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A CHINESE WEEKLY
OF
NEWS AND VIEWS

Truth About
Liu Shaoqi's
Case

China's
Agricultural
Programme

Kampuchea Foils
Vietnamese
Offensive



HIGHLIGHTS OF THE WEEK

Facts About Comrade Liu Shaoqi

Investigation has proved that the charges of "renegade, traitor and scab" levelled against Liu Shaoqi were groundless and false. More facts about the veteran revolutionary are coming to light (p. 3).

Collective Succession

Collective instead of individual succession is emphasized by a *Renmin Ribao* editorial discussing the important question of picking and training Party and state leaders at all levels (p. 4).

How to Solve the Afghan Issue

Renmin Ribao Observer warns against tolerance of Soviet aggression and puts forward three principles for a genuine solution (p. 8).

The Agricultural Programme

Resume of a major decision adopted by the C.P.C. Central

Committee in last September. This programmatic document, which has already played a beneficial role in the countryside, reviews China's agricultural advances and problems, lays down 25 policies and outlines the steps for modernization (p. 14).

Reforms in the Enterprises

How are China's state-owned enterprises run? What changes will be introduced in their management and why? These and many other questions are discussed by noted economist Xue Muqiao in the second of a three-part series on reforms in the economic management system (p. 21).

An Internationalist Remembered

Write-up on a rare photo of Hans Shippe, a German comrade who gave his life for the

Chinese revolution in the early 40s (p. 30).

Science News

Development of a computerized editing and laser typesetting system for Chinese characters will bring about a major innovation in Chinese publishing (p. 29); capture of a Changjiang River dolphin, a rare viviparous mammal whose excellent sonar system has aroused great interest among scientists (p. 27).



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COVER: Comrade Liu Shaoqi chatting with passengers (1958).

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POLITICAL

Truth About Liu Shaoqi's Case

THE investigation by the Central Commission for Inspecting Discipline and the voluminous historical evidence provided by some veteran revolutionaries have disproved the charges of "renegade, traitor and scab" imposed on Comrade Liu Shaoqi. The recent Fifth Plenary Session of the 11th Party Central Committee decided to redress the frame-up and rehabilitate Comrade Liu Shaoqi's reputation.

Born in 1898 in Ningxiang County, Hunan Province, Liu Shaoqi was former Vice-Chairman of the C.P.C. Central Committee and Chairman of the People's Republic of China. He joined the Chinese Socialist Youth League in 1920 and the Communist Party of China in 1921, and had assumed important leading positions in the Party. He was overthrown during the Cultural Revolution and died on November 12, 1969.

A year's thorough investigation of the case, the commission declared, has proved that the charge made against him by Lin Biao, Jiang Qing, Chen Boda, Zhang Chunqiao and company is utterly groundless.

The so-called "investigation report" about the Liu Shaoqi case which this gang provided in 1968 charged that Liu Shaoqi "was arrested, turned traitor and surrendered to the enemy; he served as traitor and scab." It resorted to underhanded means of fabricating materials, forging evidence, extracting confessions by compulsion and giv-

ing them credence, and withholding testimony offered by those who knew the truth. The "investigation report" was directed mainly against Liu Shaoqi's activities in 1925, 1927 and 1929.

The 12th Plenary Session of the Eighth Central Committee of the Party in October 1968, the commission continued, adopted a resolution in accordance with this "investigation report," officially imposing the charges of "renegade, traitor and scab" on Comrade Liu Shaoqi, expelling him "from the Party once and for all and dismissing him from all posts both inside and outside the Party." This resolution was adopted at a time when the Party Central Committee's work and Party life were in a state of extreme abnormality. This was the biggest frame-up in the history of the Chinese Communist Party.

Recently, Xinhua News Agency published three articles which shed light on the truth about Liu Shaoqi's revolutionary activities in 1925, 1927 and 1929.

1925. The May 30 massacre took place in Shanghai when the imperialists killed many Chinese people. Liu Shaoqi, then 27 years old, was vice-chairman of the executive committee of the All-China Federation of Trade Unions. Following the Party Central Committee's instruction, he took part in leading the general strike launched in Shanghai by workers, shopkeepers and students

against imperialism, which was known as the May 30 Movement. He suffered from serious illness due to prolonged and heavy overwork. In November the same year, he returned to Changsha, Hunan Province, for recuperation, and was arrested the following month by the reactionary local warlord Zhao Hengti. Trade unions all over the country and other organizations sent in telegrams denouncing Zhao Hengti and demanding the release of Comrade Liu Shaoqi. Awed by the power of the masses, Zhao Hengti set Liu Shaoqi free in February 1926 but expelled him from the province.

Afterwards Liu Shaoqi went to Guangzhou where he continued to take part in leading the general strike waged by workers in Guangdong Province and Xianggang (Hongkong) against imperialism.

Numerous historical data show that the charges made against Liu Shaoqi by the "investigation report" that he was "afraid of struggle," and was guilty of "capitulation" and "betrayal," are a sheer and deliberate slander.

1927. On April 3, an incident took place in Hankou in which Chinese were killed by Japanese sailors. At that time, Liu Shaoqi took part in leading the struggle against the Japanese imperialists on behalf of the trade union. The "investigation report" accused Liu Shaoqi of being "head of the workers movement group of the Kuomintang Central Committee," "a secret agent," "a traitor," who was "arrested later on," in order to hoodwink the people. After re-examination, all these were found to be sheer fabrications, for they were in

the false confessions obtained from Ding Juequn who had been forced and coerced to write them under unbearable conditions.

As to the charge of persuading the worker pickets to lay down their arms, this was all due to the Right opportunist line pushed by the Party Central Committee headed by Chen Duxiu, which had submitted itself to pressure from Wang Jingwei's Wuhan government. The main responsibility lay with the Party Central Committee. To shift the blame onto Liu Shaoqi is vilification.

1929. Liu Shaoqi was then secretary of the underground Manzhou provincial committee of the Chinese Communist Party in Shenyang. He was arrested in the Fengtian Textile Mill on August 22 that year. The "investigation report" accused him of "confessing his true identification" and "betraying the organization" after he had been arrested with the result that "many Communists were killed."

The fact is that Liu Shaoqi and Meng Yongqian, who was then head of the organization department of the Manzhou provincial Party committee, were released by the Manzhou authorities half a month later because no proof could be found.

All the false confessions by the original witnesses under coercion and inducement contradicted the information forwarded by those who knew the situation. Before the "investigation report" was written up, the main witness, Meng Yongqian, had rejected the false statement he had written under coercion. He had, later on, written more than 20 statements for this purpose. But all this was held up by the investigation group controlled by Lin Biao, Jiang Qing and their gang and

never reached the Party Central Committee.

Many comrades who worked underground for the Party in Manzhou and who are still alive have proved that no other comrade was involved after Comrade Liu Shaoqi had been arrested. So there was nothing to the charge that "many Communists were killed" because of the incident.

Urgent Task — Selecting Successors

Renmin Ribao on March 10 frontpaged an editorial, stressing the importance of training and selecting successors for the leading bodies at various levels.

To meet the needs of the country's modernization, the editorial said, we must make great efforts for three to five years to bring into the leading bodies at all levels more young cadres who can firmly carry out the Party's line. This will ensure the long-term continuity of the Party's line, principles and policies and the lasting stability of the Party's collective leadership.

Our modernization calls for 20 years of hard work, said the editorial, and the realization of communism requires unremitting efforts by many generations. Hence the importance of training successors.

There have been bitter lessons in the selecting of successors both in the international communist movement and within our Party. How to do it well has become a question of cardinal importance.

Collective Succession. According to Lenin, Party leaders should be a collective composed of "the most authoritative, influential and experienced mem-

bers, who are elected to the most responsible positions."

Therefore, the editorial continued, "in speaking of succession, we mean a healthy and steady process of natural transition in which a new leading group, a collective that has gradually taken shape, replaces an old one step by step. It is not an abrupt change in which one individual succeeds another."

In order to do a good job in selecting successors, the editorial went on, it is necessary to follow the mass line and integrate the selection of successors by the leaders with that by the masses. It should be done through full consultation, discussion and democratic election.

The work cannot and should not be done overnight, the editorial added. Veteran comrades should pass on their experience to the younger ones so that they can mature more rapidly. This is both an important duty and a most important task for veteran comrades.

Three Requirements. In training and selecting successors, the editorial stressed, it is necessary to adhere to the principle of selecting those who have both ability and political integrity. At present, we should adhere to the three requirements for cadres as put forward in Comrade Ye Jianying's speech given last year at the meeting in celebration of the 30th anniversary of the founding of the People's Republic of China (see our issue No. 40, 1979).

The three requirements are: First, they must resolutely support the Party's political and ideological lines; second, they must be selfless and strictly abide by the law and discipline, uphold the Party principles and eradicate factionalism; third, they must have a strong revolu-

tionary dedication and sense of political responsibility as well as vocational competence.

ECONOMIC

Industrial Output Keeps On Growing

China's industrial production has made a good start in the first spring of the 80s. Following an 8.7 per cent increase in January over that of the same month last year, its daily output continued to go up in February. In the first two months of this year, the total value of industrial output increased by 15.2 per cent and the profit handed over to the state went up by 13.4 per cent, compared with the same period last year.

In January and February, output of most of the 100 major industrial products surpassed that of the same period in 1979 and many recorded big increases. Industrial production of 29 provinces, municipalities and autonomous regions was generally better than what it was in the first two months last year.

A cold spell hit most parts of the country in early February and later there were the Spring Festival (traditional Chinese lunar New Year) holidays. Thanks to the efforts of the workers, industrial production, instead of going down, went up in the month. This is something rarely seen in the last decade or so.

Since the beginning of this year, industrial departments in various places have kept implementing the policy of readjusting, restructuring, consolidating

and improving the national economy, and raised production in the light of the needs of the people and society. As a result, the output of light and textile industrial products as well as of goods most needed by the national economy increased rapidly in January and February.

Considerable increases have been registered for 23 major light and textile industrial products in these two months. Among them, output of cotton yarn, cloth, synthetic fabrics and knitting wool increased from 20 to 40 per cent; that of cigarettes, bicycles, sewing machines and wrist watches increased over 30 per cent, and the output of TV and radio sets and cassette recorders was doubled or more than doubled. The output of small-sized rolled steel, sheet steel and strip steel, which are most urgently needed in production and construction, was more than 10 per cent higher than that of the same period last year. Production of other industrial products, such as chemical fertilizers, cement and sulphuric acid, also increased enormously.

Environmental Protection

In a recent interview with a Xinhua News Agency correspondent, Li Chaobo, director of the environmental protection office of the State Council, said in the future new enterprises will not be permitted to be built without appropriate pollution-control facilities, and earnest efforts must be made to control pollution in the enterprises which have not yet taken necessary measures.

The foremost tasks of environmental protection are to improve environmental manage-

ment and make rational use of resources and protect the ecology, he said.

Li Chaobo added that in China, the main problem is the damage to natural resources, as well as serious environmental and noise pollution which have affected people's health. Ten million tons of soot are released annually by the industrial and

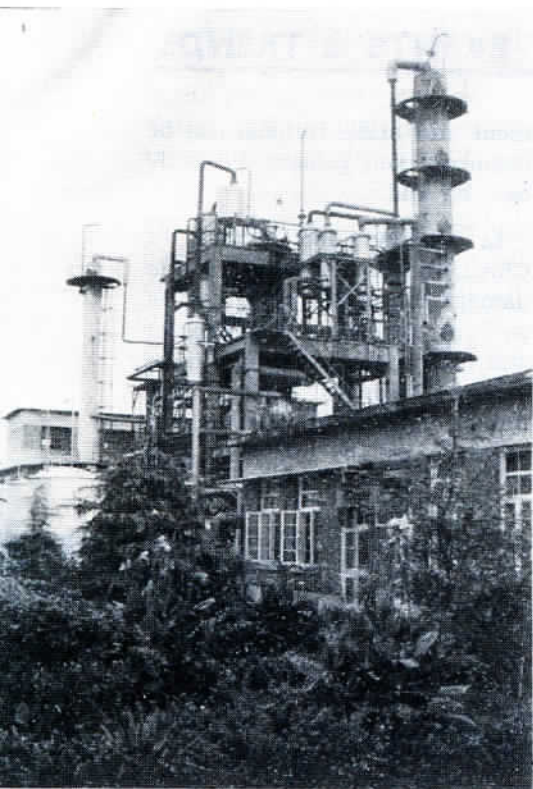


To prevent the famous scenic resort Guilin city in Guangxi from being polluted, the Lijiang River is given a regular test.

household burning of fuel, while the sulphur dioxide released exceeds 15 million tons. Over 90 per cent of industrial liquid waste is discharged, without treatment, into rivers, lakes and seas directly or indirectly. Solid waste amounts to 200 million tons annually.

