. After the "gang of four" was toppled, with the recovery and development of industry and agriculture, state revenue has been spiralling

up. Taking 1976 as 100, it was 116.4 in 1977 and 145.4 in 1978. This trend of development means that the state is in a position to spend an ever increasing amount of money on capital construction.

However, we also seek external assistance. This will help solve the problem of temporary shortage of funds and will speed up the development of our economy. Our government decided last year to make use of foreign funds in an appropriate way and not tie ourselves down to any particular formula. Any internationally accepted practice will be adopted. Many foreign governments and businessmen are willing to lend us money. Many overseas Chinese as well as our compatriots in Xiang-gang (Hongkong) and Aomen (Macao) are eager to do what they can for China's modernization. Funds from all these channels can be used directly to import advanced technology and equipment.

To improve our ability to repay, we must expand our exports. As you know, we have accepted compensatory trade in foreign trade. We undertake to process and assemble for foreign firms that supply the raw materials and parts. There are also other new forms in foreign trade we have adopted. Many contracts have been signed in this field.

Q.: We are importing equipment and borrowing money from abroad. Does this mean that our policy of self-reliance has changed?

A.: We will never give up our policy of self-reliance. By this, I mean, the policy of "relying mainly on our own efforts while making external assistance subsidiary." We are never against our country having close international contacts. On the contrary, we strongly advocate economic and technological intercourse with other countries. We have always stressed the need to rely on our own efforts while making efforts to obtain external assistance. On several occasions, in the 50s, 60s and the first half of the 70s, we did import advanced techniques and equipment, not of course on a very large scale, amounting only to a few billion U.S. dollars. So, the import of advanced technology today is really nothing new.

The size of such imports now, of course, is very much greater. This is to meet the needs of our modernization and an inevitable outcome of the development of our relations with foreign countries and the extension of our international economic and technological intercourse in recent years.

In the past, the "gang of four" charged that importing foreign equipment and technology amounted to treason and, as they interpreted it, self-reliance was closing the door and having nothing to do with the rest of the world. Confusion in the minds of the public was caused by that gang. Our policy of self-reliance has not changed.

This was our policy in the past and it will be so in the future. In the last analysis, it is we, the Chinese people, who are going to turn China into a modern and powerful socialist country. We certainly must not rely on others, but this does not preclude our energetically seeking external assistance.

Q.: What are the prospects for modernizing our industry?

A.: There are naturally many difficulties in the course of modernization, but there are many favourable conditions as well. Ours is a big country, with rich resources, abundant manpower and a vast market. We already have a fairly large industrial foundation. If Japan, West Germany and some other countries have been able to develop their national economies at high speed after World War II, there is no reason why socialist China, with a superior social system, with a correct line as it has now, with policies, principles and organizational measures geared to the line, cannot do the same. Under the leadership of the Party Central Committee headed by Comrade Hua Guofeng, we Chinese people are confident of fulfilling our ten-year and 23-year plans.

Key Projects Under Construction

China is now undertaking many huge projects to bring about its modernization. Following are some of the projects.—Ed.

Large Opencast Coal Mine

WORK on the Huolinhe Coal Mine, the largest opencut mine in China, is now well under way on the Keerqin Grassland in western Jilin Province, northeast China. Its annual designed capacity is 20 million tons.

The Orenstein and Koppel Company and the Krupp Company of the Federal Republic of Germany designed this new coal base which will be completely outfitted with imported modern equipment including scraper buckets and belt conveyors and will employ new production technology. A number of technicians have been sent to study abroad and others are being trained at home to master up-to-date extraction techniques and to run this big modern enterprise.

Preliminary surveys verify that some 540 square kilometres in this area 900 metres above sea level contain rich, thick seams of lignite (low-rank, brownish coal of comparatively recent origin). The overlying strata are thin and easily removed. And as the coal overburden ratio is high it makes for ideal strip mining. The northeast is China's major industrial and

farming area and the construction of this coal mine will substantially improve the supply of coal and electricity and will accelerate local economic construction. Preparations are under way for building three large coal-fired thermal-power plants in the vicinity.

The influx of 10,000 workers has turned this desolate area into a hive of activity. Work on a quarry, a concrete parts factory, a power plant and other projects is going ahead. The greater part of the road-bed of a 380-kilometre railway from Jilin's Tongliao city to the mine has been completed. New highways and a telecommunications network have been established.

Hydraulic shovels and other types of small scrapers, drilling machines and various kinds of engineering vehicles from other countries are arriving and work on the actual mine will soon begin. The Huolinhe Coal Mine is scheduled to start bringing out coal by 1980 and reach its designed production capacity in 1985.

North China Oil Bases

THESE include the Dagang Oilfield on the eastern seaboard, the Renqiu Oilfield on the central Hebei plain, and the oil prospecting zone on the southern outskirts of Beijing.

SPECIAL FEATURE

Exploration and exploitation of oilfields in this part of the country began at Dagang early in the spring of 1964 when nearly 10,000 oil workers arrived from the famous Daqing Oilfield in the northeast. The geological formations in this area are complex and the oilfields are of the faulted block type. After extensive surveying, which included drilling 8,000 metres of core samples and making tens of thousands of comparisons and analyses of geological data, technicians and workers came to have a clear picture of the geological conditions. Two years later, drilling and oilfield construction began in earnest in Dagang. Dozens of factories serving the oilfield were put up.

Prospecting work on the central Hebei plain began in mid-winter, 1975, and the first high-yield oil well was drilled in Renqiu the same year. The following year, a number of high-yield wells producing several thousand tons of oil a day were sunk, two large-calibre oil pipelines totalling more than 200 kilometres in length were laid and two large oil collecting and pumping stations and other ancillary projects were completed.

Since their commissioning, the oilfields in north China have overfulfilled state plans every year. In 1978, drilled footage reached 1.3 million metres, total crude oil output was 20.23 million tons and natural gas piped to other places came to 700.22 million cubic metres. Total output value was 32 per cent higher than in 1977.

This year, output of crude oil and natural gas has continued to rise by a big margin.

Geological surveys have been stepped up in the vicinity of Renqiu and on the southern outskirts of Beijing with a view to expanding verified deposits and finding new deposits.

