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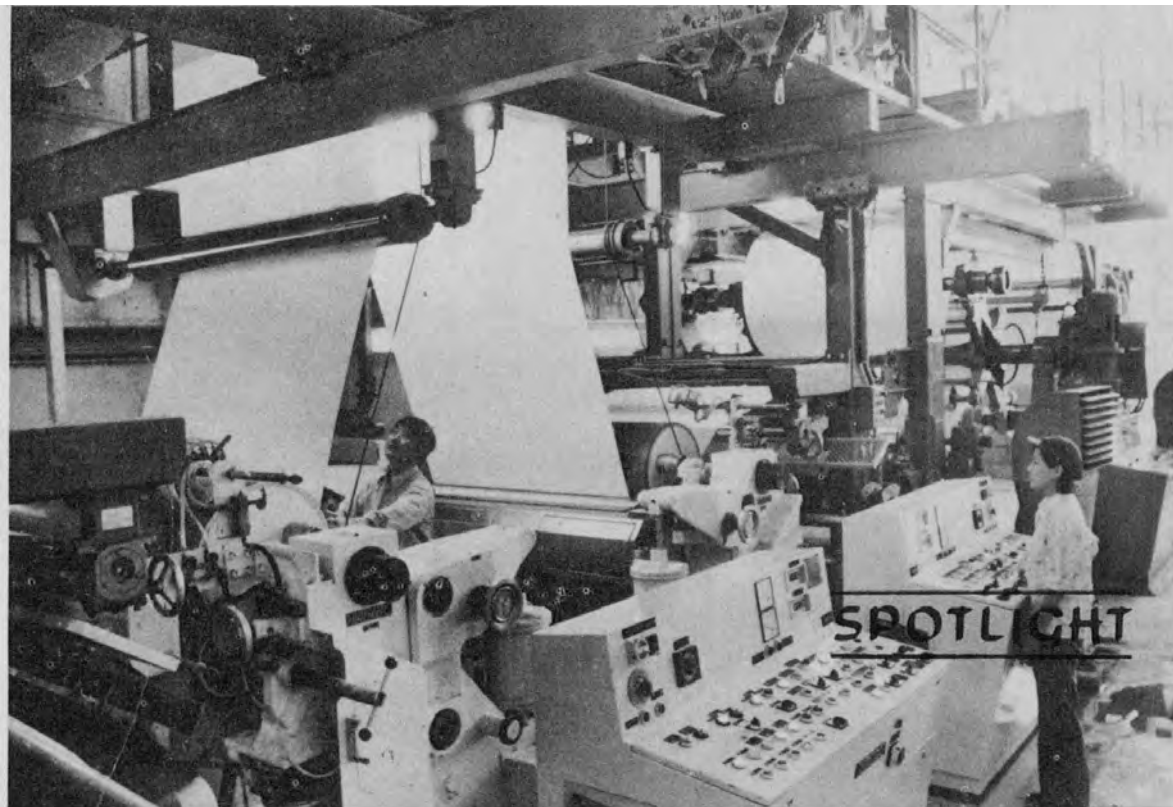
September 29, 1986

Rethinking the 'Cultural Revolution'



'CHANGES IN THE LAST DECADE'





Jiangnan Paper Mill produces art paper with imported equipment. Product quality is up to international standards.

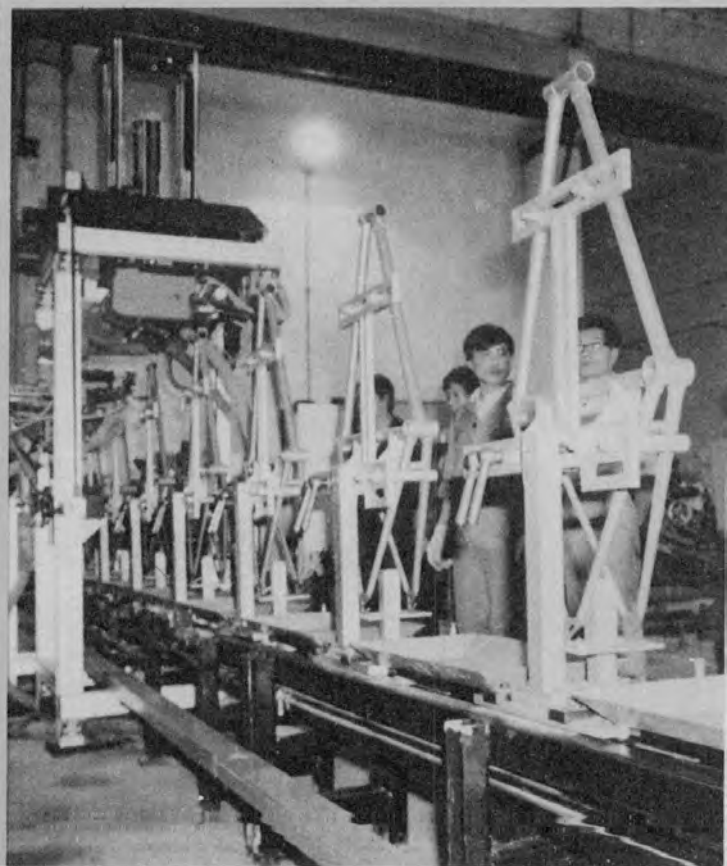
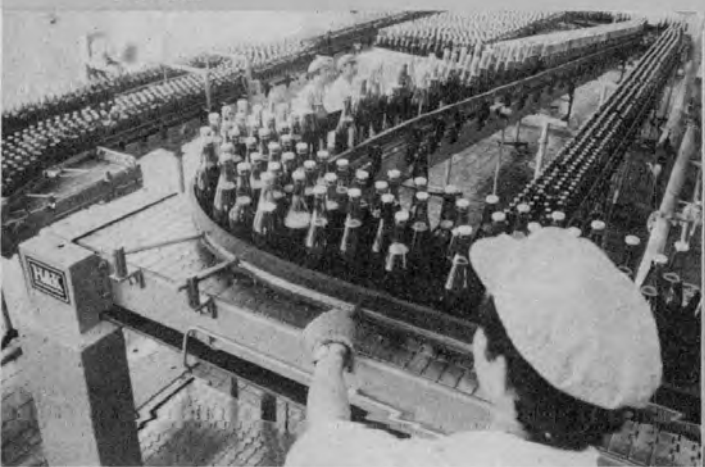
A Look at Shanghai's Light Industry



A corner of the Qianjin Garment Factory.

The Shanghai No. 3 Bicycle Factory.

The Shanghai Huaguang Brewery attaches great importance to introducing techniques from abroad.





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COVER: Evening at Tiananmen Square on National Day. (Upper right)
Farmers in north China celebrate a bumper harvest. (Bottom right) Horizontal economic associations. (Left)

HIGHLIGHTS OF THE WEEK

So Far, So Good, But...

■ One of our editors reviews the path China has followed since 1976, and discusses the question of its future direction (p. 4).

What Caused the "Cultural Revolution"?

■ Professor Jin Chunming comments on different views of the origins of the "cultural revolution" (p. 14).

In a companion piece, an item in the "Events/Trends" section looks into the experiences of former "Red Guards" (p. 7).

Post-"Cultural Revolution" Economic Growth

■ A review of the country's economic development during the decade since the "cultural revolution," focusing on economic reform and the open policy (p. 22).

Democracy, Science Vital to Policy-Making

■ In a recent speech Wan Li, a member of the Political Bureau and a vice-premier, stressed the need for genuinely democratic and scientific policy-making processes in a socialist society. This, he said, should constitute an important step in the current political restructuring (p. 28).

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So Far, So Good, But . . .

by Jiang Shanhao

It was late afternoon on October 9, 1976. A call came to the office that all Party members occupying leading posts should assemble in the meeting room to hear an urgent inner-Party message. The boss of my workplace at that time was a veteran woman revolutionary. She read out the message from her notebook, while trying to dispel the smile on her face. "According to information from higher authorities," she said, "Wang Hongwen, Zhang Chunqiao, Jiang Qing and Yao Wenyuan—the gang of four—have been arrested by decision of the Party Centre." Dumbfounded, everybody looked at her, waiting for elaboration. "That's all," she said. "Please keep the information to yourself for the time being."

People moved out slowly. No conversation. No cheers. But there were occasional exchanges of sly smiles and nods. A few young colleagues, who had been more deeply influenced by the rhetoric of the "cultural revolution," looked puzzled.

The news spread fast on the grapevine. Within a few days the stocks of liquor and wine of all Beijing stores had been sold out. Tens of thousands of families celebrated behind closed doors, scraping together their pork ration coupons (1,000 grams per head each month) for a pitiable "feast."