Another source of pollution is the irrational geographical distribution of factories and cities. Concentration of factories in coastal cities has caused serious pollution, he added.

China has published regulations concerning environmental protection, continued Li Chaobo.



Greenery flourishes beside Jiangsu Province's Nanjing Chemical Works where industrial wastes are adequately treated.

Some areas have paid greater attention to controlling pollution and taken it to be a major part of the modernization programme. A number of factories and mines have shown progress in controlling sources of pollution. In some cases, ways have been worked out to integrate enterprise management with environmental protection. New advances have been made in scientific research and supervision of the environment.

During the current national environmental protection month, being observed this March, basic knowledge on environmental protection, its significance and related policies and regulations are being publicized in major papers and radio and TV broadcasts. This will help everyone understand the necessity of protecting the environment and take actions in this work.

"World Conservation Strategy" Published in Beijing

News reports on World Conservation Strategy, an outline whose publication was announced simultaneously in the capitals of more than 30 countries on March 5, appeared in Beijing papers on the same day.

Guangming Ribao, which mainly covers news on science, technique and culture, calls for the protection of nature in a frontpage commentary. The aim of the strategy, it notes, is to protect the environment and natural resources on which the existence of mankind depends, and to prevent the imbalance of the ecological system and the extinction of valuable wildlife.

China supports the strategy in principle, the commentary notes. But measures to implement the strategy need further study.

At a reception held in Beijing on the same day, Sir Peter Scott, Chairman of the World Wildlife Fund, said that he hoped the strategy will be of great help to China in attaining its modernization objectives.

Sir Peter Scott expressed this hope on behalf of the three international organizations which have worked out the strategy — the International Union for Conservation of Nature and Natural Resources, the World Wildlife Fund and the United Nations Environment Programme.

The strategy, he said, involved three years of work by some 700 scientists from more than 100 countries. It is designed to overcome an ever-emerging new environmental crisis in the world.

Sir Peter Scott said he was heartened by the recent steps China had taken in the conservation of nature, including the implementation of its environ-

mental protection law and forestry law, and the latest news that this March had been made the national environmental protection month.

An official of the environmental protection office of the State Council said that China would work out regulations and laws regarding the protection of wildlife in line with the strategy.

FOREIGN RELATIONS

Khieu Samphan's Visit

The delegation of Democratic Kampuchea led by President of the Presidium of the State and Prime Minister Khieu Samphan has just concluded a successful three-day (March 9-11) visit to China. The first visit abroad by the new Prime Minister since the Government of Democratic Kampuchea was reorganized shows that it has passed through its most difficult period and that the Vietnamese aggressors are weakening with each passing day.

Premier Hua Guofeng and Prime Minister Khieu Samphan held talks in Beijing. On the results of the talks, the Prime Minister said Democratic Kampuchea and China had identical views on the following points:

— The situation on the Kampuchean battlefield is becoming increasingly favourable to the Kampuchean people.

— The only correct solution to the Kampuchean question is for the Kampuchean army and people to intensify their fighting against the Vietnamese aggressors while mobilizing all peace-loving and justice-upholding forces the world over to bring pressure on Viet Nam



Khieu Samphan (pointing at the map) at the press conference in Beijing.

to withdraw all its troops from Kampuchea in accordance with the United Nations resolution.

—China reiterates its support for the struggle of the Kampuchean people led by the Government of Democratic Kampuchea.

—It is necessary to encourage united action by all peace-loving and justice-upholding countries and people to deal with the threat of Soviet expansionism.

This means taking concrete steps to support the people of Kampuchea and Afghanistan in their struggle against Vietnamese and Soviet aggression.

At a meeting with the delegation on March 10, Vice-Premier Deng Xiaoping said it was impossible for Viet Nam to wipe out Democratic Kampuchea. Democratic Kampuchea has withstood the test of large-scale attacks by Vietnamese aggressor troops, and preserved its own forces. He said that the Kampuchean troops will defeat the aggressors so long as they persist in protracted fighting and win the people's support.

At a press conference in Beijing on March 11, Prime Minister Khieu Samphan said his visit to China had been "very successful."

Answering questions at the press conference, Khieu Samphan exposed the Vietnamese aggressors' barbarous crimes in Kampuchea, particularly the use of chemicals and poisonous gas to kill unarmed people. He emphasized that the Kampuchean people will have to surmount great difficulties, shrink from no sacrifices and carry out a protracted war with ever wider support from the people of the world until the Vietnamese aggressors are driven out of Kampuchea.

He also said that under the Political Programme of Patriotism, Democracy and Great National Union promulgated last September, the Government of Democratic Kampuchea has made resistance against Vietnamese aggression the central task and invited democrats of all circles to join the government. "Our patriotic front is expanding and it enjoys the support of the masses," he said.

Protest Against Vietnamese Provocations

Vietnamese armed personnel have since the beginning of March provoked new incidents along China's Guangxi and Yunnan borders.

The Chinese Foreign Ministry sent a note to the Vietnamese Embassy in Beijing on March 17 which said: "On March 3, 1980, Vietnamese armed personnel infiltrated into Fangcheng County in China's Guangxi Zhuang Autonomous Region and ambushed Huang Yongcheng, a member of the Beitou production team of the county's Dongxing People's Commune. They abducted Huang after injuring him and his wife, Chen Peiyu, who had come to the spot upon hearing of the incident. On March 9, Vietnamese armed personnel wounded many Chinese when they opened fire on the Tongzhong area in Fangcheng County. What is more, from 10 a.m. to 4:30 p.m. on March 7, Vietnamese armed personnel went so far as to open fire on many occasions at Chinese cars passing along a highway in the Xiaohekou area of Hekou County, Yunnan Province, damaging five of the cars, killing one driver and wounding two persons. On March 11, Vietnamese armed personnel fired at Chinese border inhabitants in the Laoka area of the same county, killing three of them on the spot."

The note demanded that the Vietnamese side immediately stop all its provocations against China and release the Chinese personnel it has abducted. Otherwise, it will be held responsible for all the consequences arising therefrom, the note added.

The Correct Way to Solve the Afghan Question

THE Soviet invasion of Afghanistan has exacerbated the international situation and seriously threatened world peace. How to solve the Afghan issue and curb Soviet aggression has, therefore, become a question of world concern.

The root cause of the Afghan question lies in the Soviet aggression against Afghanistan. To press ahead with its hegemonist global strategy, the Soviet Union, neglecting all the norms set for international relations, dispatched troops to occupy Afghanistan and suppress the Afghan people in a bid to turn the country into a springboard for its further expansion into South Asia and the Persian Gulf. To solve the question, it is imperative for the Soviet Union to withdraw all its troops from Afghanistan. There should be no tolerance of or connivance at the aggressors when they try to achieve their aims by stalling for time, putting forward preconditions or leaving part of their troops behind. The resolutions of the U.N. General Assembly and the extraordinary conference of foreign ministers of the Islamic countries embody this fundamental principle.

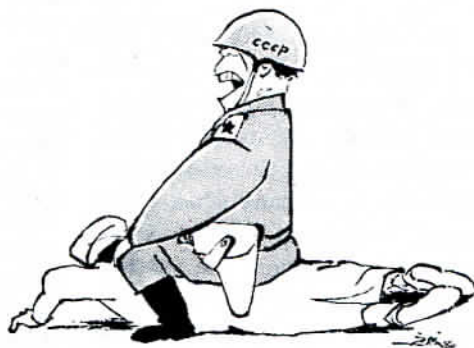
However, the Soviet Union has refused to heed these resolutions. Calling its aggression against Afghanistan "assistance" to that nation, it asserts that it "will be ready to withdraw" provided other countries "have completely stopped" their

"intervention" in Afghanistan.

Moscow's Ploy

The Soviet assertion about a prerequisite for the withdrawal is actually intended to accuse other countries of having intervened in Afghanistan and to absolve Moscow of its crimes of aggression so that it may dispatch more troops to continue its suppression of the Afghan people's struggle. If the Soviet Union had its way, it could declare against a troop withdrawal at any time on the pretext that foreign intervention has not been completely stopped. Obviously, its so-called readiness to pull out is actually non-withdrawal with no time limit.

Recently, the Soviet Union has hinted through various channels that it wishes to negotiate with other countries on the Afghan issue and that it is "prepared to withdraw" provided the other countries have "guaranteed" or "guaranteed to respect" the "neutrality" of Afghanistan.



"I'll leave as soon as the pressure on him has disappeared."

Cartoon by Fang Cheng

The second Soviet argument about a prerequisite for a withdrawal reveals a ploy to kill several birds with one stone.

1. Any country which undertakes to "guarantee" or "guarantees to respect" the "neutrality" of Afghanistan together with the Soviet Union would put itself in the same position of responsibility for the Afghan incident as Moscow and practically accept the Soviet pretext for its aggression against the country.

2. Once the talks began, the Soviet Union, by procrastination, could gain time to carry out massive mopping-up operations to put down the Afghan people's resistance and tighten its control over the country.

3. Using the talks as a pretext, the Soviet Union could both alleviate the pressure on it from world public opinion to withdraw from Afghanistan and undermine worldwide sanctions against it. In this way, the Soviet Union could drive a wedge between the countries opposed to the Soviet invasion and defeat them one by one.

4. The Soviet Union could use the guarantees of other countries as a pretext to restrict and block the aid the people of various countries render to the Afghan people in their just struggle.

5. The Soviet Union would exploit the long negotiations to foster a puppet regime, deploy "advisers" and special agents and carefully create an Afghanistan which is "neutral" in name but an appendage of the Soviet Union in reality. And under the pretext of an in-

ternational guarantee, it could have a free hand to bring Afghanistan into its sphere of influence.

6. The Soviet Union could apply the same scheme to other areas and turn it into a new pattern for further aggression and expansion.

It is obvious, therefore, that the Soviet suggestion about "talks first, withdrawal second" is aimed at non-withdrawal or withdrawal without giving up Afghanistan. The Soviet invasion of Afghanistan is not an act of expediency but a strategic move taken after long and thorough deliberation.

Although it is isolated and has little room for manoeuvre because of the resistance from the Afghan people, the condemnation of world public opinion and the opposition of its own people, the Soviet Union will never easily or willingly withdraw its troops from Afghanistan or give up its control over that country if it has not suffered serious setbacks. All its arguments about the withdrawal of troops are nothing but an attempt to turn the tables — tricks for achieving its aggressive purposes.

Three Principles

It is clear that any proposal for a genuine solution of the Afghan question must embody the following three principles:

1. As the Soviet Union is trying its utmost to repeal the resolutions of the U.N. General Assembly and the conference of Islamic Countries calling for the immediate and unconditional withdrawal of all Soviet troops from Afghanistan, the two resolutions should be adhered to and no retreat should be made. The withdrawal of Soviet troops should not have any preconditions

attached, nor should it become part of a package solution.

2. As the Soviet Union is trying hard to interfere in the internal affairs of Afghanistan and to continue its control of that country in the name of an international "guarantee," it must be insisted that Afghanistan's internal affairs should be settled only by the Afghan people themselves. No one should compel the Afghan people to accept the fait accompli created by Soviet invasion, or impose anything on the Afghan people behind their backs.

3. As the Soviet Union, to consolidate its control of Afghanistan, is trying every means to crush the Afghan people's resistance and stop the people of other countries from providing assistance to them, it is necessary for all the countries in the world and their people to give firm support to the Afghan people's current struggle against the Soviet occupation troops. To force the Soviet troops to withdraw, they are duty-bound to

support actively the Afghan people in their just struggle for safeguarding national independence and resisting foreign aggression. Any attempt to attack the support as interference in the internal affairs of Afghanistan is nothing but vilifications hurled at international justice.