Modern Iron and Steel Complex

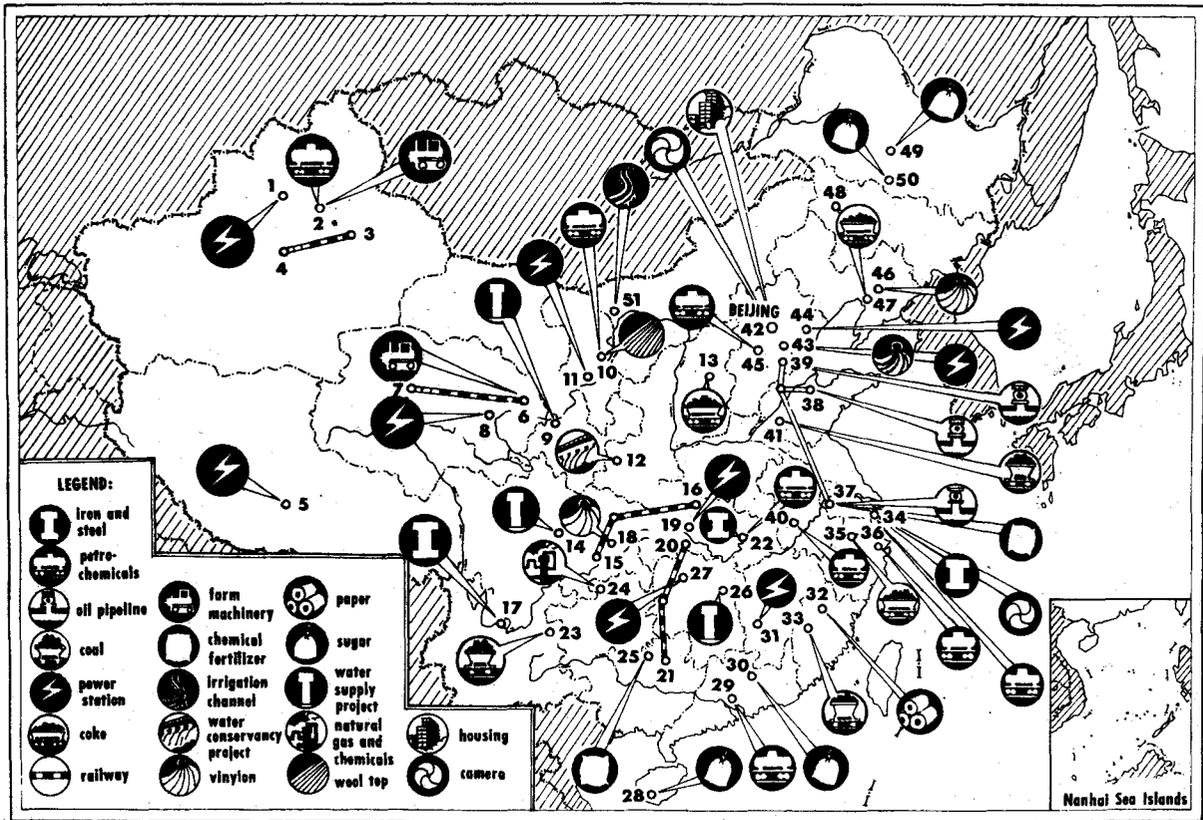
THE Baoshan Iron and Steel Complex in the northern suburb of Shanghai includes coking, iron-smelting, steel-making, preliminary rolling, chemical and other plants with a total floor space of nearly 1 million square metres. Construction of this gigantic project was started towards the end of 1978 and, when completed, it will produce 6 million tons of steel a year. Complete sets of equipment for this complex will be provided mainly by the Shin Nippon Iron and Steel Company (Shinnittetsu).

Nearly a year was spent on preparatory work, during which 82 ancillary projects such as highways, water and power supplies, a telecommunications network and wharves were completed. Two new settlements were built to house the 1,800 peasant families living on the site of the projected complex. In the complex's residential area, 44 buildings have been put up for the workers and staff members.

Early last year, the Ministry of Metallurgical Industry assembled more than 1,000 geological prospectors and large numbers of workers arrived with machines and equipment to start work on the project. Thanks to the concerted efforts of the cadres, workers and



Oil from a new well in the Renqiu Oilfield.



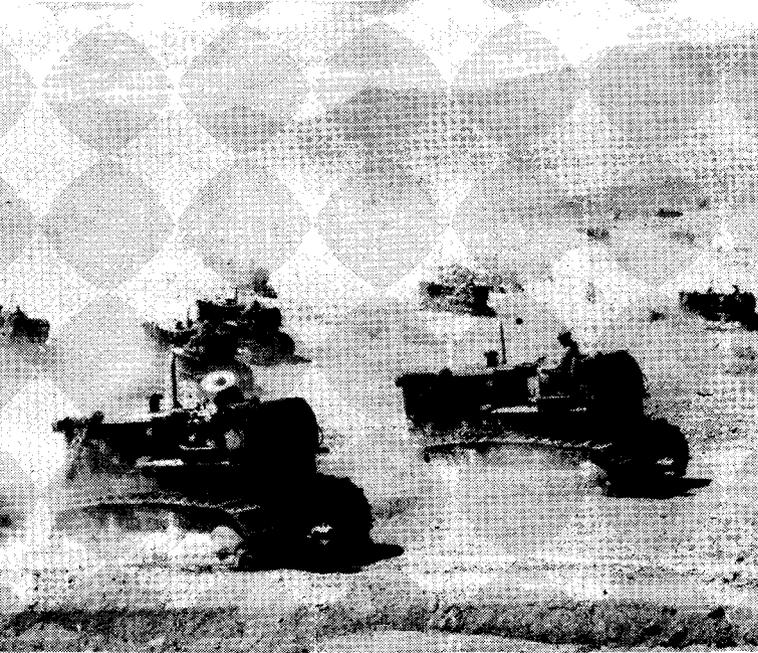
MAJOR CAPITAL CONSTRUCTION PROJECTS OF 1978

More than 1,000 major projects were started in 1978. A third has been completed or partially completed. The map shows a few of them.

1. Manas River Hydropower Station
2. Xinjiang Petrochemical Works
3. Turpan (Southern Xinjiang Railway)
4. Korla (Southern Xinjiang Railway)
5. Yangbajain Geothermal-Power Station
6. Xining (Qinghai-Xizang Railway)
7. Golmud (Qinghai-Xizang Railway)
8. Longyangxia Hydropower Station
9. Lanzhou water supply project
10. Wool top mill and oil refinery in Yinchuan
11. Qingtongxia water control project
12. Fengjiashan Reservoir
13. Coking plant of the Taiyuan Iron and Steel Company
14. Chengdu water supply project
15. Chongqing (Xiangfan-Chongqing Railway)
16. Xiangfan (Xiangfan-Chongqing Railway)
17. Panzhihua Iron and Steel Company
18. Sichuan Vinylon Mill
19. Gezhouba Hydropower Station
20. Zhicheng (Zhicheng-Liuzhou Railway)
21. Liuzhou (Zhicheng-Liuzhou Railway)
22. Wuhan Iron and Steel Company's 1.7-metre rolling mill and Wuhan Petrochemical Works
23. Housuo Coal-Dressing Plant
24. Chishui Natural Gas and Chemical Plant
25. Hechi Nitrogenous Fertilizer Plant
26. Changsha water supply project
27. Fengtan Hydropower Station

28. Yanglan Sugar Refinery
29. Guangzhou Petrochemical Works
30. Wengyuan Sugar Refinery
31. Wanan Hydropower Station
32. Nanping Paper Mill
33. Yongan Coal Mine
34. Baoshan Iron and Steel Complex, Shanghai Petrochemical Complex and Shanghai Camera Factory
35. Sintering plant of the Hangzhou Iron and Steel Works
36. Zhejiang Oil Refinery
37. Qixiashan Chemical Fertilizer Plant and Lunling oil pipeline, Nanjing
38. Dongying (oil pipeline)
39. Cangzhou (oil pipeline)
40. Anqing Petrochemical Works
41. Yanzhou coal base
42. Housing construction and camera factory, Beijing.
43. Beidagang Power Plant and Tianjin Petrochemical and Chemical Fibre Complex
44. Douhe Power Plant, Tangshan
45. Renqiu Oilfield
46. Liaoyang Petrochemical and Chemical Fibre Complex
47. Coking plant of the Anshan Iron and Steel Company
48. Huolinhe Coal Mine
49. Anda Sugar Refinery
50. Zhaoyuan Sugar Refinery
51. Ancillary project of the Huanghe River irrigation area.

by Yang Zhaosan



Building a railway across southern Xinjiang.

technicians, a great deal of prospecting, designing, construction and scientific research work was completed in a short time.

The salient features of the Baoshan Iron and Steel Complex are: new production techniques, high efficiency, scientific management, low consumption of energy resources and effective measures to protect the environment. As the operation of major workshops and utilities will be computer-controlled, labour productivity will be several times higher than that of other Chinese iron and steel plants. Coal consumption per ton of steel will be one-third lower than in other plants.

Modern Chemical Fibre Factory

ON the outskirts of Tianjin on the shores of the Bohai Bay, a large chemical fibre factory — the Tianjin Petrochemical and Chemical Fibre Complex — is now under construction.

It will produce 81,000 tons of polyester fibres every year and process 50,000 tons into terylene staples. The five units for making polyester fibres are imported from Japan and West Germany, but the spinning equipment is designed and manufactured in China. The factory's total floor space is 480,000 square metres.