But eventually the excitement gave way to anxiety. For people realized that the turbulent previous decade had left the country with "problems and difficulties piling up like mountains." The biggest problem of all was the still dominant "whateverism" (whatever Chairman Mao said was sacrosanct). And while the deification of Mao Zedong

continued unabated, a new cult of the new Party chairman was being cultivated. The media continued to repeat that the "Great Proletarian Cultural Revolution" was a good thing, and that the country had to "grasp class struggle as the key link." But people had had enough of all that. The whole nation was longing for a change.

The change came in the form of the Third Plenum of the 11th Central Committee of the Communist Party held at the end of 1978. The session criticized "whateverism" and reinstated *shi shi qiu shi* (seeking truth from facts) as the Party's ideological line. It replaced "class struggle is the key link" with "socialist modernization is the nation's first priority" as the Party's political line. It condemned the personality cult and stressed the importance of socialist democracy and a proper legal system. It also decided to speed up the development of agriculture by initiating a process of economic reform that is now attracting worldwide attention.

To foreigners not well versed in Chinese politics, the change of "lines" at the time seemed to be mere juggling with political slogans. But in fact it was a great turning point in the history of the People's Republic, and perhaps in the history of China, too. The open policy followed since then has enabled me to meet many foreigners, both well-wishers and critics, and to hear their views, including doubts and criticisms, of the fast-changing Chinese scene.

For a time many were worried that the Communist Party might launch a Krushchov-type "de-Maoification campaign" that would create an ideological rift

and a new round of political chaos. But it turned out that Mao Zedong was given an objective, generally accepted assessment. Peasants in Shaoshan, Mao's birthplace, who were understandably more sensitive on this issue, composed a "Spring Festival couplet" to put upon their doors: "We'll never forget Chairman Mao for liberating us from the miseries of the old society. But we owe our new prosperity to Deng Xiaoping." This reflected the national consensus of opinion.

Others feared (or hoped) that China was departing from Marxism. But gradually they are coming to acknowledge that while Marx foresaw the coming of socialism, he did not, nor could he, prescribe the specific form of a yet non-existent socialist society. So if China is "departing" from anything, it is not Marxism but the "orthodox" Soviet pattern transplanted to Chinese soil in earlier years. But even the Soviet Union now wishes to reform that pattern. That's good; we Chinese wish them every success.

Then there were others who thought that the heavy burden of a population of one billion would nullify any economic growth. Now they know that China is successfully feeding 22 percent of the world's population on 7 percent of the earth's cultivated land. Some even say that China is becoming a "major grain exporting country." But that's being a little too optimistic!

Still others share our own worries about lack of funds and expertise for industrial development. However, almost beyond our own expectations, collectively owned township enterprises and privately owned "cottage industries" are mushrooming through-

out our vast countryside, stimulating and complementing the growth of the large state-owned enterprises. Not a few peasants have become manufacturers of sophisticated goods suitable for export.

In most parts of the country, people are working hard and trying to find ways to achieve common prosperity. But every rose has its thorns; too rapid growth has led to an "overheating" of the economy and a host of troubles.

Earlier this year, some observers said that China's reform programme had run into serious difficulties and the "reformists" had had to put the brakes on. It is true that the pace has been slowed down to allow for "digestion and consolidation" of former gains.

On October 1 this year, however, new labour regulations will be introduced aimed at eliminating the jobs-for-life system known as the "iron rice bowl"—another major step of reform.

Many foreign businessmen complain bitterly about the difficulties they encounter in China. But the government has listened to their complaints and now appears to be taking measures to improve matters.

Westerners often say that democracy, freedom and "human rights" are absent in China. On these issues, the fundamental ideological gap between China and the West is difficult to bridge. Nevertheless, even some bitter critics have remarked that the once fast-wilting "one-hundred-flowers policy" seems to be regaining vitality. They may also have noticed that China's law-making body, the National People's Congress Standing Committee, recently debated a new law on bankruptcy so heatedly that its enactment had to be postponed. Again, many Chinese writers are calling in the press for the rehabilitation of "humanitarianism," "human dignity" and "human values," long regarded as

heresies.

In the field of foreign relations, many of China's friends, particularly those in the third world, once suspected that the country was drifting towards a tacit alliance with the United States. But they have been relieved to see that China, after some policy modifications, is continuing to adhere to the principle of independence, judging every international issue on its merits and refusing to toe the line of any big power.

On the two paramount issues of peace and development in our time, China has adopted a more positive and participatory role. After careful reappraisal of the international situation, our policymakers have decided that a third world war is not inevitable and that peace can be defended. The government is engaged in active diplomacy, and exchanges of state visits with other countries proceed apace. The decision to reduce China's armed forces by one million men has been followed by the voluntary ending of nuclear tests in the atmosphere.

Commenting on the Chinese situation today, a Western friend of mine recently said to me: "So far, so good, but..." The "but" was followed by the perennial question: "What about the post-Deng era?"

CBS TV interviewer Mike Wallace put this question to Deng himself on September 2. The 82-year-old leader was both modest and confident. He said that it is the people, not he himself or any other individual, who decides China's way forward.

True enough. Ten years ago the Chinese people had been suppressed into almost complete silence. Then "amid the silence comes the crash of thunder," as a poem says. The gang of four was toppled without a single shot being fired, despite the enormous power they had. Why? Because the seemingly inarticulate people had little love for what the gang represented.

Two months ago I toured the Yangtze (Changjiang) Delta



region, where the economic reform has been remarkably successful. If Beijing has prospered in recent years, there things have moved ahead even faster. In the ancient city of Nanjing I went to the once neglected "Worry-not Lake," and found it cleaned up and packed with visitors. Canned beer and ice-cream sold like hot cakes. Colourfully dressed girls and their boy friends sang a current hit: "No Worry, Worry Not."

It would be naive to believe that people really have no worries now. One hears many well-founded complaints. But as a popular saying has it, "Nowadays people pick up their bowls to eat meat and lay down their chopsticks to utter abuse." Any government, I believe, will be on safer ground if it enables people to fill their stomachs while allowing them to speak their minds.

Could the Chinese people accept a return to the type of "socialism" that was synonymous with asceticism? Would they agree to endure again the type of "proletarian dictatorship" that had been twisted into feudal tyranny? Not very likely.

As the economic reform deepens, political reform is now on the national agenda. This will further extend and give legal form to the socialist democratic process. It will give people a greater say.

Like most Chinese, I am not complacent. We see a lot of difficulties ahead. But a return to the path of ten years ago? Impossible! ■

Good Prospects for Sino-Finnish Ties



Deng Xiaoping meets Finnish Prime Minister Kalevi Sorsa.

Chinese leader Deng Xiaoping reiterated in Beijing that in removing the three major obstacles to better Sino-Soviet relations, the primary one is to end Vietnamese aggression against Kampuchea.

Deng, Chairman of the Central Advisory Commission of the Chinese Communist Party, told visiting Finnish Prime Minister Kalevi Sorsa during a meeting that China stresses the question of ending Vietnamese aggression against Kampuchea because it represents a flashpoint in Sino-Soviet relations.

If the Soviet Union can eliminate this flashpoint, it will be good for both the Soviet Union and Viet Nam, and also contribute to peace in the Asian-Pacific region and the rest of the world, he added.

Deng extended a warm welcome to Sorsa as the first Finnish prime minister to visit China. Sorsa came

on a six-day official visit to China at the invitation of Chinese Premier Zhao Ziyang.

Meeting Sorsa on September 15, Zhao said China and Finland share many similar views on the international situation. China stands for disarmament and is opposed to the arms race, especially to the extension of the arms race into space. China follows an independent foreign policy, which can play an important role in safeguarding world peace, he said.

China also regards Europe as an important factor in promoting detente and preventing war, Zhao said. More and more European countries, whether in Eastern or Western Europe, whether in a bloc or neutral, stand for disarmament and detente.

Sorsa said that Finland, a neutral and non-aligned country, is willing to develop relations of friendship with all countries.

Finland considers the arms race a most worrying phenomenon. It also stands for disarmament and hopes to see the international situation improve gradually because it is in the interests of the Finnish nation, he added.

Speaking of bilateral relations, Zhao said China attaches importance to developing bilateral co-operation in the fields of politics, economics, trade, science and technology on the basis of equality and mutual benefit. China will adopt new measures to improve its investment environment, and welcomes Finnish industrialists to invest in China, he said.

Sorsa said, as one of the first Western countries to establish diplomatic relations with China, Finland pays heed to developing its relations with China. He said Finland has had trade relations with China for several decades and there are good prospects for developing economic and other relations between the two countries.