Curbing Soviet aggression against Afghanistan and deflating the arrogance of the Soviet hegemonists constitutes a serious struggle. In the face of the ferocious and tricky Soviet aggressors, the three principles should be upheld as the only way to prevent them from exploiting the good wishes of the world's people to reach their aggressive goal. The world situation is at a crucial juncture. By daring to struggle and being good at struggle, maintaining sharp vigilance and keeping a cool head, all peace-loving countries will win their cause of safeguarding world peace.

— "Renmin Ribao" Observer,
March 15.

Afghanistan

Guerrilla Resistance Goes On

Since late February, the Soviets have employed tanks, helicopter gunships, bombers and fighter planes against Afghan guerrillas in eastern Afghanistan. This heralds a Soviet spring offensive against the resistance fighters.

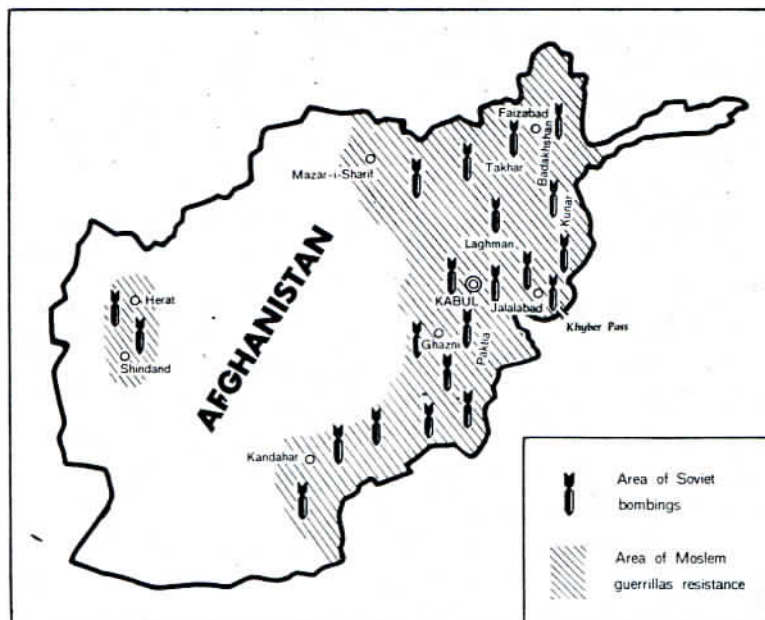
Fighting is reported to be very fierce in the provinces of Kunar, Nangarhar and Paktia bordering Pakistan. The Soviet occupation army using napalm, incendiary and gas bombs has inflicted heavy casualties on the Afghan popula-

tion. In Kunar alone, some 130,000 inhabitants have fled.

Soviet brutality is engendering fiercer Afghan resistance. Guerrillas inflicted heavy casualties on the invaders in Kunar where the important border town of Asmar was recovered, and beat them on several occasions in Badakhshan and Takhar in the northeast and in Kandahar in the south.

The Revolutionary Council of the Islamic Union for Liberation of Afghanistan on March

12 declared that its members are closing their ranks and pressing ahead with their holy war against the Soviet imperialists "until the last Russian is expelled from Afghanistan."



Sketch map by Zhu Yulian

Kampuchea

Vietnamese Dry-Season Offensive Foiled

FIVE months have gone by since the Vietnamese aggressors unleashed the much touted dry-season offensive. Exploiting its military superiority, Hanoi launched frequent mopping-up drives from region to region in an attempt to eliminate the Kampuchean National Army and guerrilla forces. Facts, however, have proved that its smug calculation was erroneous.

Earlier, in the monsoon season, Viet Nam, with the support of Soviet naval vessels and planes, had concentrated its troops and transported additional arms and ammunition in

an all-round preparation for the offensive.

In order to make surprise attacks, the Vietnamese troops started their offensive with mopping-up operations in mid-September last year when the dry season was yet to come in Kampuchea. The troops thrown into the central, northeastern, western and northwestern regions ranged in number from four to eight divisions and even chemical weapons were repeatedly used in many operations.

In the face of these brutal operations, the Kampuchean

National Army and guerrilla forces persisted in guerrilla war under extremely difficult conditions, hitting the enemy in mobile and flexible ways. Fighting under cover of jungles and mountains and using mines, traps, arrows and other weapons available, they inflicted heavy casualties on the enemy and thwarted many mopping-up operations.

According to Radio Democratic Kampuchea, the Kampuchean National Army and guerrilla forces in the central region wiped out over 800 enemy troops from last September to November and recovered a number of areas. The army and guerrillas in the northeastern region defeated two large-scale mopping-up operations.

On January 15 this year, the Vietnamese troops, finding their communication lines cut off and their losses mounting, were forced to retreat to Highway 19 and the strongholds in Veune Sai, Stung Treng and other places. In the Battambang-Pursat area in northwestern Kampuchea, where the fighting was most fierce, the National Army and guerrillas repeatedly smashed the operations by several Vietnamese divisions. They put out of action many enemy effectives, destroyed a number of strongholds, and kept fighting fiercely in the districts of Sisophon, Thmar Puok, Mongkol Borei, Pailin, Pavei, Samlot and Leach.

The past five months have shown that the Vietnamese aggressor troops are waist-deep in a quagmire in Kampuchea.

Though Viet Nam has sent a total of over 200,000 troops into Kampuchea, and employed aircraft, tanks, artillery and even

chemical weapons, it has failed to achieve its objective of winning the war quickly. The Kampuchean army and people have preserved their strength in their struggle.

Just as Khieu Samphan, President of the Presidium of the State and Prime Minister of Democratic Kampuchea, noted

on March 11 at a press conference in Beijing, "In view of our experience over the past year, particularly the past five months, we can say that . . . it is impossible for the Vietnamese aggressors to crush our resistance. On the contrary, we will wipe out more and more of their effectiveness."

ASEAN-E.E.C. Co-operation Develops

AT the signing of the co-operation agreement between ASEAN and the European Economic Community (E.E.C.), the President of the E.E.C. Council of Ministers said that the conclusion of the agreement "is an event whose political significance is at least equal to its economic one." It was the first time Indonesia, Malaysia, the Philippines, Singapore and Thailand jointly concluded an agreement in the name of ASEAN since it was set up in August 1967. For the E.E.C., it was the second regional agreement with third world countries, the first one being the Lome Convention with 46 developing countries in Africa, the Caribbean and the Pacific (the A.C.P. countries) in April 1976.

Like the Lome Convention, the ASEAN-E.E.C. agreement which was signed on March 7 provides a framework for wide economic co-operation and trade. It pledges full E.E.C. support for ASEAN development. The two organizations will accord each other most-favoured-nation treatment in accordance with the general agreement on tariffs and trade. The E.E.C. will "co-operate with ASEAN to realize concrete projects and programmes, inter alia, food production and supplies, development of the rural

sector, education and training facilities and others of a wider character to promote ASEAN regional economic development and co-operation." The agreement also provides for the formation of a joint co-operation committee which will meet at least once a year to consider various co-operative activities and will serve as an official forum for consultations between ASEAN and the E.E.C.

For Peace, Freedom and Neutrality. When the United States was forced to scale down its activities in Southeast Asia at the end of the 60s, the Soviet Union hoped to step in and fill the "vacuum." It first tried to peddle an "Asian security system," but when ASEAN brushed it aside, Moscow accused it of being a foreign-dominated exclusive military-political body whose leaders were yes-men of the United States. The Soviet menace became particularly conspicuous in the last two years as Moscow energetically supported the Vietnamese regional hegemonists in their expansionist activities—invading Kampuchea and spreading the flames of wars of aggression to the front door of ASEAN, as well as driving large numbers of refugees into the ASEAN countries, causing great difficulties to their economies.

Against the Soviet menace, the ASEAN countries have been determined to uphold their independence and security and have repeatedly exposed hegemonic aggression and expansion. They made it clear in their Kuala Lumpur Declaration of 1971 that they wanted to make Southeast Asia into a zone of peace, freedom and neutrality which would reject all forms of interference from outside powers. Besides strengthening their unity, the ASEAN nations also decided to turn to the E.E.C. for support in economic development and for political stability.

On its part, the E.E.C. was ready to develop its relations with ASEAN as it needed its various natural resources and wanted to expand economic and trade ties with the region.

Economic Ties. Besides their strategic geographic importance, the five ASEAN nations, with a population of roughly 250 million, provide a huge market. Their export of natural rubber and Manila hemp make up 80 per cent of world supplies while that of tropical hardwood timber makes up 75 per cent of the world trade. Furthermore, they are rich in natural resources, particularly petroleum, bauxite, tin, chromium, tungsten, copper, rice, cocoa, sugar, coconut oil and other minerals and farm produce. During the 70s, the five countries showed rapid rates of economic growth, with their annual G.N.P. growth rates from 1973 to 1978 ranging from 6.8 to 7.9 per cent. Since ASEAN was a market with the fastest economic growth, Europe was eager to have all-round co-operation with it and, with the international situation as it is, the members of the E.E.C. expressed their willingness to support development of the

ASEAN nations in order to maintain stability in the region.

It was precisely against such a background that the trade volume between the E.E.C. and ASEAN experienced a rapid growth in recent years—from 5,100 million U.S. dollars in 1973 to 12,150 million U.S. dollars in 1978. Since 1974, the E.E.C. has gradually extended generalized preferences to some ASEAN nations and with the new agreement, the E.E.C. and ASEAN will have further discussions on improving their most-favoured-nation treatment. ASEAN is interested in the E.E.C. measures to stabilize export earnings of A.C.P. countries under the Lome Convention and hopes that this will be extended to include its exports. The E.E.C. has expressed willingness to consider the matter.

Investments and industrial co-operation between ASEAN and the E.E.C. have been very active in recent years. They have had meetings to explore prospects for co-operation and fields of investment and, in accordance with the 1976-79 development programme, to determine E.E.C. aid projects in ASEAN. The E.E.C. has also passed on technology to the ASEAN nations by holding seminars and helping to train workers.

Political Support. The strengthening of economic ties is bound to lead to more mutual political support. The E.E.C. has clearly stated that ASEAN is a force which can help maintain peace and stability in Southeast Asia

and that helping the ASEAN region attain political stability conforms to E.E.C. interests. Therefore, the E.E.C. actively supports ASEAN's actions to keep the region free from outside influences and safeguard its members' independence. It has stressed that strengthening its relations with ASEAN should not be restricted to the field of economics but should be expanded to cover the field of politics. It was noted that the ASEAN countries' struggle against the threat of Soviet-Vietnamese aggression has the support of the E.E.C. which has unanimously decided to temporarily stop all aid to Viet Nam until the refugee question is settled.

The E.E.C. efforts to strengthen its political and economic regional co-operation with the third world as are exemplified in the Lome Convention and the E.E.C.-ASEAN agreement are undoubtedly beneficial to their common struggle against hegemonism.

—“Beijing Review” news analyst Yang Bianyi

Improvements in Turkey-Greece Relations

A WELCOME sign of a breakthrough in the longstanding Greco-Turkish dispute over the Aegean Sea came as the two countries lifted their ban on civilian air traffic in the corridor over the sea, a ban which had closed the area to interna-

tional civilian flights for nearly six years.

Differences. Greece, in the light of the 1958 Geneva agreement, claimed most continental shelves of the Aegean. Turkey argued that the eastern seabed of the Aegean was the natural extension of its Asian minor continent. Thus, the continental shelves east of the central line of the Aegean should belong to Turkey.

Turkey also claimed that the Greek islands close to its shores are the “rising part” of the Turkish continental shelves. Since the Second U.N. Conference on the Law of the Sea in 1960, Greece has tried to extend its territorial sea limit in the Aegean from the present 6 nautical miles to 12. This was vehemently opposed by Turkey, which declared that the extension would deny it an outlet to the Aegean.

The differences have been aggravated by the discovery of oil in the sea. In the past, the air space over the Aegean was practically all under Greek control, though Turkey asserted its right to control part of the air space. The two countries also have differences over the delineation of the “flight information region.”

In the wake of the Cyprus Incident in 1974, Turkey closed the eastern half of the Aegean air space to civilian traffic while Greece declared the entire Aegean a danger zone and banned all flights as a retaliation.