Preparations for the project began in early 1976, but the earthquake in the Tangshan area in the summer of that year slowed down the work. In the last two years, the tempo of con-

struction has risen as the builders were determined to make up for the lost time and to help provide more and better clothing for the people. About half the buildings has gone up, with a floor space of 200,000 square metres, and more than half of the nearly 2,000 pieces of imported equipment has been installed.

This is one of the four large chemical fibre factories using advanced equipment from abroad. Some major chemical units will be given trial runs this year. The whole factory is scheduled for commissioning in 1980.

Railway Across Southern Xinjiang

THIS second railway line in the Xinjiang Uygur Autonomous Region now under construction follows the opening to traffic of the Lanzhou-Urumqi Railway. It joins Turpan in the north to Korla in the south, a distance of 476 kilometres. To date, 309 kilometres of track have been laid. The 114-kilometre section from Turpan to Yuerkou at the foot of the Tianshan Mountains has already been opened to traffic and the entire line will be completed by the end of this year.

This project is undertaken by the P.L.A. Railway Corps working under very difficult conditions. They have to put up with wide climatic variations. The line passes through the Turpan Basin known as an "oasis of fire." The temperature there hits 48° C. in summer. They have to work in the mountains where the annual mean temperature is 0° C. and contend with winds of moderate to fresh gale force. They have put up 400 bridges and put through 29 tunnels along one section of the line where the railway winds its way through the Tianshan Valley.

Communications have always been very difficult in Xinjiang. The region is divided into the south and the north by the towering Tianshan Mountains. The only means of transport are horses, camels and donkeys. Completion of this new railway will enormously help improve communications between areas north and south of the Tianshan Mountains, promote the development of industry, agriculture and animal husbandry in the region and strengthen national defence capabilities.

On-Site Report

Building a Dam on the Changjiang River

by Our Correspondent Xiang Rong

NOT long ago, I went to the construction site of the Gezhouba hydropower project — the biggest of its kind ever undertaken in China — on the middle reaches of the Changjiang (Yangtze) River.

The mighty river here had been diverted by a coffer dam to turn this section of the river bed into a dry and busy work-site. At the base blasting was in progress. Excavating machines were pushing, piling and loading earth and stone on to a stream of trucks. On the rising dam, on the site of the power house and over the shipping lock, cranes were unloading concrete. Small locomotives were hauling in building materials over the mesh of tracks. . . .

The people really work there, day and night. The whole site at night is ablaze with light.

The Project

The Gezhouba project is at Yichang, Hubei Province, where the Changjiang River widens from 300 to 2,200 metres, only to make the swift and strong water flow slow. Two small islands stand athwart the river, dividing it into three channels. This is where the dam is going up.

The dam will be 2,561 metres long. The central sluice will be able to discharge 110,000 cubic metres of flood water per second. There will be three locks to allow passage for ships up to 10,000 tons. A dozen discharge tunnels by both ends of the dam will take away the silt.

There will be two hydropower stations equipped with 21 sets of generators with a total generating capacity of 2.7 million kw. They are scheduled to produce an average 13,800

million kwh. of electricity every year. The ensuing higher water level will improve navigation through the Three Gorges* higher up.

The Gezhouba project is big, but it is only part of a bigger hydroelectric project (the Three Gorges project) to be built in the Xiling Gorge, one of the Three Gorges of the river, some 40 kilometres to the west. In terms of generating capacity, the Three Gorges project will be ten times as big as the Gezhouba. One of the purposes in building the latter is to accumulate technical experience and train builders for the former.

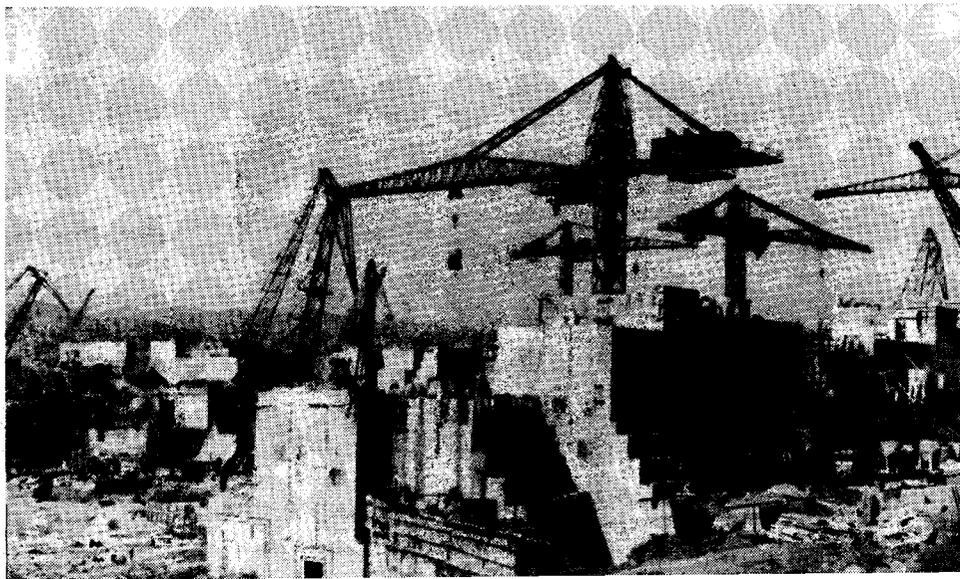
Construction

I talked to some of the builders.

The 54-year-old engineer Yue Rongshou spoke with enthusiasm and unconcealed excitement. "Electricity is the primary mover in modern industry. China has rich water re-

* On meeting the Wushan Mountain Range in its eastward course, the Changjiang River goes through the mountain along a very narrow valley 198 kilometres long stretching from Baidicheng in Sichuan Province to Nanjinguan in Hubei Province. This stretch of water is called the Three Gorges.

Gezhouba project under construction.



sources for power generation, but up to now only 3 per cent of them has been exploited and utilized. Exploiting the Changjiang River has tremendous significance," he said.

A hydraulic engineering graduate of Si-chuan University before liberation, Yue had nowhere to apply what he had learnt, for few rivers in China were being harnessed under Kuomintang rule. But in the three decades after liberation, he has been kept busy working on eight water conservancy projects. His tense life and long, irregular hours brought on ulcers. Four-fifths of his stomach has been removed, but he is undaunted. "We must work like anything to modernize the country. When the Gezhouba is completed, I'll go on to tackle the Three Gorges project," he said confidently.

I visited a women's squad working at the base of the dam. They use pneumatic drills to bore holes for blasting. Deputy squad leader Ding Zhen told me that all 32 women in the squad are under thirty. Most of them were city girls who found this outdoor work very strenuous. They had to contend with the sun in summer and the intense cold wind in winter. They had to wrestle with heavy machinery all day. It was particularly tough when they hit a conglomerate of pebbles and hard clay, and this was quite common. Yet they were proud and happy with their job. They were the first women pneumatic drillers on the Changjiang River projects. They worked willingly and were not afraid of difficulties. They fulfilled last year's norm in eight months.

I met two young drivers — Zhou Zhirong and Xu Guoyu. They were friendly rivals in the labour emulation drive. Their job was to

The driver Xu Guoyu.



move the broken stone from the pits. Their target was 30,000 cubic metres per truck per year, but last year the two trucks moved more than twice that volume.

Xu told me that Zhou had to revise his quota four times last year. In the end his truck carried away 80,000 cubic metres. In the process, "Tubby Zhou" brought his weight down to 60 kg., which might not be a bad thing.

"You know, Xu is 27. But he put off his marriage three times because of the emulation drive," Zhou confided. I wanted to ask why, but Xu quickly turned to talk about other things.

Xu worked as a driver in Honghu where he was born. It is rich country there. But when he heard about building this dam, he felt he must go. It was raining hard the night he left home. The boat was sailing against the wind and he felt that the going was too slow. He jumped out of the boat on to land and ran. His cotton-padded clothes were soaked in the rain, but he did not feel the cold. He slipped in the mud and broke a front tooth against his case, but he did not regret it. He wrote this in his diary: "I'll give my youth to building the dam and we'll make a lake rise in the narrow gorges."