Finland is watching China's present reform with great interest and respect, Sorsa said. His country is willing to help out with its accumulated experience and advanced technology. Finland can co-operate with China in the forestry and timber-processing industries, in mining, chemicals, machine building, telecommunications and in many other fields, he added. ■

Wu Xueqian On Namibia Question

At a special session of the United Nations General Assembly on the question of Namibia, State Councillor and Foreign Minister Wu Xueqian reiterated on Sep-

tember 18 that the Chinese government and people firmly support the Namibian people in their struggle for national independence. They support the just struggle of the South African people for racial equality and that of the independent nations of southern Africa to safeguard their sovereignty and security.

"Though colonialism as a system has already been finished with in human history," Wu pointed out, "its remnants have not disappeared completely from the world arena. While practising apartheid at home, the South African authorities still cling stubbornly to colonial rule in Namibia."

"At present," he stressed, "the main obstacle to Namibia's independence is the so-called 'linkage' formula, i.e. linking Namibia's independence to the withdrawal of Cuban troops from Angola. The 'linkage' formula is in fact a deliberate attempt by the South African authorities to sow confusion and find a pretext for delaying the implementation of Resolution 435 of the Security Council. The Namibian people, the countries of Africa and the international community have categorically rejected and sternly condemned this formula, and most of the Western countries have also explicitly expressed their disapproval. It should be pointed out that Namibia's independence is one thing while the withdrawal of Cuban troops from Angola is another. Linking them together will only further complicate the question of Namibia's independence and prolong and intensify the miseries of the Namibian people."

Wu continued, "Over a long period of time, the Namibian people have waged an unremitting struggle against the South African authorities' illegal rule to gain their national independence. Under the leadership of the South West Africa People's Organization they have strengthened their

unity, overcome numerous difficulties, continuously tried and carried out various forms of struggle in accordance with their national conditions, and have made significant headway in many areas. They have thus created a very favourable political situation in their struggle for national independence."

Wu stressed, "South Africa must implement Resolution 435 of the Security Council immediately and unconditionally, and end its illegal occupation of Namibia."

"It has always been and will continue to be a basic national policy of the Chinese government to strengthen its solidarity and co-operation with African countries and support the African people in their just struggle. In their struggles against imperialism, colonialism and racism and to win and safeguard national independence, the Chinese government and people have unswervingly stood by the African countries and people and provided them with assistance and support to the best of our ability. On the other hand, the Chinese government and people have always valued highly and appreciated deeply the help and support that the African countries and peoples have extended to us in international affairs and economic development."

Red Guards: Yesterday and Today

Pu Dahua, a 38-year-old computer data analyst, is busy working on a computer microfilm project. One can see no sign of the "Red Guard" in his appearance, yet he was one of the founders of China's first "Red Guard" organization two decades ago.

Chen Zhifeng, 34, a porter turned assistant manager of the

News in Brief

Scientists have successfully estimated, to an accuracy of 95 percent, the yield of two million hectares of winter wheat in the Beijing and Tianjin municipalities and Hebei Province by means of remote sensing technology. They have been experimenting with this method for two years.

The Zhejiang Branch of the China Bank of Industry and Commerce has issued 110 million yuan (nearly US\$30 million) in bonds since August 1 to help finance the economic development of the province. This branch issued 70 million yuan (almost US\$19 million) in bonds last year.

The autumn grain crops in China's central Henan province have been hit by severe drought. Of the 128 counties in the province, 108 have been devastated by the drought with rainfall 40 to 70 percent less than normal, affecting about 15 million hectares. Rivers, reservoirs and ponds have dried up, creating a shortage of drinking water.

Tianjin Waterworks Engineering Company, was sent to herd cattle during the "cultural revolution."

Known by his pen name Bei Dao, 37-year-old Zhao Zhenkai became a building worker during the 10-year chaos. He wrote about 100 poems, a novelette and a dozen short stories based on his unhappy experiences in those years. All of them had to be passed around in hand-written copies, because no publisher dared print them. Today his poems and stories have come to the notice of specialists both at home and abroad—the name "Bei Dao" has been entered into the English *Who's Who*.

Today, 10 years after the "cultural revolution," a generation of thrusting adults after two decades of struggling and rethinking, is coming to the fore in every field of life in China. Aged between 30 and 40, they manage the country's businesses, programme its computers, run its machines and teach the children. No matter what they are doing they are widely considered a unique generation of intelligent and competent people. A recent Chinese television programme metaphorically called them the "old youths."

In the Hudong Shipyard, Shanghai, more than 1,500 employees were students at the beginning of the "cultural revolution." They are now viewed as a rare reservoir of talent. Some 400 of them have been promoted to leading posts.

The ex-"Red Guards," about 12.5 million of them, are stamped by their unusual experience, which has itself been an education for them.

Two decades ago, Pu Dahua and a few schoolmates, most of them children of veteran revolutionaries, formed a "Red Guard" group avowedly dedicated to their parents' cause and loyal to Chairman Mao Zedong.

"I sincerely believed when I joined the 'Red Guards'" Pu recalled, "that with a red band on

my arm, some slogans to shout and a few charges against society, we could change the world."

It was this faith and passion that led many of them to play the role of the cat's paw. In August 1966, the "Red Guards" rushed out of Beijing's schools, broke into homes, shops, government offices and churches, trampled on dignity and safety with deafening shouting. There was a breakdown of public order and a catastrophe spread throughout the country. Although not many young people had a hand in criminal activities, a majority of their generation were involved in one way or another.

Two years afterwards, however, the "Red Guards" and other students were sent to impoverished hamlets or factories to be "re-educated" by farmers and workers, but were soon forgotten. The "Red Guards" disappeared from the Chinese scene.

Pu settled in a cave in northern Shaanxi, where people were still having trouble making ends meet. "I came down to earth with a big bump," he says with an anguished expression.

Having been deserted, Pu and his generation had to rely on themselves completely. They came to realize how the country and its people really lived. And they started to question things. That's

how they grew up. Two decades later, they have a sense of independence, thinking minds and a realistic attitude towards life.

Some have written their experience into novels, such as Chen Jiangong, Ke Yunlu, Zhang Kangkang, Tao Zheng and many more. Others expressed their feelings in the "Tiananmen Incident," a campaign against the gang of four in 1976. But most of the "old youths" carry their nightmarish past around with them and are trying to make up for their lost time by working and learning hard. Some are taking a hard look at Chinese culture, in the hope of removing the soil of the tragedy they experienced two decades ago.

But they have their own problems. Hua Li, 36, for example, is trying to get a Ph. D. degree in history. She found it very challenging because she has a three-year-old son to look after and the housework to do. "I have to manage," she said, "Otherwise, my son will look down on me when he grows up."

Li Yuan, 35, has been teaching himself English and Russian for eight years. But he is finding it difficult, without a college degree, to get a satisfactory job.

All the "old youths" are doing

During the Tiananmen Incident in 1976, many awakening ex-"Red Guards" joined the Chinese people's fight against the gang of four.





Retirees Bicycle Around the Country

Seventy-year-old Wu Jisheng (left), a retired worker of the Chongqing Clock & Watch Industrial Company of China, and 61-year-old Chen Kaimin, a retired official of the Chengdu Physical Culture Institute, arrived at Lhasa, capital of the Tibet Autonomous Region, by bicycle on September 5. Wu passed through 29 provinces, municipalities and autonomous regions, covering 27,000 kilometres in three years and two months, while Chen travelled 7,000 kilometres through nine provinces and autonomous regions.

their best. As Tao Zheng wrote in a footnote to one of his stories, "It [the 'cultural revolution'] was, for us, a long and expensive schooling. We learnt what a

disaster is." From the bitter past Tao and his generation are trying to help make something sweeter for others.

by Wang Xin

China & the World

■ **China Does Not Underestimate Importance of Afghanistan Issue.** A Foreign Ministry spokesman said in Beijing on September 17 that all three obstacles to better Sino-Soviet relations are very important, but the primary one is Soviet support for Viet Nam in its aggression against Kampuchea. But "China has not underestimated the importance of the Afghanistan issue," he noted.

■ ■ ■

■ **Polish Leader Jaruzelski to Visit China.** Wojciech Jaruzelski, first secretary of the Central Committee of the Polish United Workers' Party and Chairman of the State Council of the Polish People's Republic, will pay a working visit to China at the end of September at the invitation of the Chinese government.

■ ■ ■

■ **Queen of United Kingdom to visit five Chinese cities.** Her Majesty Queen Elizabeth II of the United Kingdom of Great Britain and Northern Ireland will tour Beijing, Shanghai, Guangzhou, Xian and Kunming during a state visit to China at the invitation of Chinese President Li Xian-nian from October 12 to 18.