A Breakthrough. Since March 1978, the premiers of two coun-

tries have had meetings in Montreux and New York. Their senior foreign ministry officials have held five rounds of negotiations in Athens and Ankara, but with no substantial results. The lifting of the air ban on February 22 is indeed a happy move towards the resolution of their dispute and better relations.

Both countries expressed their goodwill in the announcements lifting the ban. Turkey took the initiative for "removal of disagreements" without preconditions. Greece responded favourably as Foreign Minister George Rallis said that the Turkish move has "improved the climate in the relations between our two countries."

The announcements came as a blow to the Kremlin's policy of expansion. Since the 1974 Cyprus Incident, the Soviet Union has done much to aggravate the ill feelings between Turkey and Greece in an attempt to undermine NATO's southeastern flank. The Turkish newspaper *Tercuman* pointed out, "The Turkish-Greek move taken in Brussels is conducive to the consolidation of the southeastern flank of NATO after the events in Afghanistan."

—by Xinhua Correspondent Liu Kaichen

Moscow's Unwarranted Attack On Norway

THE Soviet paper *Pravda* and TASS News Agency have repeatedly accused Norway of "violating its traditional policy of good neighbourhood," and of

"taking unfriendly actions against the Soviet Union." Not long ago, *Pravda* charged Norway with running counter to its policy against the deployment of foreign troops and nuclear weapons on its land in peacetime, embarking on a road of "hostility" towards the Soviet Union and creating "serious uneasiness" in the north European countries.

Such vehement Soviet attacks cannot but raise the question: Is it Norway, a small country, that is taking a "hostile" attitude towards the Soviet Union? Or is it the Soviet Union that is bullying Norway as the superpower is committing aggression and expansion in a bid for world hegemony?

Norway and the United States started negotiations in 1977 on storing U.S. and NATO military equipment in Norway in an effort to strengthen the defence of Norway and the NATO as a whole. Prime Minister Nordli said that his country needs a creditable defence and the storage of the equipment on Norwegian soil is the prerequisite for this kind of defence. Meanwhile, he declared, Norway has no plan to store tactical nuclear weapons or to station foreign troops on its land.

At a press conference in Stockholm on February 12, Swedish Prime Minister Thorbjørn Fälldin and Finnish Prime Minister Mauno Koivisto also confirmed such storage arrangements in Norway. They stressed that the storage did not cause uneasiness in their countries. Two other north European countries, Iceland and Denmark, as NATO members,

will not be upset by such a move taken by one of their allies. The Soviet allegation that the storage has brought up serious uneasiness among North European countries does not tally with the truth. Surely, there is serious uneasiness among these countries, which stems entirely from the Soviet expansionist acts.

The Soviet Union has the largest naval and strategic nuclear bases in the Kola Peninsula close to northern Europe. The Soviet navy has expanded its activities to the area from Iceland through the Faroe Islands to Scotland, and has considerably reinforced its fleets in the Barents and the Baltic seas. Soviet vessels and planes often intrude into north European countries' territorial waters and air space. Not uttering a single word about the massive Soviet military buildup in the region neighbouring Norway and the various pressures from Moscow on north European countries, TASS claimed that the Soviet Union has never threatened Norway or other countries. Meanwhile, it made a fuss about Norway's normal military activities on its own land. This only lays bare once again the true features of the Soviet hegemonists who use their strength to bully the weak.



The Agricultural Development Programme

The Decision on Some Questions Concerning the Acceleration of Agricultural Development approved in September 1979 by the Fourth Plenary Session of the 11th Central Committee of the Communist Party of China is a programmatic document. A guide to our agricultural development in the new period of socialist construction, it has been made known to the whole country for implementation. Many readers have sent in letters asking what it is all about. Here is the gist of the decision. — Ed.

1. Towards a Unified Understanding of Agricultural Issues

Achievements. The socialist transformation of agriculture has been realized. Between 1949 and 1978:

Grain output increased 2.7-fold;

That of cash crops, forestry, animal husbandry, sideline occupations, fishery and rural industry increased to varying degrees;

A large number of water conservancy projects, big, medium-sized and small, were built;

This sluice gate on the Jiaolai River in Shandong Province has a flow that irrigates over 70,000 *mu* of farmland.



AGRICULTURAL OUTPUT

Products	Unit	1949	1979
grain	10,000 tons	11,320	31,250
cotton	10,000 tons	44.45	240
sugar	10,000 tons	20	230
pigs	10,000 head	5,775	31,383

A large acreage of farmland was transformed;

And there has been a substantial increase in the use of chemical fertilizers, farm machinery, drainage and irrigation equipment and electricity in the countryside.

Problems. Acute contradictions have arisen in the last 20 years between agricultural development on the one hand and the needs of the people and the four modernizations on the other.

Between 1957 and 1978 our population registered an increase of 300 million whereas the area of cultivated land diminished due to expansion of the land area taken up by capital construction;

In 1978 the average per-capita share of food grain was only on a par with that of 1957;

The average per-capita income of the 800 million rural population was only a little more than 70 yuan per annum;

The collective property of a production brigade is valued at an average of less than 10,000 yuan; in some places the amount is not even enough for simple reproduction.

Twists and Turns. The course of agricultural development since the founding of the People's Republic has been tortuous.

CONDITIONS OF AGRICULTURAL PRODUCTION

(Based on 1978 statistics)

Total power of agricultural machinery	160 million h.p.
Number of large and medium-sized tractors	557,000
Number of walking tractors	1,370,000
Number of big and medium-sized reservoirs holding 170,000 million cubic metres	over 80,000
Area of land under irrigation	46,670,000 hectares
Chemical fertilizer used per hectare	525 kilogrammes

In the three-year period of restoration (1950-52) and the First Five-Year Plan (1953-57), the country-wide land reform was completed, the socialist transformation of agriculture realized and large-scale economic construction carried out; agriculture made notable progress. In those eight years, the average annual increase in the output of grain was 7 per cent. In 1958, which saw the establishment of the people's communes and the big leap forward, the masses, by emancipating their minds, dared to think and act; this revolutionary spirit of theirs was commendable. But due to lack of experience and failure to stay level-headed on the part of the leadership, we made the mistakes of giving orders blindly and doing things in a rash, haphazard way. This, plus natural disasters and the breach of contracts and withdrawal of experts by the Soviet Government, led to serious setbacks in agriculture towards the end of the 50s and in the early 60s.

However, thanks to efforts made by the whole Party and nation, we managed to overcome our shortcomings and mistakes in work and succeeded in tiding over the difficulties by 1962, thereby bringing about a rapid recovery and new development in agriculture.

During the ten years of Cultural Revolution initiated in 1966, Lin Biao and the gang of four pushed an ultra-Left line, subverted the various Party policies and the rural economy, thus dampening the initiative of the peasant masses. It was due to the resistance to the erroneous line put up by our cadres and masses that it was possible for agriculture to make some progress in the 70s.

Lessons. To speed up the recovery of agricultural production and its further development, we should draw certain lessons. In the main these relate to the following seven factors.

(1) We must maintain a political situation of stability and unity for a long time to come. This is a prerequisite for the four modernizations.

(2) We must understand and deal with class struggle properly. We must be firm in dealing blows at the class enemies who are still around in the countryside, who are hostile to socialism and are trying to sabotage it. But these constitute only a small number. It is impermissible to confound the two types of contradictions, which are different in nature—contradictions between ourselves and the enemy, and those among the people them-

selves. Nor is it permissible to enlarge the scope of class struggle according to whim; this can only damage unity and harm the innocent.

(3) Efforts must be concentrated on the transformation of agricultural technique and the development of the agricultural productive forces on the basis of collective farming. This is the Party's basic line on the question of agriculture. We must develop capital construction in agriculture (including water conservancy, cropland, grassland, forestry, fishery and livestock breeding) and industrial enterprises in rural areas with a view to transforming the conditions of agricultural production and enhancing the peasants' material means for expanded reproduction.

(4) We must persist in carrying out the Party's rural policies for the present stage in a steady way.

(5) We must firmly carry out the policy of taking agriculture as the foundation of the national economy. In our national economic planning, we must make arrangements in the order of agriculture, light industry and heavy industry, and maintain a balance between agriculture and industry. All trades in the country must give further material and technological support to agriculture.

(6) We must correctly carry out the following principles, namely, "simultaneous development of farming, forestry, animal husbandry, sideline occupations and fishery" and "taking grain production as the key link, ensuring an all-round development, suiting measures to local conditions and concentrating on a certain line of production when appropriate." We must

gradually change the structure of agriculture and the composition of our diet.

(7) We must conduct agricultural production according to natural and economic laws, respect the democratic rights of the grass-roots cadres and the masses, and never give blind orders through administrative channels.

2. Twenty-Five Policies and Measures

In working out agricultural policies and measures, our starting point should be giving full scope to the superiority of the socialist system and arousing the initiative of the 800 million peasants. We must intensify socialist education among the peasants, be concerned about their material interests and safeguard their democratic rights.

The agricultural policy, the economic policy for the countryside and the measures for increasing production at the present are as follows:

(1) The ownership of the people's communes, production brigades and production teams and their power of self-management are to be protected by state laws. As long as they

Members of the Chengnan Commune, Fengyang County, selling surplus grain to the state.



keep to the socialist orientation, carry out government policies, observe the laws and decrees of the state, and accept the guidance of state planning, all the basic accounting units under a people's commune have the right to cultivate whatever is suited to the season and to local conditions, to determine measures for increased production, to decide on the methods of management and to distribute their own products and cash income.

(2) The requisition or use of the labour power, land, draught animals, machinery, funds, products and other materials of a production team without compensation is not allowed.

(3) The economic organizations at all levels in a people's commune must carry out the principles "to each according to his work" and equal pay for equal work between men and women. The system of fixed quotas in production is to be strengthened, remuneration is to be paid according to the amount and quality of work done, a system of awards and penalization should be established and absolute equalitarianism is to be firmly corrected. With the development of the collective economy, more collective welfare undertakings should be set up and this work must be improved step by step so that the aged, the weak, orphans and those advanced in age who are living alone, disabled commune members, disabled ex-servicemen and dependents of army men killed in active service will all be better ensured of decent living conditions.

(4) Land plots allotted to commune members for personal use, livestock for personal needs, household sideline occupations and rural trade fairs are supplementary and accessory to the socialist economy. Peasants are to be encouraged and helped to engage in household sideline production to increase personal income and activate the rural economy.

(5) The people's communes are to continue to stick to the system of three-level ownership with the production team as the basic accounting unit.* Transition from the production team to the production brigade as the basic accounting unit is not allowed unless con-

* The present three-level system of ownership of the means of production in a people's commune denotes the commune level, the production brigade level and the production team level. In most communes, the production team is the basic accounting unit; it directly organizes production and distributes its yields.



The Qianjin Commune in Danxian County, Guangdong, develops coffee trees and other tropical cash crops.

ditions are ripe and the majority of the team members agree.

(6) In the next three to five years, the share for agriculture in the entire capital construction investment by the state will gradually be upped to around 18 per cent. The share of expenditures on agricultural undertakings and appropriations in support of the communes, production brigades and teams will be raised step by step to about 8 per cent of the state's total expenditure. Local revenues should be used mainly to finance agriculture or in dustries serving agricultural production.

(7) Agricultural loans, from this year till 1985, will be more than doubled. The state is to issue in a planned way long-term special-purpose loans at a minimal or very low rate of interest, to be paid back in 10 or 15 years or even at the end of the century.

(8) The unified purchasing prices for grains will be up by 20 per cent when the summer harvest in 1979 is put on the market. The purchasing prices for extra grains outside the plan will be increased by another 50 per cent.

The purchasing prices for cotton, oil- and sugar-bearing crops, and animal, aquatic and

forest products will be increased correspondingly. The ex factory prices and marketing prices for farm machinery, chemical fertilizers, insecticides, plastics used in farming and other industrial goods for farming purpose should be lowered gradually. The prices for grains sold to the public will remain unchanged despite the increase in the purchasing prices of the farm produce; the prices of other farm produce indispensable to the masses in their daily life too will basically remain stable. When certain products must be raised in price, the consumers will receive proper subsidy.

(9) For a fairly long period from now on, the amount of state purchases of grain from the peasants will remain stable; moreover, there will be a reduction of 5,000 million *jin* (one *jin*=0.5 kilogramme) beginning from 1979.