Workers, cadres and technicians, all those working on the Gezhouba site are bent on bringing about China's modernization and exploiting the resources of the Changjiang River.

* * *

Chairman Mao wrote *Swimming*, a poem to the tune of *Shui Diao Ge Tou*, in June 1956, drawing a magnificent blueprint for transforming the Changjiang River. It reads in part:

A bridge will fly to span the north and south,

Turning a deep chasm into a thoroughfare;

Walls of stone will stand upstream to the west

To hold back Wushan's clouds and rain

Till a smooth lake rises in the narrow gorges.

That year the Changjiang River Bridge in Wuhan was built. "Turning a deep chasm into a thoroughfare" has been materialized. Work on the Gezhouba project, part of the Three Gorges project, is being stepped up. When the dam stands solidly astride the river, holding back the waters off Wushan, there will be a smooth lake rising in the narrow gorges.

The Crux of the Sino-Vietnamese Dispute

Renmin Ribao editorial

CHINESE frontier troops in Guangxi and Yunnan completed their withdrawal to Chinese territory on March 16 after accomplishing their self-defensive counterattack mission. The people of the whole country join all nationalities in the border areas of Guangxi and Yunnan in warmly welcoming the triumphant return of the heroic sons and daughters of the motherland and extending their high respects and cordial greetings.

The Chinese frontier troops were forced to launch a self-defensive counterattack because of the Vietnamese armed forces' incessant encroachments on Chinese border areas. It was a just action to safeguard China's sovereignty and territorial integrity. At the outset of the self-defensive counterattack, China openly declared that the action would be limited. In the course of the fighting, the Chinese frontier



Standing guard at a building of the Lang Son provincial government.

A Chinese frontier soldier writing a slogan in Vietnamese on the side of a building in Lang Son: "We will not attack unless attacked. . . ."





Chinese Yunnan frontier troops passing through a triumphal arch.

Crowds in Guangxi warmly welcome returning Chinese frontier troops.

troops captured important Vietnamese cities and towns such as Lang Son, Cao Bang and Lao Cai, thereby deflating the Vietnamese aggressors' wild arrogance and exploding the myth of their invincibility. And now the Chinese frontier troops have all returned to Chinese territory. This fact once again demonstrates to the whole world that China means what it says. We do not want a single inch of Vietnamese land, nor do we want to station a single Chinese soldier there. All we want is a boundary of peace and tranquillity.

The boundary between China and Viet Nam was demarcated long ago and it has since been marked by peace and tranquillity. There are no serious disputes, and those which did arise were not difficult to resolve. The drastic deterioration of Sino-Vietnamese relations and the subsequent outbreak of a serious border conflict were entirely the result of the policies of national expansionism and of hostility towards China and Chinese residents implemented by the Vietnamese authorities with the backing of Soviet social-imperialism. Herein lies the crux of the matter.

We have always stated that the dispute between China and Viet Nam should be resolved peacefully through negotiations. Following repeated Chinese proposals to hold peaceful

negotiations, the Vietnamese authorities recently expressed their willingness to negotiate. This is welcomed. However, people have noticed that just when the Chinese side announced its troop withdrawal, the Vietnamese authorities acted conversely and proclaimed a nationwide general mobilization to reinforce their war machine and stir up an atmosphere of war. They have made incessant harassments against the withdrawing Chinese troops, shelled China's border areas, fabricated vicious rumours of all descriptions to slander China, fanned up anti-China sentiments and clamoured for continuing the fight against China. The perverse actions of the Vietnamese authorities, which run counter to the Vietnamese people's basic interests and aspirations, cannot but raise serious doubts about the Vietnamese authorities' sincerity in settling the dispute through negotiations.

The Chinese people love peace. Living up to its promise, China has withdrawn its frontier forces, an action that has been well-received and praised throughout the world. This has forcefully exposed the slanders of the Soviet and Vietnamese authorities—the big and the small hegemonists—about the so-called Chinese “aggression.” The whole world is aware that it is none other than Viet Nam which, aided and abetted by the Soviet Union,

dispatched more than one hundred thousand troops to occupy Kampuchea. These troops are still hanging on there. By its blatant aggression against Kampuchea, Viet Nam has flagrantly trampled on the United Nations Charter and the fundamental principles governing international relations. All countries and peoples in the world which uphold justice demand that the Vietnamese aggressor forces be entirely withdrawn from Kampuchea so as to ensure the independence, sovereignty and territorial integrity of the Indochinese nations and to preserve the peace, security and stability of Southeast Asia.

Disputes between China and Viet Nam should be settled through negotiations and the relations between the two countries should re-

turn to normal. This is where the fundamental interests of their peoples lie and it is also what the peace-loving people in Southeast Asia, and in the world as a whole, are longing to see. China has worked hard to achieve this end and will continue to do its best. The question now is what attitude the Vietnamese authorities will adopt. It is our hope that they will change their course, abandon their anti-China position and discontinue their policy of aggression and expansion. If they stick to their stand and policy and continue to carry out armed incursions into China's border areas, Chinese frontier troops will resolutely counterattack. People will have to wait and see which way Hanoi will go.

(March 17)

What Led Up to Sino-Vietnamese Border Conflict?

THE rumble and smoke of gunfire is at last subsiding in the Sino-Vietnamese border areas. Still, one cannot but delve deeply into the facts to see what led up to this conflict.

Many people have been puzzled for quite some time: Why did the Sino-Vietnamese border areas, which had once served as the rear for Viet Nam's war of resistance against U.S. aggression, become the scene of armed conflict between the two countries? Why did tension begin to mount steadily in these border areas soon after Viet Nam's victory in the war and reunification of the north and the south in 1975? Why did the number of Viet Nam's armed forays and incursions into Chinese border areas rise so sharply — from some 400 cases in 1975 to more than 1,100 in 1978, with hundreds of Chinese inhabitants and frontier guards there killed or wounded?

And why were the Chinese residents in Viet Nam and Vietnamese citizens of Chinese origin, who had thrown in their lot with the native population during many trying years of war, victimized by Hanoi in its drive to "purify the border areas" and brutally assaulted and expelled en masse?

Is the Chinese side to blame for all this? Throughout the historical records of recent decades, one cannot find an instance in which the Chinese people had wronged the Vietnamese. On the contrary, China had provided Viet Nam with enormous assistance which cannot be assessed purely in terms of money and material. It did so without attaching any political strings and without asking for, or even expecting, gratitude or repayment in any form. As a matter of fact, had Hanoi not been so treacherous, China would not have informed the world about how much assistance it had rendered Viet Nam.

Even in their wildest dreams the Chinese people could never have imagined that the Vietnamese side would treat them with such unspeakable perfidy someday. It was simply inconceivable to the Chinese — until they found out during the Chinese frontier forces' counter-attack — that the Vietnamese authorities had decided, soon after the war against the United States ended, to surreptitiously prepare for a war with China by fortifying towns like Lao Cai and Dong Dang as well as the entire Vietnamese side of the border and using Chinese aid —

supplies of arms, rice, cement and other materials.

Obviously, the cause for the conflict can be found not on the Chinese side, but in the strategy and state policy of Viet Nam and the global strategy of Moscow. The facts in the last few years show that Hanoi's armed provocations along the Sino-Vietnamese border were a logical development of its quest for regional hegemony and constituted a link in the Kremlin's strategic dispositions for world hegemony.

Viet Nam's Needs

Soon after the Vietnamese war against the United States came to an end, the Hanoi leadership started to regard the establishment of Vietnamese hegemony in Southeast Asia as its state policy.