UNITED NATIONS

UN General Assembly Meets

The questions of peace, disarmament, development and co-operation dominate the current 41st session of the UN General Assembly.

The 41st UN General Assembly opened on September 16. Humayun Rasheed Choudhury of Bangladesh was elected president of the session. Of the various problems to be discussed, disarmament is the main one. On September 16, the International Day of Peace of 1986, UN Secretary-General Javier Perez de Cuellar sounded the peace bell in front of the United Nations building and issued a call for all nations to make joint efforts to end the arms race. He stressed the necessity of completely banning nuclear tests and destroying nuclear weapons to free mankind from the fear of self-destruction.

Other important issues on the agenda include the regional conflicts in Africa, Kampuchea, Afghanistan, the Middle East and Central America.

The General Assembly devoted its first four days to the problem of Namibia at a special session. In his speech, Choudhury described South Africa's continued illegal occupation of Namibia as "a challenge to the international community, and specifically to the United Nations which bears a unique responsibility for Namibia."

Sanctions against South Africa were urged in the hope of forcing it to comply with UN resolutions on Namibia. Congolese Foreign Minister Antoine Ndinga Oba, speaking on behalf of the Organization of African Unity, said, "Ringing words of condemnation are not enough; effective pressure is required against South Africa." The special session ended with a resolution calling upon the

UN Security Council "to convene urgently to take action for the immediate and unconditional implementation of the UN plan for the independence of Namibia."

Viet Nam's refusal to implement UN resolutions calling for the withdrawal of its troops from Kampuchea will also come in for censure. The eight-point proposal for a political settlement of the Kampuchea question put forward by the Coalition Government of Democratic Kampuchea in March this year is expected to receive the support of many members.

The Soviet Union will be faced with a demand for the complete withdrawal of its troops from Afghanistan, which it has occupied since 1979 with 120,000 soldiers. Despite its promise to move six regiments out of the country, the call for an immediate end to its armed intervention remains urgent.

Discussion of the problems of the Middle East will be resumed at the session. UN members will reiterate that permanent peace in the area will be impossible so long as Israel continues to occupy Arab land and refuses to restore the rights of the Palestinian people.

The session is not likely to reach any agreement on the problems of Central America since the Contadora group's peace efforts have stalled. Nevertheless, the recent US decision to provide US\$100 million in aid to the Nicaraguan rebels in their attempt to overthrow the legal government of Nicaragua will undoubtedly be opposed by a majority of UN members.

Believing that it is the international community's responsibility to create a favourable environment for economic development, third world members, including China, will stress the need for developing countries to make adjustments to their economies to meet their own national conditions.

The developed nations, particularly the United States, taking advantage of temporary economic successes, are refusing to negotiate seriously with the developing countries on the major issues facing the world economy, and to make necessary concessions. Instead, they are urging the developing countries to adjust their economic policies to sustain the present world economic order.

The current assembly will also hear the demands of the developing countries for a narrowing of the economic gap between North and South in order to encourage the development of the world economy as a whole and to help maintain world peace.

The financial crisis of the United Nations itself will also be an important matter before the session. Owing to the delay in paying or refusal by some member states to pay their membership dues, the UN financial crisis is so severe that it threatens the solvency and viability of the world organization.

The session will not only urge all member states to meet their financial obligations promptly and in full, but will also consider belt-tightening suggestions by a high level inter-governmental group, including cutting down the number of meetings, documents, employees and departments to reduce expenditures. The unilateral US decision to reduce its own contribution and also its proposal for "weighted voting," which would enable it to gain control of the international organization, will undoubtedly be opposed by the majority of UN members.

by Xin Sheng

EGYPT-ISRAEL

Summit Meeting Improves Relations

Though a breakthrough, the recent summit meeting between Egyptian President Mubarak and Israeli Prime Minister Peres brings little hope of peace in the Middle East.

Pragmatism in international relations, combined with the desire of political leaders to better their image and strengthen their influence by achieving a breakthrough, took precedence over the deeper significance of historical disputes when Egyptian President Hosni Mubarak and Israeli Prime Minister Shimon Peres met face to face recently in the Egyptian port of Alexandria to discuss bilateral relations and the long-standing disputes in the Middle East.

Both the president and the prime minister claimed that the outcome of the meeting was satisfactory and that it would give an impetus to the peace process in the region. They agreed on an international conference to settle Middle East problems, before which a preparatory committee will be set up through negotiations. Such a conference may never come about, however, since the disputes, old and new, in the region run deep.

Egypt earlier ruled out the possibility of a summit meeting before agreement was reached on a settlement of the dispute over Taba, a one square kilometre coastal enclave that Israel kept when withdrawing from the Sinai Peninsula in 1982. Egypt regarded this as a violation of the Camp David accord, while Israel held the tiny strip of land as a bargaining counter.

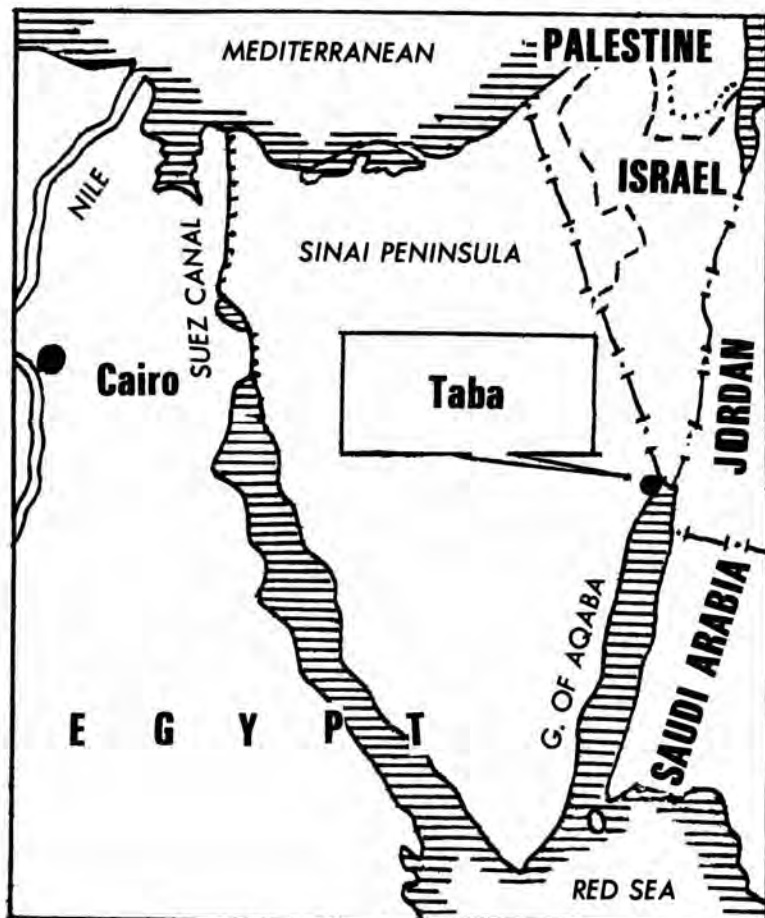
In 1982 Egypt recalled its ambassador from Tel Aviv when Israel invaded Lebanon and forced the Palestine Liberation Organization (PLO) out of that country. Since then, Cairo and Tel

Aviv have been in a state of "cold peace." President Mubarak has demanded that Israel withdraw its troops from Lebanon, improve the lot of Palestinians in Israel-occupied territory and settle the dispute over Taba before it will normalize relations with Israel.

The possibility of improved relations between Israel and Egypt arose when Shimon Peres assumed office in 1984. The Israeli coalition

cabinet agreed in principle early this year to accept international arbitration as a means of resolving the Taba issue. US Assistant Secretary of State Richard Murphy was sent to the Middle East in early September to help negotiations between Cairo and Tel Aviv, but Mubarak rejected a summit until two weeks ago when the two sides agreed to go to international arbitration to settle the Taba dispute.

Although strongly opposed by the Israeli Likud bloc and many Egyptian cabinet ministers, the two leaders met in Alexandria for a two-day summit meeting. Mubarak announced that an ambassador would be sent to Tel Aviv, while Peres said he was glad the "cold peace" between the two countries had gone and normalization of relations restored.



For Mubarak, it was only worth his risking the loss of Arab partners if Egypt won more aid from the United States. Economic difficulties have long bedevilled the country. Despite angry protests from Arab countries and the Palestinians, Mubarak could not refuse an additional US\$630 million in US economic aid, for which he had to pay by meeting the Israeli prime minister.