(10) We must continue to do a good job of the capital construction necessary for the production, storage, transportation and processing of the products of farming, forestry, animal husbandry, sideline occupations and fishery. By 1985, the area of irrigated farmland and the acreage of farmland giving stable, high yields will be greatly expanded. The state is to build more giant water conservancy projects while the various localities will mainly take up the construction of small and medium-sized water works along with projects supporting the main ones.

(11) Planned land reclamation. No state purchases will be made of what is grown on land newly opened up by communes, production brigades or teams for five years beginning from the first year of harvest. All industrial enterprises and mines should take measures to prevent contamination of the natural resources such as water resources and the atmosphere, or damage of agricultural production. No government organ, organization, armed force unit, enterprise, school or university is allowed to trespass on or make illegal use of cultivated land, grass and pasture land or forest land belonging to a commune or state farm. A land law should be made and enacted as soon as possible.

(12) Efforts should be made to run state farms well so that they will provide the state with more marketable grain, as well as more cash crops and other farm and sideline produce. Up to 1985, state farms are not required to hand over their profit, which is to be used for expanded reproduction and for transforming them-

selves into amalgamated enterprises combining farming, industry and commerce.

(13) We must quickly increase the production of chemical fertilizers, insecticides, plastics for farm use and various herbicides and guarantee their quality. Large quantities of peasant household manure should be collected and stored, more green manure grown and organic manure accumulated.

(14) Actively select and breed, import and popularize improved seeds. Quickly set up provincial, prefectural and county bases for seed cultivation and a network of seed companies.

(15) Develop mechanization in farming, forestry, livestock breeding, sideline occupation and fishery, as well as in rural transportation and loading and unloading. The supply of accessories and spare parts for farm implements and machinery should be well ensured.

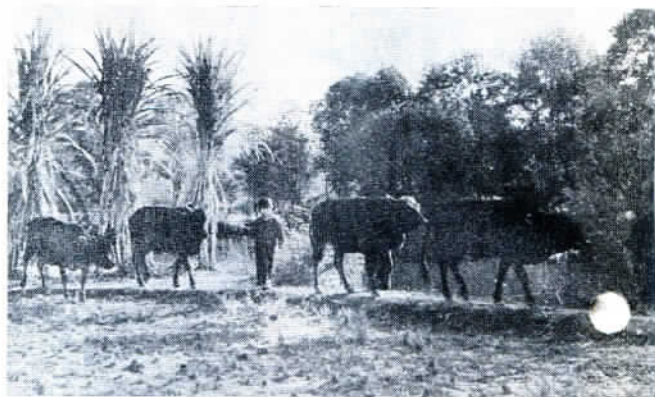
(16) Develop food and cash crops simultaneously; develop farming, forestry, animal husbandry, sideline occupations and fishery simultaneously.

(17) Plant trees for afforestation. Concentrate efforts on building a shelter-belt stretching from northwest China to north and northeast China. Emphasize tree-planting around farmland, along roadsides, around houses and along riverbanks in north China, on the central plains and in northeast China, concentrate on quick-growing timber in the ten provinces south of the Changjiang, as well as on economic forest bases in the south and the north and the forest areas in the northeast. The Forestry Law should be enforced to protect our forests.

(18) Enlarge the proportion of animal husbandry in agriculture. Pay special attention to developing the breeding of cattle, sheep, goats, rabbits and other grass-eating animals. Peasant households in the communes should be encouraged to raise pigs, cattle, sheep and goats, while livestock breeding by the collective should be developed. A number of modern ranches, poultry farms, slaughter-houses, deep-freeze plants, and factories processing animal products should be built in a planned way in China's pastoral areas and suburbs of big and medium-sized cities.

(19) Speed up fishery production and boost the output of aquatic products. Exploit water areas and lowlands along the coast and develop

fresh-water and marine fish culture; readjust off-shore fishing and actively open up fishing grounds out at sea. Use advanced technology and equipment to modernize fishing and fish culture, processing, storage and transportation. Develop aquatic products culture on city outskirts and popularize fish and shrimp culture.



In Anfu County, Jiangxi Province, one in every four rural households now raises an animal.

(20) Bring about a big development of enterprises run by communes and production brigades*, gradually raising the proportion of the income from these enterprises in the total income of the communes, production brigades and teams. Farm and sideline produce which lend themselves to processing in the countryside should be gradually transferred to these enterprises for processing. Factories in the cities should in a planned way turn the manufacturing of a part of their products or parts to these enterprises, supplying them with equipment and giving technical help. A policy of low tax or tax exemption is adopted by the state towards these enterprises.

(21) Exchange commodities at equal value; facilitate exchange of goods between city and countryside. In purchasing farm and sideline products, prices should be geared to quality; the means of production and the means of subsistence needed in the countryside should be supplied promptly at reasonable prices, quality

* Many people's communes and production brigades now have their own factories and enterprises, such as farm machinery plants, cement works, brick and tile works and food processing mills. In many communes, revenues from these factories and enterprises now make up more than half of their total income.

guaranteed. Contracts should be signed for the purchase of grain, cotton, edible oil and other farm and sideline produce.

(22) Efforts should be made to develop the production of goods for export. The state has decided to allot a special sum in foreign exchange to finance the development of cash crops, native and special products, livestock breeding, sideline occupations, fishery and related processing industries in the provinces, municipalities and autonomous regions.

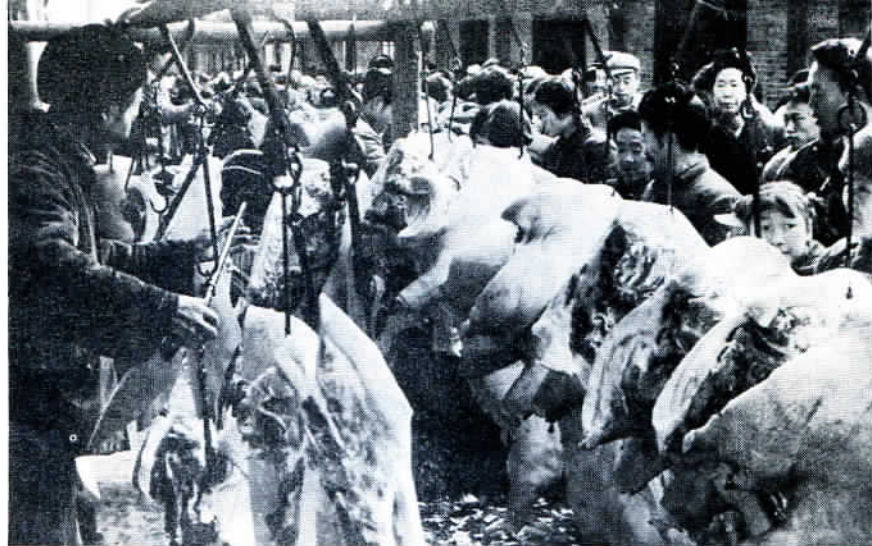
(23) For many years in some areas in the northwest and southwest, in a number of old revolutionary base areas, in remote mountainous regions, in areas peopled by national minorities, and in frontier regions, the yield has been low, there has been a shortage of grain and the people are poor. A special commission under the State Council is to be set up to give priority to these areas in financial, technical and material assistance.

(24) Continue efforts to carry out family planning, supported by publicity, education, medical service and supply of contraceptives. More effective measures and policies, mainly economic measures, will be adopted to bring down the nation's annual rate of population growth to around five per thousand by 1985.

(25) To protect and arouse the initiative of the cadres at the grass-roots level in the countryside is a highly important link in accelerating agricultural development. The wage problem and welfare of commune cadres and agro-technicians should be solved step by step. Cadres who do their work well should be commended and given material awards. Cadres at the commune, production brigade and production team levels must all be elected by either a meeting of the commune members' representatives or a general meeting of the commune members; they should be subject to supervision by the masses.

3. Steps to Modernize Agriculture

(1) A large number of specialists with a grasp of modern agricultural science and technique, agricultural technicians and managerial personnel should be trained within several to a dozen or more years, while at the same time scientific, technical and cultural level of



At a rural fair where there is fresh pork galore.

the peasant masses should also be elevated. The central authorities should be responsible for the proper functioning of the Chinese Academy of Agricultural Science and the Beijing Agricultural University; the provincial, municipal and autonomous regional authorities are to run well a number of agricultural research institutes, agricultural colleges and secondary agricultural technical schools.

(2) Promote agricultural mechanization in a planned way. Import, manufacture and popularize advanced farm machinery suited to China's special features to raise labour productivity. Build rural small hydro- and thermal-power stations; popularize the use of methane gas and utilize wind and solar energy. Provide irrigation and drainage for farmland and grassland by building water conservancy projects, so as to ensure high and stable yields. Speed up the development of chemical fertilizers, insecticides, herbicides and other chemicals for farm use and increase production of plastic sheets. In 1980 the departments concerned under the State Council will work out a long-term plan for agricultural modernization together with year-by-year plans for its implementation.

(3) Agricultural production must have a rational distribution and specialized production should be introduced step by step. In different regions, take measures suited to local conditions to bring about an even development of farming, forestry and animal husbandry. Organize a force to complete within three years a national survey of the natural conditions and resources and social conditions and work out plans for specialized production in various areas to be carried out step by step.



Ding Zhenya, a seed-breeding specialist of Mengcheng County, Anhui Province.

(4) Set up a number of key bases for marketable grain production, cash crops, livestock breeding, fishery and forestry. These bases will use advanced machinery and equipment, introduce scientific methods of production and management to become giant, modern, agricultural enterprises with high labour productivity and marketability. Some of them will also run industry and commerce and gradually expand into amalgamated enterprises combining farming, industry and commerce.

(5) Readjust the distribution of the nation's industry in support of agriculture in two to three years. The Ministry of Agricultural Machinery and the Ministry of Chemical Industry will set up a number of specialized companies and service companies to put the supply of farm machinery and chemicals, maintenance, hiring service and dissemination of technical know-how under unified management. Build highways linking urban and rural areas so that by 1985 motor traffic is accessible to every commune.

(6) In farm and animal produce centres, modern processing industries will be set up to facilitate supply and marketing in cities and the countryside.

(7) Planned construction of small towns in the nation's 2,000-odd county seats, and more

economically developed towns or commune seats. Big cities should render stronger support to agriculture and build a number of satellite towns in their surrounding rural areas.

(8) Concentrate efforts on the construction of key projects. Farm machinery, money and materials for agriculture should go to key areas. In the first few years, if things are done successfully in areas comprising one-fifth of the population to bring about a marked increase in production and a rapid increase in the peasants' income, they will serve as an example for the rest of the country to follow and help promote agricultural production elsewhere.

4. Stronger Leadership

Party committees and governments at all levels from the central level down must give first place to agriculture, and really implement the Party's line, principles and policies. The Party branches in the countryside must be strengthened and they must see that Party members play an exemplary vanguard role. Agricultural production and construction connected with it should be managed independently by the administrative and vocational organs; the Party must not take over in this field.

The State Agricultural Commission is responsible for studying the principles and policies for the nation's agricultural production and, together with the State Planning Commission, gives leadership to the drawing up of long-term and yearly plans for agriculture, and makes arrangements for agricultural funds and the distribution of materials.

In working out plans, the planners must follow the mass line, make thorough investigations and maintain an overall balance. Except for what has been prescribed by law, administrative orders should not be issued to compel communes and production brigades to comply.

The style and method of work on the part of leadership must be radically improved. We must overcome such bad styles of work as approaching matters unrealistically, disregarding economic results, ignoring science and refusing to follow the mass line.

Cadres at all levels must not only study Marxist-Leninist theories but also acquire scientific, technical and economic knowledge, learn advanced methods of agricultural management and become experts.

On Reforming the Economic Management System (II)

by Xue Muqiao



This is the second part of an article by the noted economist Xue Muqiao. The first part "Why Reforms Are Necessary" appeared in issue No. 5. The third and concluding part dealing with reforms in the management system of the national economy will be carried in issue No. 14. — Ed.