First of all, the swellheaded authorities in Hanoi described Viet Nam as the "third military power in the world," and carried out frantic expansion abroad. Their intensified armed provocations along the Sino-Vietnamese border are an aspect of its external expansion. As early as 1975, Viet Nam dispatched troops to occupy Kampuchea's Way Island, stationed armed forces in Laos and occupied six islands of China's Nansha Islands. Then, going counter to their own pronouncement that the Nansha and Xisha Islands were part of Chinese territory, they began to allege that these islands belong to Viet Nam. They also demanded that the boundary line across Beibu Gulf be drawn near China's Hainan Island in a vain attempt to take possession of two-thirds of the Beibu waters.

The territorial boundary between China and Viet Nam was originally delimited in accordance with a treaty signed between the government of the Qing Dynasty of China and the then French Government and demarcated from 1885 to 1897. Border markers were jointly erected by the two sides. Both the Chinese and Vietnamese Governments respected the boundary demarcation line and no disputes occurred for decades. In recent years, however, Viet Nam unilaterally changed the actual state of jurisdiction in the border areas and raised the question of so-called "disputed border sections," moved or destroyed border markers, created troubles in the border areas, and instigated large-scale incidents of bloodshed by opening fire on Chinese frontier guards and inhabitants. The Vietnamese side insatiably nibbled at Chinese territory by digging trenches, laying mines and setting up

barbed-wire entanglements and bamboo spikes. From the end of last August when the Vietnamese side created an incident of bloodshed at Youyiguan till last December when it launched a massive invasion of Kampuchea, the Vietnamese authorities sent a total of over 2,000 armed personnel to intrude into more than 100 places of China's Guangxi region and occupied many pieces of Chinese territory.

Although the Sino-Vietnamese border conflict reflected the Vietnamese national expansionists' territorial ambition towards China, it far exceeded the scope of territorial disputes. It happened against a broader and more profound background.

Secondly, the Vietnamese authorities have regarded China as the biggest obstacle to their pursuit of regional hegemonism. With the development of its hegemonic undertaking, Viet Nam's policy of opposition and hostility to China has been escalated. Its armed provocations along the Sino-Vietnamese border are an inevitable result of the drastic escalation of its anti-China campaign. China's opposition to Viet Nam's perfidious act of launching a massive invasion of Kampuchea made Hanoi very angry. The reaching out of Hanoi's expansionist hands to Southeast Asia aroused vigilance among the members of the Association of Southeast Asian Nations (ASEAN). However, Hanoi blamed China for all the logical resistance to its expansion and vented its anger on China, clamouring that China is the "number one enemy" of Viet Nam. It was precisely against this background that Hanoi speedily intensified its armed provocations in the border areas. Hanoi wishfully hoped that so long as China refrained from making any counterattack against its armed provocations in the Sino-Vietnamese border areas, it would be able not only to have an advantage over China in the north, but also to use this as a kind of show of force to intimidate the Southeast Asian nations so that it could ride roughshod over Southeast Asia and expand there.

Thirdly, Viet Nam's intensified armed provocations in the Sino-Vietnamese border areas also come out of its need to increase its oppression of the Vietnamese people and to demand greater sacrifices from them. There was no excuse for the Vietnamese authorities to launch a massive invasion of Kampuchea. The Vietnamese people would not agree with the authorities' request to tighten their belts and serve as cannon fodder for this dirty war of aggres-

sion. The war ravages, the big flood last year and the predatory policy pursued by Hanoi in the past few years have already resulted in grave economic difficulties and an intolerable life for the people. The Vietnamese authorities' attempt to turn this desperate economy into a war economy was naturally opposed by the Vietnamese people. Intensified armed provocations along the Sino-Vietnamese border were intended to create a pretext of "coping with China's aggression," under which the Vietnamese authorities suppressed their people's dissatisfaction with and resistance against their domestic and foreign policies.

Soviet Union's Needs

Despite its domestic and foreign policy needs, a border conflict provoked by Hanoi with China would have been inconceivable without Soviet support and instigation. Viet Nam needed a powerful patron in order to build an ambitious undertaking of hegemonism on its ragged economy and to escalate the armed conflict with China. In fact, it was only after Viet Nam formally joined the Council for Mutual Economic Assistance in 1978 and then signed a treaty with the Soviet Union of a military nature that Hanoi became more and more unscrupulous. And the Soviet Union took advantage of Hanoi's desire for expansion.

First of all, the Soviet Union wants to use Viet Nam as a pawn for its expansion into the Asian and Pacific region. It is precisely under the pretext of the Sino-Vietnamese border conflict that the Soviet Union has dispatched naval vessels to the ports of Da Nang and Cam Ranh and to the South China Sea, thus constituting a direct menace to the Southeast Asian countries, aggravating its threat to Japan's oil supply route and strengthening its stance of contention with the United States in the Asian-Pacific and Indian Ocean regions.

Secondly, the Soviet Union needs Viet Nam to spearhead its anti-China campaign. China's march towards socialist modernization has placed Moscow on pins and needles. China supports small and weak nations of the world in their struggles to safeguard independence and sovereignty and combat hegemonism. But if it remains poor and backward, it can only make limited contributions to the people of the world and play a limited role in checking the Kremlin's strategy for world hegemony. On its way to seeking world domination, therefore, the Soviet Union needs to upset China's advance to-

wards socialist modernization. To this end, it particularly needs a "Cuba of the East" to make trouble around China. This is the more profound background for the Hanoi authorities' intensification of the conflict along the Sino-Vietnamese border areas. At the end of 1977 Soviet "advisers" accompanied by a Vietnamese big shot inspected the Lao Cai area facing Hekou, a Chinese city in Yunnan Province. Since then, the Vietnamese have gone in for a full-scale "clearing up" action along their side of the border. In 1978 alone, 200,000 Chinese residents, Vietnamese of Chinese origin and Vietnamese border residents were expelled to China; most of them lived in the northernmost Vietnamese provinces near China. At the beginning, many people including some Chinese attributed this mainly to the Vietnamese authorities' policy against Chinese residents. But they soon found out that the "clearing up" of the border areas was no less than a military step to prepare for a war against China.

Therefore, Viet Nam's intensification of the armed conflict reflected the will of both Hanoi and Moscow.

If this will prevails unchecked, China's southern border areas will never be stable, her territory and sovereignty will be trampled on, and her socialist modernization programme will suffer from increasing interference; Viet Nam will become more unbridled in its drive for expansion and, like Cuba, it will act wildly without being punished; and in that case, the peoples of Laos and Kampuchea will directly suffer from the bitter fruit of aggression and the peace and security of the Southeast Asian countries will also face growing pressure and threat.

The situation, however, has not developed as Hanoi and Moscow hoped. No hegemonism, whether global or regional, can frighten people except those who are weak-willed. Since Viet Nam incessantly provoked armed conflicts along the Sino-Vietnamese border, naturally it could not expect the Chinese frontier forces never to respond. The fiercer the provocation, the stronger the reaction. Hanoi has tasted the counterattack by the Chinese frontier forces.

It is because of this broader and more profound background of the border conflict that all those who show concern for peace in Southeast Asia and the world are elated at the victory scored by the Chinese frontier forces in their counterattack.

*(Xinhua correspondent,
March 18)*

Soviet-Vietnamese Hegemonism Goes Against the People's Will

ON March 16, the U.N. Security Council deliberated and put to vote the ASEAN-sponsored draft resolution on the situation in Southeast Asia. This draft resolution calls upon all parties to the current conflicts in Southeast Asia to withdraw their forces to their own territory, cease immediately all hostilities and settle their disputes by peaceful means in accordance with the principles of respecting the sovereignty, territorial integrity and independence of other states. The resolution reflects the legitimate demands of the ASEAN countries to safeguard peace and security in Southeast Asia and to prevent hegemonist aggression and expansion. It was supported by the overwhelming majority of the Security Council member states, receiving 13 votes in favour to 2 against. But because of the two votes against cast by the Soviet Union and Czechoslovakia, particularly the Soviet misuse of the veto power, the resolution was unjustifiably vetoed.