Shimon Peres has anticipated the normalization of relations since he took power two years ago. As leader of the Labour Party and prime minister, a historical breakthrough would raise his reputation and put him in a favourable position in the struggle against Yitzhak Shamir, leader of the hardline Likud bloc and foreign minister. According to the terms of a rotation agreement made by the two sides in 1984, Peres will change posts with Shamir next month.

As an active mediator between Israel and Egypt, the United States is believed to have played an important role in arranging the summit. Washington has assumed that such a meeting will perhaps keep Soviet influence out of the Middle East. The United States also knows that both countries need dollars and this was one of the factors that brought the two leaders together.

However, the summit was not to everyone's satisfaction. Yitzhak Shamir publicly rejected the agreement on an international conference, because, as he put it, "we would find ourselves up against the whole world. Everyone there would be for a Palestinian state which we have opposed."

The Palestinians have also condemned the Egypt-Israel summit, calling on the Palestinian factions to isolate Egypt and prevent Jordan from sliding into a new Camp David accord. Both Mubarak and Peres have told reporters that they discussed the Palestinian issue comprehensively. Mubarak said that "the Israeli position is improving a lot." Peres

declared that the Palestinians "have the right to participate in the determination of their own future." But Israel has made no concession on the Palestine Liberation Organization (PLO) as the sole representative of the Palestinian people.

The United States has expressed

reservations about the convocation of an international conference on the Middle East in which the Soviet Union will take part. Both Israel and Egypt will hesitate to take further steps in the peace process without considering the US attitude. ■

by Ma Baolin

SUDAN

The Civil War: a Merely Military Matter?

Increasing military confrontation between government forces and rebel troops in southern Sudan make a political settlement seem remote.

The collapse of ceasefire talks between the Mahdi government and the southern Sudan rebels, caused by the shooting down of a Sudan Airways passenger plane by the rebels, has brought renewed fighting to the once quiet battlefield in southern Sudan.

There are deep-seated historical, political, economic and religious roots beneath the surface of military clashes. Historically, the British colonialists' "divide and rule" policy planted the seeds of hatred between the north and the south, which are different religiously and racially. After independence, though efforts were made by the four governments to maintain unity and peace within Sudan, the situation improved little. The southern revolt against the rule of the north broke out in 1955.

Economically the south is rich in natural resources, but the country's economy is controlled by northerners and the government has paid attention only to the development of the north. As a result, the northerners hold most

of the state's power. In March 1972, the 17-year-old civil war was ended by an agreement that gave some southern provinces a certain degree of autonomy. A High Executive Council for Southern Sudan was established at that time but was soon dismissed. In September 1983 the Nimeri government imposed strict Islamic law to replace the existing civil penal code. This measure provoked anger in the south where most inhabitants are racially blacks and Christians or animists by religion. Colonel John Garang then led the resumed rebellion.

There are certain foreign influences at work, too. The Garang rebels, which have grown in number from an initial 5,000 to the present 20,000, are equipped with advanced weapons such as Soviet-made SAM-7 missiles.

It seems the Sudan government is trying to use military force to resolve the present problem. Yet it remains doubtful whether it can win an over-all victory against the rebels, for the Sudanese civil war is essentially a political issue rather than a military one. ■

by She Duanzhi

New Paths to Economic Recovery

In the face of Western protectionism, countries in Latin America have had to find new ways to shape their own economic future.

Perhaps the most urgent problem facing the countries of Latin America is the economic depression caused by their enormous external debts and trade deficits. For a long time the governments of these countries linked their economic fortunes to those of foreign investors, and depended too much on external markets. This in turn has put them into financial straits in the 1980s as the trend towards protectionism gains momentum in the developed countries. The latter, hoping to shift the burden of their own economic problems on to the developing countries, have taken a number of protectionist measures such as "anti-dumping" regulations, export subsidies and import quota cuts which have struck hard at the economies of Latin America. Half of the continent's exports have had to find other buyers. Traditionally, half the exports of Latin American countries go to the United States or the European Community, 48 percent went to the United States last year.

For example steel exports to the United States, one of the main exports of Brazil, Mexico and Venezuela, have declined by 16 percent over the last year. Again, the agricultural exports of most Latin American countries have suffered from the low prices in international markets resulting from the subsidies given by Western countries. The United States recently captured Argentina's principal purchaser of

agricultural products, the Soviet Union, by subsidizing US sales reducing Argentina's export income of which agricultural products accounts for 75 percent.

Because of the decline in their exports, the countries of Latin America do not now have enough foreign currency to pay their debts. To cope with this situation, they have decided to rely on their own resources. It is believed that only by self-reliance and by strengthening regional co-operation can they finally throw off the yoke of the developed creditor nations and find their own way to develop their economies.

Sharing the same interests, the five major steel exporting countries—Argentina, Brazil, Mexico, Nicaragua and Venezuela—set up a steel co-operation and co-ordination committee on May 9 to promote the export of steel products from the region by exchanging information and experience, and by trying to open up more markets in the industrialized countries.

Other examples of regional co-operation include the Latin American Integration Association's decision to reduce internal preferential tariffs by 10 percent, the proposed establishment of a common market in Latin America, and the decision of five Central American countries to pay for one another's exports in their own currencies.

In the past eight months, many Latin American leaders have crossed either the Atlantic or the

Pacific to sign new export contracts. President Raul Alfonsín of Argentina visited New Zealand, Australia, Japan, the Philippines, Saudi Arabia and Portugal. All these visits were successful. In particular, Argentina is to remain Japan's largest grain supplier. Meanwhile, the foreign minister of Uruguay paid his first visit to the Soviet Union since the two countries established diplomatic relationship in 1926 in order to encourage greater bilateral trade.

Diversifying exports is another way these countries have tried to extricate themselves from a difficult situation. Colombia has added some new items to its traditional export list, including edible ants, crocodiles, frogs and even coffins. Some countries in the area have turned sugarcane fields over to rice as the price of sugar on the world market has waned.

Things will improve for Latin America if the countries on the continent can open up broader paths for their economic development by adopting the policies of self-reliance and international co-operation. ■

by Xiao Fangqiong



What Caused the 'Cultural Revolution'?

Professor Jin Chunming, director of the Mao Zedong Thought Research Office of the Marxism Research Institute under the Party School of the Chinese Communist Party Central Committee, has studied the "cultural revolution" for many years and has published many important articles on the issue. On the 10th anniversary of the conclusion of the "cultural revolution," "Beijing Review's" correspondent Jing Wei interviewed him on its origins.

Jin: From my reading of domestic and foreign newspapers about the origins of the "cultural revolution," I have divided the different views into five categories.

The first I have named "the inevitable outcome of class struggle" between the proletariat and the bourgeoisie and the struggle between two roads, the socialist and the capitalist. It was an important means of combating and preventing revisionism.

Initiated by Mao Zedong, this point of view was explicitly stated in the documents of the 9th, 10th and 11th National Congresses of the Chinese Communist Party. Many accepted it as unquestionable truth. Although most have come to realize that it was wrong-headed, eliminating its influence is no easy task since it had dominated for so long.

The second category I've called "the power struggle." It is quite popular abroad and in Taiwan and Hong Kong. Its proponents say the "cultural revolution" was the eruption of contradictions between different factions within the Chinese Communist Party, a product of a power struggle. They say there were factions: the Mao faction, the Liu faction, the Zhou faction, the idealists, the pragmatists, the radicals and the moderates, all within the Chinese Communist Party. Do you think so?

BR: I think there was localism and sectarianism but not factions like the ones we see in

political parties in the West. Do you agree?

Jin: Yes.

BR: But it can hardly be said that there was not the slightest tinge of power struggle.

Jin: The power struggle as discussed in the West centres around the struggle for power between individuals as well as factions. As you know, China's supreme power lay always in the hands of Mao Zedong. There is no evidence that Liu Shaoqi was contending for power, much less to say Zhou Enlai. Lin Biao and

Jiang Qing were seeking power, of course, but that was not what triggered the "cultural revolution." In a sense, their contending for power was only a product of the "cultural revolution."

The third school I've called "feudal monarchism." Last year a Hong Kong monthly published an article called "Cultural Revolution, A Product of Mao Zedong Monarchism." It said that Mao Zedong was a founding monarch pure and simple, not a Marxist at all, much less a proletarian

Prof. Jin Chunming.



Mao Zedong misjudged the situation and thought there was a large group of capitalist roaders within the Party. However, he alone could not have launched the "cultural revolution." It was the Party which made serious "left" mistakes in its guiding principles and policies that led to the nationwide upheaval.

revolutionary. His history was entirely the history of a founding monarch.