Reforms in the Management Of State-Owned Enterprises

AS managerial units at the grass-roots level in the economy owned by the whole people, state enterprises should, under the guidance of the state plan, have the right to handle their own finances, material resources and manpower, achieving the maximum economic results with least expenditure possible. But in the past, the management system required that a state-owned enterprise turn in all its income to the state and apply to the state for all its expenditures. "All eat from the same big pot," to put it figuratively. Then, within the enterprise itself, workers and staff members were paid according to a unified standard, regardless of how good or how bad the work was. Everyone is entitled to an "iron rice bowl," so to speak.

Many comrades then mistook this arrangement as a manifestation of the "superiority of socialism." But it was, in fact, a remnant of the "supply system" that had been in effect during the revolutionary wars, and today it has become a great stumbling block to socialist modernization.

In a capitalist country all enterprises are responsible for their own profits and losses and each enterprise has the full power to run its own business. Scrambling for markets, they compete with one another, work hard to raise the technological level of production, improve management and economize in the use of manpower, materials and money — all for the purpose of bringing in the maximum profit from the minimum capital.

On a country-wide scale capitalism is unplanned and unorganized, this causes a great deal of waste. But within each capitalist enterprise, everything is planned and organized with careful calculations. The methods of business management developed through several hundred years' experience in capitalist countries include many things we can make use of. If our socialist enterprises do nothing to change their backward ways of management (such as "all eating from the same big pot" and the "iron rice bowl" tradition mentioned above), we cannot possibly hope to surpass capitalism in labour productivity and triumph over it.

Better management requires that our enterprises have certain rights over their own personnel, finances and materials, over supply, production and marketing.

First, part of the profit must be put aside to build up the enterprise fund. If an enterprise turns in all its profit to the higher level and has no funds under its own control, it can only go on with simple reproduction, not expanded reproduction, and it has to remain at its old technological level because it is in no position to carry out technical innovations, still less reconstruction or expansion.

If we persist in such a system, we cannot possibly carry out rapid modernization of the national economy. For this reason, we should be resolved to introduce a new system under which our enterprises will be allowed to retain a share of the profit they have made, either part of the whole lot or part of that portion of extra profit made. In the former case, it means deducting a fixed percentage of profit from the whole lot; in the latter case, it means not drawing from the profit made according to plan (or drawing only at a low percentage), but retaining a high percentage of the profit in excess of the plan. Since each department or enterprise operates in a situation different from the others, the percentage should be worked out according to its specific conditions.

Under the new system, more funds will be available to the more advanced enterprises.

which will thus make rapid progress; the backward ones which have less funds will make slower progress. This is the way to encourage the advanced ones and give some push to those which lag behind, its disadvantages being outweighed by its advantages. Of course, some backward enterprises with conditions for innovation would nevertheless be restrained by the lack of funds. In these cases, the state could offer them short-term bank loans to be repaid within a fixed time with the additional profit made.



A veteran telegraphist Luo Sufang of the Chengdu Telecommunications Bureau instructing her student.

This system of enterprises drawing on a certain percentage of their profit poses a very complicated problem and it should be regulated by a number of economic measures. This is because the amount of profit made by an enterprise depends on both objective and subjective conditions. If more profit is made through proper management (subjective condition), the enterprise concerned should be rewarded; if more profit is made because of objective reasons, the profit should in principle go to the state. By objective reasons we mean:

1. Differences in the prices of products. The prices of many of our products now grossly deviate from their value and this has become a major reason for the differences in the amount of profit made. Before introducing a system of profit-deduction by the enterprise, we must first of all make price readjustments so that in general the prices of products approximate their value. In the case of some products (cigarettes and alcoholic drinks

for instance) a reduction in the prices of which is out of the question, their extra profit should be turned over to the state in the form of a product tax. Thus all trades run under normal methods of management can be ensured a reasonable amount of profit after paying taxes.

2. Different conditions in the resources on which mineral products are based. The daily output of some oil wells, for instance, is only several tons, while others produce scores of tons, several hundred or even a thousand tons a day. The state should levy a resource tax in keeping with such different conditions. Some coal mines, because of their poor resources, suffer losses over a long period, and the state should provide them with subsidies. If these mines manage to save the subsidies because they are well run, they must be allowed to draw on a certain percentage of the money saved.

3. Differences in the labour productivity of many factories due to the good or poor quality of the machinery and equipment. This is caused mainly by the amount of state investment, not by the subjective efforts made by the workers. To solve this problem, the state may ask enterprises to make payments for their fixed assets. This will offset the differences in profit caused by the disparity between labour productivities resulting from the different qualities of technical equipment.

Under the new system, most of the enterprise funds should be used for technical innovations and, when conditions permit, for reconstruction and expansion. A small part of the funds may be used to establish additional undertakings for the collective welfare of the workers and staff members and also to pay them bonuses. The proportions for each of these items should be worked out according to the concrete conditions of the enterprises concerned. In the case of those with ample funds, the proportion spent on such items as technical innovations should be relatively larger and that for collective welfare and cash awards relatively smaller, so that an excessive gap between enterprises in remunerative payments can be avoided.

Secondly, changing the enterprises' relationship to their fixed assets and working capital. Up till now, investments in fixed assets for an enterprise are supplied by the state, and only depreciation funds are required from the enterprise which use them. When more machinery and equipment are needed, it is necessary to get the approval and the money for them from the state; the enterprise has no

money of its own, and no authority to increase the amount of machinery and equipment. The director of a big plant with tens of thousands of workers, for instance, is not in a position to authorize the construction of a workers' canteen or a workers' dormitory, nor does he have the money for it; this requires the approval and financial backing of its leading body.

Under this supply system, all incomes and expenditures of an enterprise are handled by the state, with the state bearing all the expenses involved. An enterprise is neither a unit of management nor a unit of cost accounting, and large sums of state funds are wasted. Under this system, a new enterprise under construction more often than not tries to get as much investment as it possibly can from the state, and it does not care if the appropriations pile up or lie idle. On the other hand, the old enterprises have no way of acquiring additional machinery and equipment to carry out technical innovations or expand production; their application for investment for this purpose is often rejected by the higher level. Plainly, if nothing is done to change this system, it will seriously hamper the modernization of the national economy.

Our present system governing depreciation of fixed assets likewise needs to be modified. Science and technology are now advancing by leaps and bounds, and the period set for the depreciation of fixed assets in capitalist countries has already been reduced to five to ten years. But in our country, generally speaking, its duration is still as long as 25 years! In a capitalist country, replacement of equipment is encouraged, whereas in our country we encourage our enterprises to make do with what little equipment is available. Here in our country a greater part of the depreciation fund for fixed assets is turned in to the state. An enterprise has only the money for major overhauling; for replacement of equipment, it has to get approval from the higher authority which alone controls the money for this purpose. In overhauling equipment on a large scale or in replacement of equipment, the use of advanced technology is not encouraged but restricted.

To change this situation, it is necessary to establish a system under which an enterprise is required to compensate the state for the use of the fixed assets allotted to it. The state puts capital construction investment funds in the bank and the bank takes care of the funds; these will be turned into fixed assets and handed over to enterprises to use. Fixed assets acquired earlier will be revalued after a check-up and also

put under bank management. An enterprise using fixed assets must make regular interest payments on them.

Major investments in capital construction will still be allocated by the state through its financial departments. The state owns these fixed assets and entrusts them to the care of the bank, and the enterprises concerned make interest payments for their use which are forwarded to the state financial departments. The bank directly issues loans for minor investment in capital construction and the enterprise concerned must make time payments on both principal and interest.

The bank will provide all the working capital in the form of loans which must be paid back. The rate of interest for working capital within the quota may be lower than the rate for working capital outside the quota. This will prevent enterprises from piling up large amounts of materials in warehouses, which not only wastes funds but may lead to man-made scarcities in the supply of materials.

After the enterprise fund has been established, an enterprise may keep all or most of its depreciation fund for its own use. The state must not restrict but encourage it to carry out technical innovations and technical transformation with the enterprise fund; when necessary, the enterprise may also get short-term bank loans for this purpose. In this case, of course, the use of the funds must be ensured by necessary materials, and the state should incorporate their use in its plan and do its best to provide the necessary backing. In the case of major reconstruction and expansion, especially the construction of new enterprises, plans should be worked out and submitted to the state for approval to ensure a balance in the supply of materials.

Thirdly, changing the existing personnel system. The management of our enterprises must see to it that its manpower is rationally employed, just as its money and materials are utilized in a rational way. This means organizing its work force completely in accordance with the needs of production and business, so that everyone performs a useful function. This breaks with the old "iron rice bowl" tradition. Our Constitution, that of a socialist country, stipulates that every citizen with the ability to work has the right and obligation to work. Our labour power is in principle to be handled by the state in a unified way. However, each enterprise has its particular needs, which are very



Members of the Luda Dress Designing Institute soliciting opinions.

complicated, and people do not have the same ability; therefore, for each one to be given work commensurate with his ability, apart from unified arrangement of labour power by the state, there should also be the freedom for enterprises to decide what kind of people they want to take on and to a certain extent, freedom for individuals to decide where they wish to work.

Most of the workers and staff members in our enterprises and government offices are competent to do the jobs entrusted to them and they do have the opportunity to make good use of their talents. Still, there are a small number who are incompetent, or who do not have a chance to make good use of their talents. The state should institute a system of examination, appraisal and promotion, and transfer those unable to make good use of their talents to jobs that suit them better. An enterprise should have the right to demote anyone who, on examination or appraisal, is found to be unable to do his or her job. As for the few who for a long time do not attend to their work properly or who make serious mistakes and prove to be incorrigible after repeated persuasion, an enterprise should have the right to dismiss them with the consent of the trade union and send them to the department of labour for a new job assignment, or let them look for work themselves.

For years many of our enterprises and government offices have been overstaffed and there has been a relaxation of discipline. To change this situation quickly, it is necessary to simplify the structure, strictly examine how each worker and staff member has been doing his work, and promote or demote him or drop him

from the payroll as the case may require. This will greatly increase efficiency and overcome the inertia that is so prevalent these days. Among those who are redundant, many may be transferred to other appropriate posts, the younger ones can be organized to study, the aged ones may retire on pensions. Proper arrangements should be made for all; they must not be set adrift, destitute and homeless as in capitalist society.

In order that our scientists and technicians as well as those with special expertise can fully do their part, the state should, under certain conditions, give them the right to find jobs of their own choice. Some labour departments and some personnel departments now take a bureaucratic attitude towards this question, distributing jobs without taking into consideration what a person is good at. Some research institutes for a long time have not had proper jobs for their technicians and scientists and yet will not let other organs use them. Some technicians and scientists have found suitable jobs elsewhere because they have nothing to do in their own office, and yet the personnel department concerned simply does not allow them to be transferred. Some of our outstanding scientists and technicians were scarcely recognized here, and came to our notice only through foreign newspaper reports. This waste of talent must not be tolerated in a socialist society. The system of labour management responsible for such waste must not be allowed to continue.

Fourthly, changing the system of enterprise leadership. After enterprises are given more power in management, it is necessary to change the system of enterprise leadership and set up a system of division of labour and responsibilities under collective leadership. In the early 50s, Comrade Mao Zedong took to task the "one-man leadership" system because he thought that in Soviet enterprises the leadership was excessively centralized. So he introduced a system under which there is a division of labour between the director and vice-directors of a plant under the leadership of the Party committee.

But in many enterprises, the Party committee often took over everything, thus weakening the power which rightly belongs to the director and vice-directors, the chief engineer and the chief accountant. The leadership in many enterprises has not set up a system of holding

each responsible for his own post, so working efficiency is very low and bureaucracy holds sway. This is incompatible with what we want to achieve: the four modernizations. From now on, Party committees should be in charge of political and ideological work to ensure implementation of Party principles and policies; they should leave the actual day-to-day tasks of production to the directors and vice-directors, chief engineers and chief accountants.

In an enterprise, the system of holding each responsible for his own post must apply; there must be regular check-ups and those who are found incompetent or irresponsible must be removed from their posts and replaced. To this end, it is necessary to set up a system of democratic management in enterprises and government offices, and, on a trial basis, gradually carry out elections of the leading cadres at different levels. This will enable workers and staff members to exercise the right to run their enterprise and supervise the leading cadres.

(To be concluded.)

Self-Management Enlivens Enterprises

LAST year, 2,600 state-owned enterprises in the country were extended the right to run their own business as a prelude to tentative reforms in the whole system of business management. The preliminary results have been conspicuous.