This is the second time that the Soviet Union abused its veto power at the Security Council to shield the Vietnamese aggressors. At the Council's emergency meeting last January 15, the Soviet Union had vetoed a draft resolution sponsored by Bangladesh and six other non-aligned countries calling for foreign troops' withdrawal from Kampuchea, a draft resolution which had the overwhelming support of 13 member states. The two votes of 13 to 2 at the Security Council and the two Soviet vetoes have eloquently shown how the big and small hegemonists, the Soviet Union and Viet Nam, who are sticking to their policy of aggression and expansion, act against the people's aspirations, and have demonstrated how isolated these two are. By the very things they have done, the Soviet Union and Viet Nam have placed themselves in opposition to the ASEAN countries, the non-aligned countries, the majority of U.N. member states and the people of the world. Once again they have discredited themselves politically and morally.

The ASEAN-sponsored draft resolution, for all its imperfections, has as its main point the call to all parties to the conflicts to withdraw their forces to their own countries. This point

is actually a demand for Viet Nam to withdraw all its invading forces from Kampuchea since the Chinese frontier troops, keeping their word, have already withdrawn completely to their own border. And this demand is something the Vietnamese authorities and their behind-the-scenes boss bent on committing aggression are most afraid of. The overwhelming support given to the ASEAN draft resolution at the Security Council shows that most of the countries and people in the world are on the side of the Kampuchean people. Politically, this is a powerful inspiration to the Kampuchean people who are valiantly resisting the Vietnamese aggressors.

The repeated Soviet veto of draft resolutions sponsored by non-aligned and ASEAN countries on the situation in Southeast Asia reveals the Soviet Union's deliberate disregard for these countries' just demand for preserving international peace and security and safeguarding national independence, state sovereignty and territorial integrity. This also shows that Moscow is bent on pursuing its interests of aggression and expansion and those of its flunkey, Viet Nam, in Southeast Asia.

With the strong support of the Soviet Union, the Vietnamese national expansionists and regional hegemonists have been carrying out aggression against Kampuchea and dominating Laos in an attempt to rig up a "great Indochina federation," and playing the role of the "Cuba of the East" to serve the Soviet scheme of establishing an "Asian collective security system." Viet Nam's acts of aggression are not isolated incidents of a local nature: they constitute a grave step in the intensifying Soviet expansion in the Asian-Pacific region with Viet Nam as the base; they are co-ordinated with the Soviet drive towards West Asia and the Persian Gulf area, and form an important link in the Soviet quest for world hegemony and global strategic superiority. This aggressive momentum of the "Cuba of the East," if not checked, will inevitably endanger the independence and security of the ASEAN countries as well as peace and stability in Southeast Asia and the Asian-

demanded that Viet Nam completely, unconditionally and immediately withdraw its troops from Kampuchea.

In face of this situation, both the Soviet and Vietnamese representatives time and again asked to take the floor. Trying to reverse their defensive position, one of them resorted to high-handedness and the other to the trick of standing facts on their head and confusing the issue. Flying into a rage, the Soviet representative attacked the United States and Norway by name because they demanded the withdrawal of foreign troops from Viet Nam and Kampuchea. He also castigated the ASEAN and other countries and bluntly rejected some draft resolutions prepared by ASEAN, West European and North American countries.

The Vietnamese representative tried to justify Viet Nam's aggression on Kampuchea by recourse to "theory," which was none other than the notorious "theory of limited sovereignty" invented by Brezhnev. Viet Nam's invasion of Kampuchea is a replay of the Soviet occupation of Czechoslovakia in 1968.

The Vietnamese representative cited the Soviet-Cuban acts of "invited" aggression and expansion in Africa and described his country's aggression as "aid and assistance provided . . . at the request of the people of Kampuchea."

Their charming rhetoric, however, cannot cover up their bloody crimes of aggression. The absurd logic employed by the Soviet and Vietnamese representatives was repudiated by representatives of Asian, African, Latin American, West European and North American countries at the meeting.

Singapore's Permanent Representative to the United Nations Koh Thong Bee said in his speech, "The government of Viet Nam concluded a treaty of peace, friendship and co-operation on February 18, 1979, with the government of the so-called people's republic of Kampuchea. This shows that Viet Nam intends to perpetuate its occupation of Kampuchea and is using that treaty as a means of legitimizing its military presence there. Therefore the inescapable conclusion is that Democratic Kampuchea continues to be a country occupied by the Vietnamese army and that the so-called government of the people's republic of Kampuchea headed by Heng Samrin is a government imposed by Viet Nam on the people of Democratic Kampuchea."

"The issue in Democratic Kampuchea is clear. Viet Nam has no right to send its armed

forces into Democratic Kampuchea and to impose a regime on that country. The Security Council must therefore renew its demand for the withdrawal of Vietnamese forces from Democratic Kampuchea, let the people of that country choose their own government, let Kampuchea regain its sovereignty, independence and territorial integrity," the Singaporean representative stressed.

After the February 28 debate, the Soviet Union resorted to delaying tactics aimed at blocking a resolution calling for the withdrawal of Vietnamese troops from Kampuchea. The Soviet and Vietnamese representatives even alleged that the ASEAN draft was "partial to China." They exerted pressure on the ASEAN states to withdraw their draft resolution, and on many non-aligned countries to keep neutral on the ASEAN draft. However, no one could deny the fact that the ASEAN draft, which called for the withdrawal of troops from foreign countries, was in conformity with the internationally acknowledged principle of non-use of force of arms to occupy other countries and was, therefore, just and reasonable. It also reflected the aspirations of the overwhelming majority of countries.

Again in Isolation

The ASEAN-sponsored draft resolution on the situation in Southeast Asia received 13 votes in favour to 2 against (the Soviet Union and Czechoslovakia) when it was put to vote in the U.N. Security Council on the evening of March 16. Although it was vetoed by the Soviet Union, the vote showed how isolated Moscow was.

Speaking after the vote, many representatives expressed their deep appreciation to the ASEAN countries for their enormous efforts in formulating and tabling the draft resolution which embodied the fundamental rules and principles of international conduct. Some representatives regretted that the Soviet Union vetoed the resolution which was supported by the overwhelming majority of the Security Council.

Japanese Representative Isao Abe pointed out that the draft resolution's failure to be passed was not the result of the lack of majority support.

British Representative Ivor Richard remarked, "Today's vote is not the end of the matter. The situation in Southeast Asia remains a cause for grave concern. The

Vietnamese invasion and occupation of Kampuchea remain an affront to the international community and a threat to stability in the region. We welcome the declared intention of the Chinese Government to withdraw from Viet Nam."

New Zealand Representative H.H. Francis said, "The problem created by the armed intervention in Democratic Kampuchea remains. Fighting is still going on. In our view, peace cannot be achieved in that area of conflict unless foreign forces are withdrawn and the independence of Kampuchea is assured."

Chen Chu's Statement

In his explanatory statement delivered after the vote, Chinese Representative Chen Chu said, "In our view, the draft is not satisfactory in that it has failed to devote closer attention to and focus on the extremely important issue of Viet Nam's armed invasion and military occupation of Democratic Kampuchea, which constitute a gross trampling upon the U.N. Charter and norms of international law and pose a grave threat to peace and security in Southeast Asia and the whole world, and that it has failed to condemn sternly the Vietnamese authorities for their crimes of aggression as they deserve.

"In particular, the draft has failed to point out that it was the Vietnamese authorities which had provoked the Sino-Vietnamese border conflict. And it is entirely unnecessary and unfair for the draft to regret the just action on the part of China after the Chinese frontier troops have withdrawn completely to their own border upon the attainment of their goals in being compelled to fight back in self-defence.

"Therefore, the Chinese delegation wishes to state its serious reservation with regard to preambular Paragraph 3 of the draft that concerns China.