The most powerful evidence the article brought was one of Mao Zedong's poems written in 1936, called *Snow*. In the poem, Mao describes such famous emperors as Qin Shi Huang, Han Wu Di, Tang Tai Zong, Song Tai Zu and Genghis Khan as "past and gone." "For truly great men, look to this age alone." It is in this poem, according to the article, that Mao Zedong's monarchist thought comes out most clearly. Of course this is erroneous.

When Mao wrote, "for truly great men, look to this age alone," he simply meant that the Chinese people, after they became their own masters, added up to more than all the most accomplished emperors in Chinese history. It does not mean that Mao himself wanted to be an emperor or a king. It is a pity that the writer took his misunderstanding of the poem as a proof of Mao's monarchist thought.

BR: How did the writer associate Mao's monarchist thought with the "cultural revolution?"

Jin: According to the writer, in order to consolidate their hold over the country, China's dynasty founders always eliminated those who contributed the most to the founding of their dynasties. Mao Zedong launched the "cultural revolution" to destroy those who founded New China in order to set up his own dynasty.

Clearly, this viewpoint does not measure up to the facts. Although Mao was somewhat influenced by feudal ideology as can be seen in his patriarchal behaviour in later life and the selection of his successor, there is no evidence that

he wanted to establish his own dynasty.

Many veteran cadres were framed and criticized during the "cultural revolution" simply because Mao misjudged the situation and thought there was a large group of capitalist roaders led by a bourgeois headquarters within the Party. It is absolutely untrue that Mao wanted to eliminate those who did marvelous services to the revolution just in order to establish his own dynasty.

The fourth category may be called "conspiracy of treacherous officials." It pins the blame on Lin Biao, Jiang Qing, Kang Sheng, and their like. We must admit that without their trouble-making, the "cultural revolution" would not have developed to such an extreme degree. But their role should not be overestimated. Lin Biao, Jiang Qing and Kang Sheng did play a hideous role in the "cultural revolution," but, in the final analysis, they were taking advantage of Mao Zedong's prestige. They added fuel to the flames, but they did not light the fire.

BR: What explanation do you think tallies with reality?

Jin: The fifth, the one that says the Party committed serious "left" deviationist mistakes. I was once asked how I could blame the Party, given that the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" (passed by the Chinese Communist Party Central Committee in 1981) ruled that Mao Zedong was the principal person to be held responsible for the "cultural revolution." I do not see an inconsistency here. The Party in question, of course, refers

to the Chinese Communist Party with Mao Zedong as the supreme leader. Mao did make serious mistakes. However, he alone could not have launched the "cultural revolution." It was because the Party made serious "left" deviationist mistakes in its guiding thought, principles and policies that the nationwide upheaval took place.

All these mistakes originated from a wrong approach to the question of class struggle under socialism. It is true that class struggle still exists to a certain extent even after the elimination of the exploiting classes. But it was wrong to "take class struggle as the key link" when the struggle between classes no longer represents the principal contradiction of Chinese society.

BR: When did the "left" thinking begin?

Jin: About 1957.

BR: But I remember the slogan "take class struggle as the key link" being initiated in 1963.

Jin: Yes, it was officially put forward in 1963. But the thought that generated the slogan began much earlier. It evolved. You might remember the anti-rightist struggle in 1957 which developed well beyond its intended scope. Mao Zedong made a speech at the 3rd Plenary Session of the 8th Party Central Committee (held in October that year) where he reversed the proposition made at the 8th National Party Congress (held in September 1956) that in China the principal contradiction was no longer that between the working class and the capitalist class, but between the People's need for rapid economic and cultural development and the actual situation falling short of

*The "left" mistakes can be traced back to 1957.
They came to a head when Mao Zedong put into practice
the theory of "continued revolution under the
dictatorship of the proletariat" by launching
the "cultural revolution."*

those needs. Instead, he proposed that "the contradiction between the proletariat and the bourgeoisie, and between the socialist road and capitalist road is, without doubt, the principal contradiction in present-day Chinese society."

This was approved by the Party Central Committee and again at the 2nd session of the 8th National Party Congress the next year. The identification of the principal social contradiction, which is essential to a basic analysis of the situation of a country, is a matter of great consequence. An incorrect identification would inevitably generate a series of mistakes. It was from this incorrect identification that the serious "left" mistakes of the "cultural revolution" flowed.

This "left" thinking gradually evolved, going further and further towards the extremes and becoming increasingly dominant. The 1959 Lushan meeting, at which Peng Dehuai was criticized and identified as a target for class struggle, was held as a continuation of the life-and-death struggle between the two major antagonistic classes—the proletariat and the bourgeois.

This accorded with Mao Zedong's suggestion that the Party's general line for this historical period of socialism be

that throughout the period there would exist bourgeois and constant dangers of a capitalist comeback. Thus, slogans like "take class struggle as the key link" and "deal with the class struggle, and all other problems can be solved" were put forward.

In early 1965, another target was set up: people in power who took the capitalist road. This was behind the "theory of continued revolution under the dictatorship of the proletariat." Mao made a grave mistake in putting this slogan into practice by launching the "cultural revolution."

BR: Do you think such a disaster was caused by theoretical mistakes alone?

Jin: This theory was not empty talk. It was a theory designed to bring about action. As early as 1963, many political movements were conceived under the guidance of this "left" theory. First came the "four clean-ups" movement* in the countryside. In its wake came the "five-anti's" movement** in urban factories. Then the series of political movements expanded to encompass the ideological field, in which many films, novels, dramas, and famous writers, philosophers, economists and historians were unjustifiably and heavily criticized.

Thus began a vicious circle: Political movements guided by this "left" theory inevitably led to an expansion of the class struggle and to a deliberate creation of further class struggles which denounced honest and accom-

plished people as class enemies. These manufactured struggles themselves created the evidence to support the theory and promoted its development. The more the circle accelerated, the more leftist the theory became and the more serious the class struggle seemed to be, culminating in the thoroughly mistaken belief that a revisionist restoration was imminent.

We were constantly told that "more than one-third of the political power in the countryside is not in our hands," and that the leadership in an overwhelming number of the industrial and mining enterprises was not in the hands of Marxists and workers; that bourgeois intellectuals dominated the schools; that most of the artistic and literary organizations were on the brink of revisionism; that a big group of revisionists had infiltrated the Party, the government and the army; and that a bourgeois headquarters had taken shape in the Party Central Committee, which followed a revisionist line and had agents in every locality and organization. It was in this paranoid environment that Mao Zedong made mistaken decisions and was determined to launch the "cultural revolution."

Such things are unthinkable today, but at that time many believed it. This is why at the beginning of the "cultural revolution" millions upon millions plunged themselves into the movement.

BR: Are there any other reasons?

Jin: Of course. Once the "left" deviationist mistakes became the dominant trend, they inevitably expressed themselves in every field. Since not everyone was a

* This was a movement in the countryside initially designed to examine rural accounts, storage, property and work points arrangements. In a document of the Chinese Communist Party Central Committee issued in early 1965, the movement was expanded to include "cleaning things up" in the fields of politics, ideology, organization and economy.

** A mass movement launched in 1963 in the cities against graft and embezzlement, profiteering, extravagance and waste, decentralism and bureaucratism.

"leftist," and people veered "left" to varying degrees, ideological differences became paramount. As these differences were exaggerated to the level of principles, personal relationships within the Party became so strained that no differences of opinion were tolerated. Furthermore, the development of the personality cult undermined the collective leadership of the Party Central Committee and deprived the Party of its major mechanism to rectify its leader's mistakes. The long practice within the Party of criticizing "right" mistakes instead of "left" ones created an atmosphere where "left" was better than "right" and being "left" was preferable to being "right." The growth of the "left" deviationist trend created ideal conditions for Lin Biao, Jiang Qing, Kang Sheng and other careerists and conspirators to flourish. All these factors, while exerting quite an influence on the outbreak of the "cultural revolution," were only derivatives of the serious "left" deviationist mistakes in the guiding thought.

BR: Do you think international factors also accounted for the start of the "cultural revolution?"

Jln: Of course. However, facts have proved it wrong to assert that there was a capitalist restoration in the Soviet Union, the first socialist country founded by Lenin. In fact, the verbal conflict between the Chinese and Soviet Communist Parties at that time did contribute a great deal to the growth of the "left" deviationist trend within the Chinese Communist Party and to the birth of the slogan "combat and prevent revisionism."

In addition, the Soviet deployment of a million or so troops along China's northern border and the US military presence in Viet Nam stoking the fire of war at China's southern gate made the slogan "prepare against war" important. There was the conten-

tion that to prepare against war, things at home should first be swept clean.