Five documents* issued by the State Council last year provided guidelines for the first experimental changes. Enterprises involved were all given extended powers to handle their own finances, materials and personnel and were allowed to carry out some business activities on their own. For instance, an enterprise, on condition that it fulfils the targets set in the state plan, may use its own judgement to produce merchandise in response to the demand and sell it on the market; it may draw a certain percentage of its profits to build up the enterprise fund which will be

*The State Council in July 1979 issued Provisions on Expanding the Right of Self-Management of State-Owned Enterprises and four other documents. They provide regulations for an enterprise to retain a share of the profit it has made, and to keep most of the depreciation funds for fixed assets; authorize the state to levy taxes on the fixed assets; and provide all the working capital in the form of loans.

used at its own discretion; it may recruit workers of its own choice; and it may dispose of idle materials. The experiment has shown that all enterprises accorded more power to handle their own affairs have become invigorated.

In Sichuan Province, 100 state-owned enterprises are taking part in the experiment. Eighty-four of them, which are local state-owned enterprises, paid the state a profit of 579 million yuan last year, 19 per cent higher than the previous year, and this percentage was more than twice the average increase of the profits handed in by industrial enterprises in the province. At the same time, the 84 enterprises drew more than 30 million yuan from the profits and used this sum to develop production and improve workers' well-being.

Fairly good economic results have also been reported in experimental enterprises in Jiangsu and Yunnan Provinces and Shanghai.

Some new stories from Sichuan Province describe changes brought about in enterprises by the experiment.

Marketing Part of Its Own Products

Last year the Chongqing Iron and Steel Company, capable of turning out over 600,000 tons of steel products annually, was required to produce only 550,000 tons according to state plan. When it was given more authority to handle its own business, the company broke away from the convention of arranging production according to the state plan with the state disposing of all products. On its own initiative the company produced outside the plan as well, and marketed the additional products itself.

The company sent 13 sales groups to call on over 300 departments handling materials and enterprises, in 16 provinces (municipalities and autonomous regions) and make inquiries into market demands; they found that there was a lot they could do. For instance, the company's overstocked steel plates of medium thickness were badly needed in Jiangsu Province, which bought 15,000 tons. Light industries, textile factories and machine-building works in many localities were in need of 4.5—6 mm. steel sheets which the company had not been producing. The findings of the sales groups enabled them to sign over 2,400 contracts with their clients and to sell them upwards of 100,000 tons of steel products.

With this the situation changed, and the steel company was no longer operating under capacity.

Last year eight economic targets of the company reached a new high and the profit it turned in amounted to 46 million yuan, 25.5 per cent higher than the planned figure. Its steel plate for boilers won a golden medal from the state for quality. A leading member of the company said: "To regulate production according to market demand is ideal as a supplement to regulation of production by planning. It has enabled us, working in the industrial field, to learn to do business and to operate our enterprise with more vigour and flexibility."

Investment Results: One to Nine

In 1979 the Chongqing No. 2 Knit Goods Mill invested 63,000 yuan in expanded production and came out with a profit of 574,000 yuan the same year. This became a topic of interest throughout the province.

As provided in the experiment, if enterprise funds* are spent on advanced technology, or installing new equipment and thereby succeeds in making an additional profit, the whole sum of this profit may be kept by the enterprise for two years running. The Chongqing Knit Goods Mill has applied this stipulation in a creative way.

Until recently this mill had only 270 machines for knitting socks and stockings; 40 per cent of them were made in the second or third decade of the century either to knit hosiery in single colours, or socks for children. Its products did not sell well and the mill was about to reduce production. In February last year, the mill scraped together the enterprise fund it had and added whatever money it could lay its hands on to buy 20 pieces of new machinery for knitting tricolour socks. It spent 63,000 yuan. A profit was made, and with it another 55 hosiery knitters were bought in September.

Once in operation, these newly acquired machines produced 900,000 pairs of nylon and capron socks before the year was out. They sold quickly, which made a profit of 574,000

*These are funds paid by the state to enterprises for their own use. The amount, in the past, was fixed according to a certain percentage of the total wages of an enterprise; in the experiment, the funds begin to come from a fixed percentage of the whole profit or the profit above the planned target.

yuan. It is estimated that in the next two years, the mill will make an extra income of 3.5 million yuan.

Last year, the mill was in a position to use its newly accrued profit for the welfare of the collective. It has built workers' housing with a total floor space of 2,700 sq.m., established a co-operative which provides 174 youths with jobs and paid its workers and staff members extra bonuses.

Enlarged Powers

An article written by the Federation of Trade Unions of Sichuan Province says: Granting an enterprise more independence and initiative to handle its own affairs means, in effect, enlarging the power of the workers and staff members over the enterprises. In the past, the main power to run an enterprise was not in the hands of the enterprise itself. So when we described workers and staff members as masters of their own house, it merely meant that they were no longer exploited or oppressed politically. But in fact they had no say about what went on inside the enterprise they worked in. What they could do was to express their views about the cadres' style of work, or about their own welfare. Once the enterprise's power of self-management was expanded, workers and staff members had more say in running their enterprise and found there were many more things they could do to improve the work.

For instance, the Chongqing Iron and Steel Company in March last year called a meeting of its congress of workers and staff members to discuss and decide on the goals the whole company should aim at, including such major issues as production, development, marketing, use of funds, distribution of bonuses and collective welfare. The meeting was animated, with everyone there warmly entering into the deliberations. The decisions made were realistic and the results good. The workers all agreed: "Now we're really masters of our own house!"

In the past, workers were never consulted about the appointment or removal of cadres. Now in Sichuan more than 30 of the enterprises taking part in the experiment have elected workshop heads and section and group leaders in a democratic way. This has opened up the way to enhance the leading bodies by bringing in outstanding people who are accomplished both in applying policies and in doing business.

Chinese River Dolphin Captured

Recently, fishermen of Hunan Province captured a Chinese river dolphin (*Lipotes vexillifer*) on the Changjiang River. Nicknamed "living fossil" (also a nickname for pandas), it was described in ancient Chinese books 2,000 years ago. But this is the first living dolphin of its species ever to be taken into captivity.

In January, fishermen of Hunan's Yueyang area came



The captured Chinese river dolphin.

across two Chinese river dolphins where the Changjiang flows into the Dongting Lake. The larger female was swimming with difficulty due to illness and lack of food. She was followed by a male, which was reluctant to depart from her. They didn't notice the fishermen nearby and were captured together. The male's back was injured and the female died soon after.

The male dolphin has now recovered and will be of great value for the study of dolphins in the world.

There are four genera of river dolphins in the world. Initially

a mammal living on land, it later adapted itself to an aquatic existence. As the Chinese river dolphin is only found in small numbers in the middle and lower reaches of the Changjiang River, it has been proclaimed as one of China's protected rare species.

A viviparous mammal, it has no fins, breathes with lungs, and has become the subject of study in animal evolution. An increasing number of bio-acoustics and bionics experts are very interested in the unique sounds it makes and its strong sensitive hearing.

To scientists of acoustics, the river dolphins make some of the world's best music. The dolphins can discriminate objects and decide their movements by the reflection of their sounds, their eyes having degenerated from living in murky water. Their excellent sonar system provides a rare source of scientific research. The Chinese Academy of Sciences has studied the captured dolphin and has already gained some valuable scientific data.

When Money Is Blown Away

A stiff north wind was blowing on January 20 in Changchun, capital of northeast China's Jilin Province. Lu Changlin, who works in an industrial office, was pedalling his bike with all his might. He accidentally knocked down an old peasant who was crossing the street. Money the old man had been counting dropped to the ground, then was blown away, swirling up towards the sky.

At that moment, a number of pedestrians ran after the money. "Hurry up! Get the money!" On hearing the call, more and more people took up the chase.

The old man was taken by surprise. "What can I do?" he cried out. "So many people are scrambling for my money."

After a while, those who had "scrambled for" the money came back to the old man to return his money. He was so overjoyed that he repeatedly nodded in appreciation.

The old man felt ashamed to count his money, but many onlookers insisted. After he checked it once, he looked puzzled, then rechecked it. There were 26 bills. Looking at the people around him, the old man said to himself: "Something's wrong. . . ." Before he could finish, a student cried out: "Who didn't return the money?" The old man immediately explained: "There's not less, but more money here."

Some people were quite sceptical, saying: "Are you sure you remember correctly?" "I'm positive I had 25 bills, each five yuan," the old man declared adamantly. People looked at each other, baffled.

The boy again yelled: "Who gave back more money?" "Oh, it's me," said a middle-aged woman with embarrassment, "I was about to do some shopping and had a five yuan bill in my hand. Then I started to chase after the money and mistakenly confused my money with this old man's money." A peal of laughter burst out through the crowd.

People in the News



Stoker **Li Zhengchang**, aged 60, was recently promoted to be an engineer by the Beijing Building Material Bureau.

In the old society, Li left primary school after only two and a half years of study to be an apprentice in a capitalist-owned automobile repair plant. After liberation, he served as a factory fireman. Now Li Zhengchang is known in Beijing for his superb skill.

Beginning in 1960, he overhauled 80 boilers for over 50 units, producing a saving of more than 30,000 tons of coal. In 1968, he designed a simple boiler which could be operated safely and efficiently. The design drew wide attention in a technical innovation exhibition held in Beijing.

On the basis of his 20 years of experience, he wrote a book entitled *Popular Reading for Stokers* in his spare time, which has been favourably received. He also gives lectures to stokers and technicians in Beijing's offices, factories and mines.

● Underground Grain Silos

Underground grain silos in Henan Province have aroused nationwide attention for their numerous benefits. Designed by engineer Yuan Shimin, now deputy director of the Henan Provincial Bureau of Grain, each silo has a storage capacity of anywhere from 500 to 4,000 tons of grain.

Underground silos cost only half as much as those of the same capacity above ground, as they use only 10 per cent of the timber and steel that the latter normally need. Other pluses are the lower annual cost of grain storage which averages less than two yuan per five tons as against the national average figure of 18 yuan. Also the use of arable land is negligible. The air-tight conditions in underground granaries are a deterrent to worms and mold, eliminating the need to burn chemicals in the silos. Safety and hygiene are thus enhanced.

Because the temperature in the underground silos ranges

between 15 and 20 degrees centigrade, grain deteriorates much more slowly.

Yuan Shimin has written a book entitled *Underground Granaries*, which is based on his experiences since 1965 in building underground granaries of various sizes and in different topographies and soils. In the book, he asserts: "To my way of thinking future granaries should all be built underground."

● China's Fruits

China has introduced many sorts of fruits to the world, including pears, apricots, persimmons, loquats, longans, lichees and mandarins.

In ancient times, the best of China's famous fruits — lichees, juicy peaches, tangerines and pears — were reserved for the emperors. Some rare fruit trees were only cultivated in special gardens for the emperor's court.

Today, China grows 1,100 varieties of fruits and its stores

sell a number of fruits all year round.

Chinese fruits are also selling well on international markets. China now exports 20 million tons of fruits a year to the Middle East, Canada, Singapore, Malaysia, the Philippines, as well as Xianggang (Hongkong) and Aomen (Macao). They include apples, pears, oranges, lichees, pomelos, bananas, *hami* melons (a variety of musk melon), grapes and watermelons. In addition, 70,000 tons of canned fruits, fruit juice and jam are exported each year to 70 countries and regions in the world.

With the current modernization of the fruit industry, fruits are kept in air-conditioned storehouses. The first air-conditioned fruit storage was built in 1978 in Beijing, yielding good results. Cold storehouses have been built in Beijing and Shanghai, and more will be built to meet the needs of the developing fruit industry.

The cultivation of fine strains of fruit trees has been given priority in China and new land has been set aside for this purpose. In addition new varieties of fruit trees have been introduced from abroad and rare fruits are being developed to meet the demands of the domestic and export markets.



TECHNOLOGY

A Printing Innovation

A computerized editing and laser typesetting system for Chinese characters and a Chinese character terminal system for editing and correcting have been developed in China.

Chinese (Han) is one of the oldest written languages in the world. Being an ideogram, each of its characters has a different form. Five to eight thousand characters are in common use, so it is much more complicated to typeset Chinese than an alphabetic language. Thus this breakthrough will have a tremendous effect on modernizing printing and publishing in China and marks a new stage in the study and application of the technique of information processing of the Chinese characters.