"Nevertheless, we have noted that the wording of operative Paragraph 1 which 'calls upon all parties to the conflicts to withdraw their forces to their own countries' undoubtedly and naturally implies a demand first of all for Viet Nam to put an immediate end to its armed aggression against and military occupation of Democratic Kampuchea and withdraw all its invading forces in Democratic Kampuchea back to Viet Nam unconditionally and without any delay. In this sense, we consider the basic content of the draft resolution as positive, and we have voted in favour of the draft."

"Forcing Viet Nam to withdraw all its invading forces from Democratic Kampuchea is

the issue at the core of the current situation in Southeast Asia. The Security Council bears an unshirkable responsibility in this regard. All countries and people that love peace and uphold justice are duty bound to take measures to urge the Vietnamese authorities to stop immediately their acts of aggression against Democratic Kampuchea and withdraw all their invading forces back to their own country so as to serve the interests of the peace, security and stability of Southeast Asia and the whole Asia-Pacific region," Chen Chu declared.

Chen Chu pointed out that the Soviet Union has once again used its veto to turn down the draft resolution sponsored by the five ASEAN countries. The arbitrary Soviet action shows that "it is the Soviet Union and Viet Nam, and not anyone else, who are the real aggressors, true to their name. Soviet-Vietnamese collusion for intensified expansion is the root cause of the current tension in Southeast Asia. The Soviet Union is the behind-the-scenes boss for both Viet Nam's aggression against Democratic Kampuchea and its provocation of the border conflicts between China and Viet Nam. Soviet social-imperialism is the most ferocious enemy of the people in Southeast Asia and the whole world.

"It also shows that in pursuit of its global hegemonism, the Soviet Union has time and again obstructed the Security Council from taking action on the grave situation of Viet Nam's undisguised armed invasion and occupation of a sovereign state. Such a sinister act which brazenly goes against the will of the overwhelming majority of the members of the United Nations and the Security Council and grossly tramples upon the U.N. Charter and norms of international law once again demonstrates the duplicity of the fine-sounding words, such as 'detente,' 'disarmament,' 'respect for others' sovereignty' and 'non-use of force,' repeatedly uttered by the Soviet Union at the U.N. forum, its purpose being simply to cover up its own aggression and expansion."

The Chinese frontier troops who were compelled to launch a counterattack against Vietnamese aggressors in self-defence have now been withdrawn to the Chinese side after having attained their set goals. People throughout the world are waiting to see when the Vietnamese authorities will pull out their aggressor forces from Kampuchea. The pressing task today is to force the Vietnamese authorities to withdraw their invading troops from Kampuchea, quickly and totally.

ROMANIA-FRANCE

Fruitful Co-operation

French President Valery Giscard d'Estaing paid a three-day official visit to Romania (March 8-10), where he signed a joint declaration and a joint statement with Romanian President Nicolae Ceausescu after the conclusion of their talks. Both documents underlined the importance of strengthening political dialogue between the two countries and contacts between their government officials.

The joint declaration stressed that "respect for national independence and sovereignty, equal rights and territorial integrity are the basic criteria of international life applicable to all countries" and that "these criteria require every country to exercise unrestricted sovereignty in choosing and following its own path politically and economically and in social development and building its own external relations." It also pointed out that no country has the right to interfere in the domestic affairs of others under any pretext, whatever the relationship between them may be.

During the talks, the two Presidents expressed concern over developments in Europe since the European security conference and their hope that the countries which took part in the Helsinki conference would give a new impetus to endeavours for security and peace. To this end, the two Presidents in their joint declaration called for the convening of a "European disarmament conference." However, both sides made no reference to details about the conference and merely explained their respective viewpoints over

methods to achieve disarmament.

Both sides expressed their determination to strengthen their co-operation in the political, economic, cultural, scientific and technological spheres. The two countries signed a new protocol on economic co-operation and have decided to expand co-operation on the present basis in the peaceful use of atomic energy, in the chemical, food, machine-building, and motor vehicle industries.

Friendship between Romania and France has both its immediate and historical origins. Since General de Gaulle's visit to Romania in 1968 and President Nicolae Ceausescu's visit to France in 1970, these two countries, with different social systems, have made steady progress in their co-operation and have taken similar positions over some international questions. The Romanian paper *Scinteia* said in an article that the recent meeting between the two leaders opens new vistas for promoting relations between the two countries to a higher stage.

INDIA

Kosygin's Anti-China Tirade

During his visit to India from March 9 to 15, Chairman of the Council of Ministers of the Soviet Union Kosygin took every opportunity to attack China, accusing China of committing "aggression" against Viet Nam and "going in for military adventures." He also tried to sow discord between China and India. This aroused the resentment of the Indian public and justice-upholding people.

New Indian Times said editorially on March 12, "The Soviet leader chose a wrong platform to launch his attack on China." "As for the question of one country exercising hegemony over another, we have to this day not forgotten the Soviet invasion of Czechoslovakia." "What kind of foreign policy India should choose to adopt is a matter to be decided by this country alone . . . use of the Indian soil to condemn China demonstrates that the Soviet Union is trying to pressurize us," the editorial added. Another Indian paper *Business Standard* in its March 16 commentary said, "The Soviet leaders were upset when New Delhi and Peking made serious moves to normalize their bilateral relations. It became a preoccupation of the Soviet Union to warn India against China."

Swamy, a prominent ruling Janata Party M.P., met Indian Prime Minister Morarji Desai on March 11 and protested against the utterances of Kosygin against China on Indian soil. He also brought to Desai's attention the "growing interference of the Soviet Union in the internal affairs of India." The Janata M.P. pointed out that the Soviet Government had viewed the issue of normalization of relations between India and China from its own narrow angle.

The motive behind Kosygin's abuses against China is to divert public attention to cover up the fact that the big and small hegemonists — the Soviet Union and Viet Nam — are committing aggression and expansion in Indochina.

When Chinese Ambassador Chen Zhaoyuan met Rangan-

than, Joint Secretary of the Indian External Ministry on March 13, he expressed regret to the Indian side for allowing the Soviet Union to wantonly attack China on India's territory.

E.E.C.

New Monetary System Starts

The European Monetary System (EMS) would come into force as of March 13, declared the E.E.C. nine-nation summit council session held in Paris on March 12 and 13.

The system was originally suggested by France and West Germany, with the aim of creating a zone of monetary stability to offset fluctuations caused by the constantly devaluing U.S. dollar. The E.E.C. summit council session last December decided that the system would go into effect on January 1 this year, but the scheme was delayed by French differences with other E.E.C. member countries over the compensation system in trade on agricultural products. Later, a political agreement on dismantling monetary compensatory amounts was reached among the eight countries participating in the EMS, Britain apart. On March 7, the French Government decided to withdraw its original reservations on the EMS.

The EMS has made it possible for the eight countries to stabilize exchange rates between E.E.C. currencies, except sterling, on the strength of a massive 32,000 million dollar monetary fund. This should have a favourable effect on the economic growth and unemployment problem of these eight countries and the daily lives of their people.

The meeting also discussed the E.E.C. economic situation as well as energy sources and un-

employment. It shows the determination of the nine nations to strengthen unity among themselves and co-ordinate their policies in order to cope with the present unstable international economic and political situation.

SOUTH AFRICA

Racial Economic Discrimination in Namibia

The South African authorities, whose economy is actually built on forced labour, are practising racial discrimination in economic activities in Namibia. By a law aimed at continued control by whites over the mining industry, Africans are allowed non-skilled jobs in the industry.

According to a recent survey commissioned by the British Commonwealth Fund for Technical Co-operation, the Namibia mining industry provides employment for about 20,000 people, 96 per cent of whom are African contract labourers. But in 1973 the 24.4 million rand paid out in wages was allocated on a ratio of about 6:1 between white and African employees.

Similar disparity in the level of remuneration is reflected in per capita income figures. In 1962 the average annual income of each person in the predominantly white area was estimated to be 352 rand as compared with 17 rand in the northern areas, where 70 per cent of the African population is domiciled. The official figures for 1967 followed the same pattern, the whites receiving an income of 1,602 rand as compared with 61 rand for Africans in the northern part of the territory.