The "cultural revolution" was cataclysmic and pivotal in modern Chinese history and had its effects on world politics. But the study of

the "cultural revolution" has only just begun. My analysis may leave much to be desired. I do hope scholars, both here and abroad, will continue the study and exchange their views on this subject. ■

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(in English)



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End of Turmoil Brings Economic Growth

by Zhang Zhongji

Ten years have elapsed since the end of the "cultural revolution" in October 1976, following the downfall of the gang of four. During the last decade, particularly since the Third Plenary Session of the 11th Party Central Committee held at the end of 1978, China has placed itself on a Marxist course once again, carrying through a comprehensive economic reform, introducing the open policy and greatly speeding up its economic growth.

Between 1977 and 1986*, China's national income rose an average 9 percent a year. During the "cultural revolution" (1966-76), the average rise was 4.9 percent. National income created by social labour reached an average 954 yuan per head, up 50 percent on the previous decade; individual consumption rose an average 5.8 percent a year, compared with 1.9 percent.

Strides Made in Rural Areas

The household contract responsibility system has been introduced in China's vast rural areas, with a population of 800 million. This has overcome the defects of overcentralized management and absolute egalitarianism in distribution. The contract system, combined with increases in the prices of farm products, which had been kept artificially low for a long time, has increased farmers' enthusiasm for production.

Between 1977 and 1985, China's total agricultural output value showed an average annual in-

crease of 9 percent, greatly exceeding the average rate of 3.3 percent in the previous 10 years. Average annual output of the principal farm products were: grain, 343.71 million tons, up 38.6 percent over 247.95 million tons of the previous decade; cotton, 3.415 million tons, up 51.1 percent; sugar crops, 362.19 million tons, or 2.2 times up on before; output of tobacco, tea and jute increased several times over. In addition, forestry, livestock breeding and fishery have developed well. This year's plan to increase total agricultural output by 6 percent is expected to be fulfilled if there are no serious natural disasters.

The efficiency of agriculture rose markedly. Between 1977 and 1985, the output of each farmer rose an average 5.4 percent a year, greatly exceeding the figure of 1 percent for the previous 10 years. Compared with 1976, the per-unit output of the main agricultural products rose by a big margin in

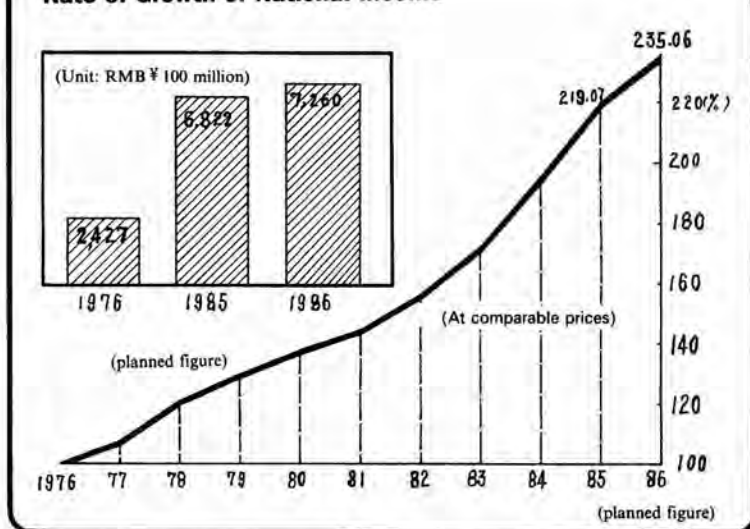
1985, grain 46.8 percent, cotton 130 percent, jute 86.5 percent, sugar cane 73.8 percent, and peanuts 97 percent.

With more and more surplus rural labour power being shifted to other fields of production, the number of people engaged in industry, construction, transport, commerce and the service trades reached 67.14 million at the end of 1985, double the 1980 figure. The total output value of these rural trades made up 42.3 percent of the whole product of the rural economy in 1985. This demonstrates that a diversified rural economic structure is taking shape.

Industry Shows Growth

Between 1977 and 1985 China's total industrial output value rose an average 11 percent a year. Light industry rose 12.5 percent and heavy industry 9.6 percent. This year China's industrial production is planned to rise 8 percent.

Rate of Growth of National Income



The author is director of the Department of Integrated Statistics under the State Statistical Bureau.

*Figures for 1986 are planned figures only.

TEN YEARS IN RETROSPECT



Chairman Deng Xiaoping and British Prime Minister Margaret Thatcher after the signing of the Sino-British Joint Declaration on the Question of Hong Kong. The declaration, a fine example of international problem-solving through negotiation, embodies the idea of "one country, two systems."

Hu Yaobang chatting with farmers. In the past decade, Hu has visited 1,500 of China's 2,200-plus counties. *Zhao Desu*





Hu Yaobang and fellow leaders at lecture on Marxist theory and the role of law, hosted by the Secretariat of the Party Central Committee on July 3 this year. *Wang Xinqing*



Generating set being installed in power plant at Gezhouba — the largest water conservancy project in China. *Hua Ai*



Combat hero Shi Guangzhu of the People's Liberation Army gets a kiss from a child. *Li Gang*

Bulging grain stores. Economic reforms have made marked achievements in rural areas. The introduction of the contracted responsibility system, that links remuneration to output, ensures the continuous growth of agricultural production.





Tens of thousands of working people attend night schools.



Farmers going to sell their ducks in town to boost the urban market.

Wang Wencheng



The Chinese-made Long March III carrier rocket. It has successfully sent two experimental telecommunications satellites into space.

Yang Wumin





The gala night on National Day at Tiananmen Square.

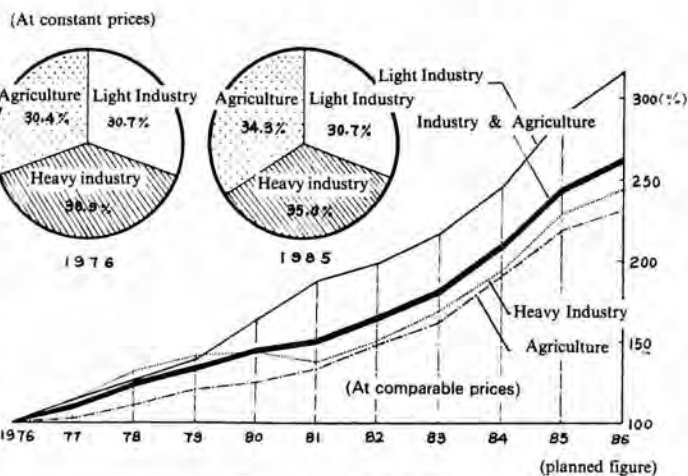
"Let the sugarcoated haws make our love sweeter." *Xiao Yan*



A rural bride moves into her husband's household with her dowry.



Makeup of Industrial & Agricultural Output Value



The variety and output of textiles and other light industrial goods, which used to be in short supply, has increased considerably. Compared with 1976, output of cotton yarn was up 80.4 percent in 1985; cotton cloth, 66 percent; woollen yarn, sugar and sewing machines over 100 percent; woollen fabrics, canned foods, detergents and bicycles, more than 300 percent. Output of wrist-watches increased six fold and beer 10.3 fold. Refrigerators, washing machines, radio cassette-tape recorders and colour television sets have been developed from scratch and have sold in large numbers. There was also a big increase in the output of heavy industrial goods badly needed by society. Electrical products have doubled, rolled steel rose 2.5 fold, cement, plate glass, motor vehicles and small tractors more than 3 fold, and locomotives, passenger cars and freight cars more than doubled.

As a result of the retooling of old factories and the import of new technology and equipment, China's technological level has risen greatly.

With the reform of the urban economic structure, 71.8 percent of state-run industrial enterprises had, by the end of 1985, gone over

from profit delivery to tax payments and more than 3,000 state-owned small industrial enterprises had been contracted out or leased to individuals or collectives.

Markets Thrive

With the development of industrial and agricultural production, the Chinese people's purchasing power has increased and big changes have occurred in

the domestic market. Except for grain, edible oil and a few other items which are still rationed, all goods are in unlimited supply. From 1977 to 1985 China's retail sales rose an average 13.9 percent a year. Taking price rises into account, the adjusted figure is 10.5 percent. A further increase is expected this year.