The technique of modern printing in the world has undergone four stages of development. The computerized editing and laser typesetting system

developed by Chinese scientists belongs to the fourth generation. It uses dot matrices of Chinese characters stored as digital data in the computer to replace the traditional method of "hot type"; thus the old processes of setting one line of type at a time and manually putting the type in a page form and then casting plates can be discarded, relieving the workers of heavy, tedious and time-consuming manual labour. It represents a change from the age of lead and fire to that of electronics and light.

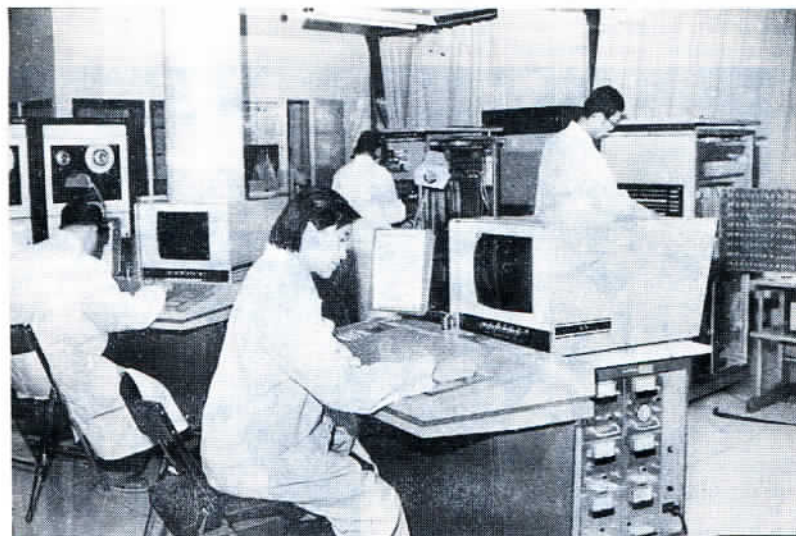
Gunpowder, papermaking, the compass and the art of printing have been regarded as China's four great inventions. More than 1,300 years ago the Chinese people invented woodblock printing and later developed movable type printing. But, because Chinese ideograms have such complicated structures, China has remained backward in its printing techniques. Thus, the development of a fourth generation typesetter for Chinese characters has encountered many difficulties. The biggest problem is how to digitize and

store the Chinese characters. For instance, a storage large enough to print books, periodicals and newspapers will need more than 20,000 million binary.

Scientists at Beijing University designed the whole system. They were able to develop a data compression technique for Chinese characters after a year of repeated experiments. It greatly reduced the amount of information required in storage. The main structure of the system consisting of two small type computers, one general purpose and the other special, can store a large number of high quality characters for quick composition and perform all the functions of typesetting.

The recently developed Chinese character terminal system for editing and correcting is part of the whole project. Through it the editing staff can do proof-reading and carry on man-machine communications. If they want to revise the articles shown on the screen, they need only use the special function keys; other functions such as paragraphing, melding of paragraphs, deletion and correction are performed automatically by the computers. This time-sharing system operates six to twelve keyboards and screens. That is to say, six to twelve editors can work at the same time. Finally the revised articles are transferred to a photographic plate by a scanning laser under computer control.

At present participants in the project are making efforts to link up the different parts of the system and debug the software system so as to put it into production as quickly as possible.



Scientific personnel in Beijing University working with Chinese character terminal system for editing and correcting.

ARCHAEOLOGY

Loulan Site Survey

A survey has been completed on the site of the ancient state of Loulan in the Tarim Basin in Xinjiang. This is the first survey of the site made by Chinese archaeologists.

Situated in the Lop Nur area in the eastern part of the Tarim Basin and once an important point on the "Silk Road," this state was discovered in 1900 by the Swedish explorer Sven Hedin. It remained isolated from the rest of the world because of its dangerous and difficult terrain.

Among the archaeological finds at the site are wooden utensils, pottery, jade objects and bronzes as well as dozens of "Wuzhu" bronze coins, first minted in the Western Han Dynasty (206 B.C.-24 A.D.), and a coin of the Kushan Empire founded by Yuezhi the Great in the second century in Central Asia.

Scientists also found rock carvings in the ravines of Kuluke Mountain in western Loulan. These carvings depict, among other things, horses, camels, sheep and plants.

These discoveries tell much about the economic and cultural exchanges between China and countries to its west in early times, as well as the historical ties between the border areas and other parts of China.

REVOLUTIONARY RELIC

A Testimony to Internationalism

In the Chinese People's Revolutionary Military Museum is a picture of the late Comrade Chen Yi (once Commander of

the New Fourth Army and subsequently a Field Marshal) and three foreign friends. It was taken in 1939. First from the right is the famous American writer Agnes Smedley. But the man on the extreme left is not very familiar to the Chinese people. He is Hans Shippe (1897-1941), a German Communist Party member, who died on China's soil in a battle during the War of Resistance Against Japan.

The middle of September 1941 saw a foreigner in an Eighth Route Army uniform and armed with a pistol marching in the ranks of the 115th Division of the army. He was tall and strong, with curly brown hair and merry blue eyes. This was Comrade Shippe.

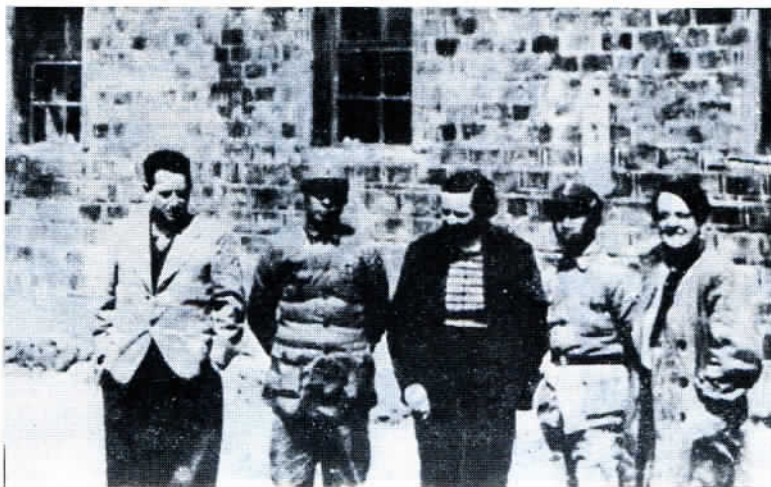
During China's War of Resistance Against Japan, many foreign friends rendered support to the Chinese people. But Shippe might have been the first European to take up a gun and fall in action in the struggle.

A writer and reporter, he came to China in 1925 during the First Revolutionary Civil War and was appointed to work

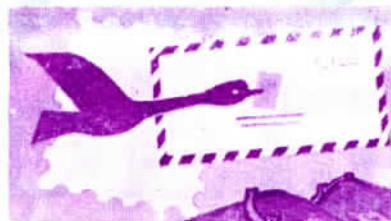
as an editor in an international publicity bureau of the General Political Department of the Northern Expeditionary Army. During the period of 1939-41, he paid many visits to the Eighth Route Army and the New Fourth Army, writing articles to break through the almost complete silence in the world press about the Chinese people's struggle. In November 1941 the unit to which Comrade Shippe was attached ran into an enemy force. A fierce battle followed during which both his bodyguard and interpreter were killed. Comrade Shippe fought on until he shed his last drop of blood.

The Chinese people will always honour the memory of those foreign comrades who fought for their cause of liberation. A tomb was erected for Hans Shippe in a martyrs' cemetery near the battlefield in east China's Shandong Province and the inscription on the memorial plaque reads:

"He had worked in Europe and Asia for the internationalist cause, shedding his blood in the Yimeng Mountains in battle against the Japanese invaders."



Comrades Shippe (first from left), Chen Yi (second from left) and others in southern Anhui in 1939.



LETTERS FROM READERS

The Case of Liu Shaoqi

Now the gang of four have been criticized. They did make mistakes. Mao Zedong, who was Chairman of the Party, made mistakes of leadership. He wrote his big-character poster "Bombard the Headquarters" rather rashly and he was also exalted too high. Mao Zedong was a poet who was inclined towards romanticism. All the same, there is no doubt that Mao stands with Marx and Lenin as one of the greatest leaders of the world.

Kosaburo Yoshimura
Kanegawa, Japan

Wasn't the Great Proletarian Cultural Revolution initiated and led by Chairman Mao aimed at overthrowing "the bourgeois headquarters with Liu Shaoqi as their head"? I had assumed everything that happened in China over the past dozen years was correct. Now, however, what's all this about? The decision of the Fifth Plenary Session of the 11th C.P.C. Central Committee alone is not sufficient to help me understand these matters.

Vice-Chairman Liu Shaoqi's rehabilitation, I think, is a decision made by the Chinese Communist Party after thorough discussion. However, we foreigners have no readily accessible material to enlighten us on these questions.

Yohachi Nakajima
Tokyo, Japan

Please refer to page 3. Further information will be available in future issues. — Ed.

"Monkey Cover" Is Good

I like the "monkey cover" of *Beijing Review*, No. 8 very much. Could you have a representative picture like that on the cover of each issue?

Christian Ledue
Paris, France

Profit

I have passed out copies of *Beijing Review* to high school classes to which I have guest-lectured on the role of profit in society.

Many of the young people were surprised to learn that socialism recognizes the need for an enterprise to be efficient and profitable and that the fundamental difference between socialism and capitalism is the decision about how and to whom the profit is distributed.

A few did not believe, so I quoted from... the June 15, 1979 issue: "...the sewing-machine industry in Beijing registered a 100 per cent increase in output, 15 per cent reduction in cost, and a fivefold increase in profit, compared with the same period of 1977."

Frank J. Versagi
Huntington Woods,
U.S.A.

Social-Imperialist True Nature Seen Through

I have been a reader of both *Beijing Review* and *International Affairs* (a Soviet magazine) since early 1979. Influenced by *International Affairs*, I did not believe that Viet Nam had made armed intrusions into China or Cuba into Africa. I was always full of doubt—how can a small war-scarred country like Viet Nam commit aggression?

However, the Afghan events on which I have been focussing my attention have clarified my ideas. Now, I believe that social imperialism does exist. It threatens the world both directly, or, through its proxies (Viet Nam and Cuba), indirectly.

The Soviet invasion of Afghanistan is not only a crime, a barbarous action against the Afghan people but also the beginning of social-colonialism and the regeneration of Hitlerite fascism under the rule of Brezhnev. The Brezhnev clique threatens the world, particularly coastal countries of the Indian Ocean like Madagascar.

Guillaume Rabetsimamanga
Antananarivo, Madagascar

In sending armed forces to invade Afghanistan, the Soviet Union has trampled underfoot that country's sovereignty, ter-

ritorial integrity and independence and interfered in its internal affairs.

The Soviet Union scorns the principle of non-interference in other countries' internal affairs and the right of the people of a country to freely choose their social system according to their own will. I think that the problem of Afghanistan should be settled by the Afghan people free from any interference of outside powers. This applies to all countries. No logic—except that of gangsters, colonialism and imperialism—can explain away a country's armed interference in another country's internal affairs. Are there Afghan "workers" who approve of their country's being invaded by outside armed forces even if they are the Soviet Red Army? These "workers" are nothing but enemies of Afghanistan and its people.

Laras Jdir
Givet, France

I carefully read the articles about China's foreign policies and the comments on the Soviet invasion of Afghanistan. I am glad that your country's attitude towards the Soviet invasion is so clear. We in the West appreciate your clear-cut anti-Moscow stand. Some Western leaders pursue a policy of appeasement towards Moscow; there is a lot they should learn from China.

Rolf Zeh
Giessen, West Germany

The Influence of Lin Biao And the Gang of Four

The erroneous thought of Lin Biao and the gang of four inflicted damaging results on China. It has also brought no less harm to the international communist movement, because the mass media which were to a large extent controlled by them disseminated among us a lot of ultra-Left and anarchist trends of thought which resulted in a real destruction of our ranks. To clarify through debates what ideas are correct and what ones are wrong was and is our task, that is to say, the task of all organizations and political parties which declare themselves supporters of Marxism-Leninism-Mao Zedong Thought.

Manuel Alcalá Mames
Oviedo, Spain

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