The commercial economy is confined to the southern sector of the territory, i.e., the white area. This area, comprising

two-thirds of the land area of Namibia, contains most of the mineral resources, land suitable for animal husbandry, diamond areas, towns, ports and communication infrastructure. In the remaining third of the territory, comprised of both former "African reserves" inside the white area and the northern "black homelands," economic activities are principally on a subsistence level, arising from small-scale stock-rearing and the growing of maize and millet.

GRENADA

Coup d'Etat

A coup was staged by the opposition New Jewel Movement in the early morning of March 13, a few hours after Prime Minister Eric Gairy left the country for New York.

Western news agency reports from St. George's said that the New Jewel Movement, founded in 1972, appeared to be in control of the situation there. Several government ministers have been arrested, the streets were being patrolled by armed people in civilian clothes and the leader of the movement, Maurice Bishop, had declared over the radio that he was the Prime Minister of the "new revolutionary government." When he heard that a coup had taken place in his country, Eric Gairy denied that his government had been overthrown. He said that the coup was engineered by persons with Cuban connections.

This is the first coup ever to occur in an English-speaking Caribbean country. Grenada had proclaimed its independence from Britain in 1974. The United Labour Party led by Eric Gairy had previously been in power several times since 1951.

● **Shipyard Workers Nominate Their Own Directors**

After democratic discussions, Tianjin Xinhe Shipyard workers nominated a director and six deputy directors who were all appointed by the Ministry of Communications to replace the former weak leadership.

Workshop heads elected by the shipyard workers at the end of last year are doing such a fine job that it was decided to change the top leadership also by democratic nomination.

Wang Shaoren, the new director, has a lot of shipbuilding and repair work experience. He had been successively a section, a workshop and a shipyard head. He said to the workers after his appointment was confirmed: "I'll step down if I'm not able to bring big changes to this shipyard within two years."

Three of the new deputy directors are technicians, and the others are experienced in administrative or technical work.

Election of workshop directors, section and group leaders in factories by workers as announced at the Ninth National Trade Union Congress last October is a positive step towards democratic management of factories and is a practical measure to ensure the workers' democratic rights. Many factories have already elected their cadres in this manner. Nominating factory directors has never been done before.

● **Service Companies**

Shanghai, Beijing, Tianjin and other cities have set up service companies to provide jobs for more than 20,000 school leavers waiting to be assigned

permanent work, and some other people.

These workers do casual or seasonal work for government organs, schools and enterprises or work on building projects and repairing houses. Most are paid by the day according to the intensity and quality of work and their skill.

There are small numbers of service shops in Shanghai's Xuhui District and what they will do is very limited, so factories, schools and other organizations have had to set up their own labour, maintenance and repair service units. To provide a larger range of services, the district labour bureau last May organized 200 middle school graduates into a service brigade to undertake a wide variety of jobs, ranging from repairing houses, loading and off-loading goods and repairing furniture to installing water pipes and electric lights. This brigade was later enlarged into a service company, the first in Shanghai.

In some cities these companies have set up vocational schools and training classes for those waiting to be assigned work.

● **Developing North Shaanxi**

A special commission given the task of developing north Shaanxi, home of the former Chinese revolutionary centre Yanan, has begun its work.

It is directly under the Shaanxi provincial Party and revolutionary committees and has an annual allocation of 50 million yuan. The appropriation will be increased as the national economy grows.

North Shaanxi is part of the disaster-stricken northwest

China loess highlands on the middle reaches of the Huanghe River, the second longest in China, where centuries of ecological destruction has stripped most of the hills bare and caused huge amounts of top soil to be washed away every year from the fields into the Huanghe River. (See *Beijing Review*, No. 4, 1979, p. 4.)

Things have improved very little since the founding of New China in 1949 for a number of reasons, the biggest being the ultra-Left policies pursued by Lin Biao and the "gang of four."

Scientists invited by the commission from all over the country to investigate and study the situation are of the opinion that apart from planting trees on the barren hills, the area should turn a large part of its farmlands into forests and pastures in line with the principle of putting equal stress on farming, forestry and animal husbandry.

● **Flower Shop Revived**

Since it started business at the end of 1978, a flower shop in Nanning, capital of the Guangxi Zhuang Autonomous Region, has received about 1,000 customers each day.

The shop stocks local flowers — sweet osmanthus, chrysanthemums and orange blossoms — as well as blooms from neighbouring provinces. One shipment of a thousand narcissus bulbs from Fujian Province was cleaned out in a matter of hours.

The city is now planning to expand its nurseries and open more flower shops.

Average temperature in the autonomous region is 16 to 23



Beijing's Huangtugang Commune is growing flowers again.

degrees centigrade and rainfall 1,100 to 2,800 mm. a year. This mild climate favours the amateur horticulturists and Nanning is like a floral city. But in the heyday of the "gang of four," loving and growing flowers was stigmatized decadently bourgeois and the sale of flowers was banned because it was "one form of peddling revisionism."

The new shop in Nanning has its own 7-hectare nursery and the manager, a veteran gardener, remarked: "Even the flowers seem to smell sweeter and bloom better now."

● **Is There a Future For Delinquents?**

Zhang Jie of the Beijing No. 119 Middle School was always getting into trouble, playing truant and getting into fights. This earned him a bad name at school and in the district where he lives. Recently, he realized that this was no good and decided to turn over a new leaf. But could he get rid of his bad reputation? He wasn't too sure. Still, he wanted to change, so he wrote to the editorial depart-

ment of *Zhongguo Qingnian Bao* (Chinese Youth), a national newspaper which comes out three times a week.

"Is there any future for the likes of me?" he asked.

The paper did not give an outright "yes" or "no." It invited Yang Bin, a young man working in the Changling Oil Refinery in central China's Hunan Province, to tell about his own experience, not only to help Zhang Jie but others like him who were influenced and harmed by the ultra-Left trend of thought and anarchism advocated by Lin Biao and the "gang of four."

In his article, Yang Bin told how he had once got together a group of young rowdies and had "given hell" to another group. For his part in the brutal gang fight Yang was taken into custody. After he was released, he thought that was the end of him. He would be expelled from the factory or at least be placed on probation in the refinery. But all the refinery leadership did was to criticize him, severely but sincerely. He had not expected that and he

was very moved, and decided to mend his ways.

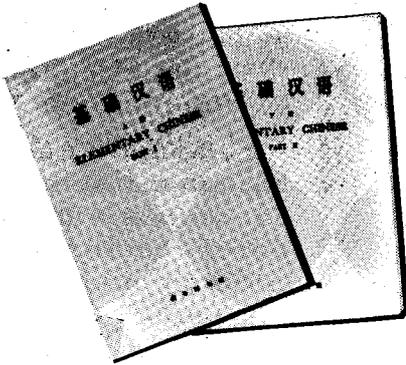
But seven days later, Yang Bin got into another gang fight. Some said that it would be better to expel people like him who was always getting into trouble. He himself had felt he had done wrong and was afraid to show up in the refinery.

His family called a meeting to help him and asked a cousin of his who was with the public security bureau to tell him cautionary tales about how some young people went from bad to worse and ended up as criminals. The factory leadership and co-workers had dozens of talks with him when he came back to the factory. Thanks to these, he began to behave himself. Every time he made some progress he was commended and given encouragement.

Now Yang Bin works hard for socialist modernization and is an advanced worker. He has become a group leader and has joined the Communist Youth League, an organization of advanced youth. Thus he came to this conclusion: Modernization requires the mobilization of all positive factors, including those of young people who have made mistakes. There is a bright future for the youngsters who correct their mistakes.



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Published by **COMMERCIAL PRESS**, Beijing, China

Distributed by **GUOZI SHUDIAN** (China Publications Centre), Beijing, China

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