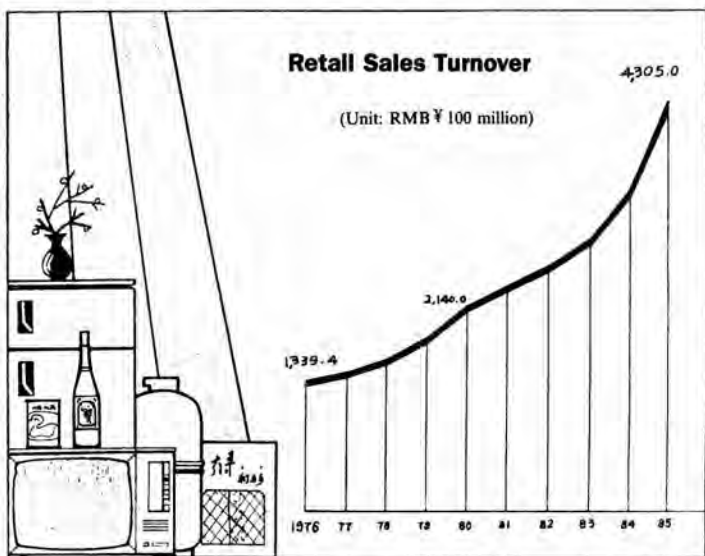
The commercial system has also been reformed in recent years. While retaining the guiding role of state-owned commerce, great efforts have been made to develop collective and individual trade. Currently there are 10.67 million retail, catering and service establishments, employing 25.26 million people—8.5 and 4.2 times as many as in 1976. The number of people now engaged in individual businesses is 12.22 million, more than 40 times the 1976 figure.

Of total retail sales, the share of state-owned commerce dropped from 90.3 percent in 1976 to 40.4 percent in 1985, while collective commerce rose from 7.9 percent to 37.2 percent. Individual and other commerce increased from 2.1 percent to 22.4 percent.

Urban and rural markets and fairs have been revived and developed. There were a total of

Retail Sales Turnover

(Unit: RMB ¥ 100 million)

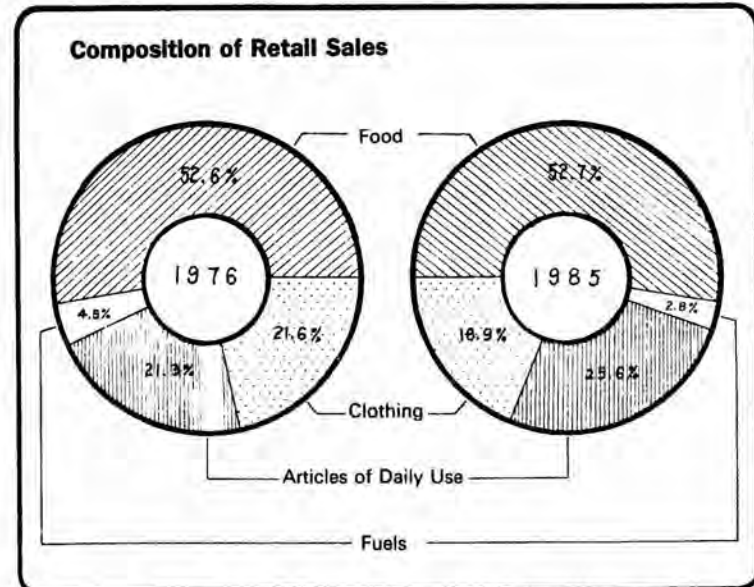


61,000 town and country fairs in 1985, up 48.8 percent over the 1980 figure. Their total transactions reached 70.5 billion yuan, up three times. These fairs have played an important supplementary role in promoting trade between urban and rural areas and making people's lives easier.

Foreign Economic Ties

China's total imports and exports in 1985 amounted to US\$69.6 billion, five times as much as in 1976.

Over recent years, in order to attract foreign funds and advanced technology, the government has established four special economic zones—Shenzhen, Zhuhai, Shantou and Xiamen, opened 14 coastal ports—from Dalian in the northeast to Beihai in the south, and set up three open economic zones—the Changjiang (Yangtze) River Delta, the Zhujiang (Pearl) River Delta and the southern Fujian area (comprising Xiamen, Zhangzhou and Quanzhou). More than 6,800 Sino-foreign joint and co-operative ventures and wholly foreign-owned companies have



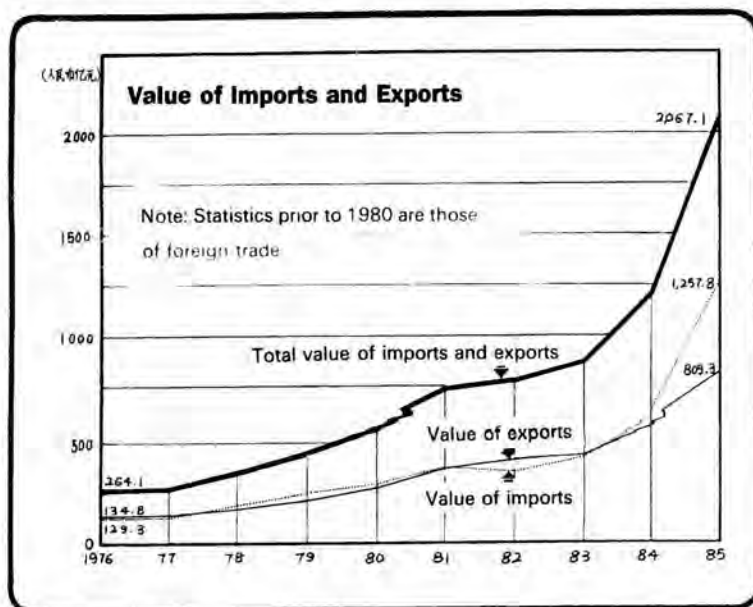
been approved. In addition, 36 offshore oil co-operative prospecting and exploitation contracts were concluded. These projects involved a total of US\$17.5 billion. Foreign businessmen have contributed US\$5.4 billion of this (compensatory trade excepted). Up to now, about one-third of these companies have started operation.

During this period China imported more than 14,000 technical innovations from abroad, includ-

ing 300 large and medium-sized projects. By the end of June this year, 127 of these had been completed and had gone into production, helping to improve China's basic industrial and communications facilities. Imported 300,000-kw and 600,000-kw generators, 500,000-volt electricity transmitting and transforming equipment, programme-controlled telephone exchanges, satellite ground station equipment, and the technology for making colour TV tubes have all filled a need in China. In the past five years, China has also entered the international project contracting and labour service markets and has been involved in more than 2,700 construction projects worth US\$5.7 billion in 88 different countries.

Capital Investment

Between 1977 and 1985, investment in fixed assets of publicly owned companies amounted to 799.3 billion yuan, up 110 percent over the previous ten years. The previous emphasis on investing in heavy industry at the expense of light industry and service facilities has changed. Investment in heavy industry has dropped from 50 percent to around 40 percent; that in productive capacity from 83



percent to 63 percent; while that in housing and cultural, public health and urban public utilities has risen from 17 percent to 37 percent which is slightly higher than the figure of 33 percent attained during the First Five-Year Plan period (1953-57).

The drive to upgrade and re-tool existing factories has been accelerated. From 1977 to 1985, of investment in the fixed assets of state enterprises that in capital construction dropped from 77.4 percent to 67.3 percent, while investment in upgrading and re-equipping enterprises rose from 22.6 percent to 32.7 percent. In the light, textile and machine-building industries, the emphasis has shifted from pursuing extensive production to focusing on intensive production.

A number of important projects have been completed in the past ten years, for example the first stage of the Shanghai Baoshan Iron and Steel Complex, the 1.7-metre rolling mill at the Wuhan Iron and Steel Company, and the 300,000-ton ethylene project at the Daqing Oilfield. In addition, more than a dozen petrochemical works have been commissioned at the Shengli Oilfield in Shandong Province, at Luzhou, Sichuan Province, at Anqing, Anhui Province, at Liaohe, Liaoning Province, together with energy and communications projects, including power stations, oil wells, coal mines, railways, highways, ports and harbours. Between 1977 and 1985, new oil exploiting capacity and the capacity of generators increased 13 percent and 30 percent respectively; chemical fibre production capacity rose five fold, and harbour handling capacity increased 62 percent.

Education Strengthened

The national university and college entrance examination system was revived in 1977. There are now a total of 1,016 institutions of higher learning

across the country with a total enrolment of 1.7 million students—a record. In addition, a large number of post-graduate students have been trained, and tens of thousands of people have been sent abroad to study.

Initial changes have been made to the structure of education. At institutions of higher learning, subjects such as economics, politics, law, and the study of the textiles, foodstuffs and electronics industries are now being stressed. Attention is being given to making primary education universal. Primary education is already universal in cities and in one-third of county towns. Junior middle school education is universal in many cities and counties. Currently, secondary vocational and technical schools have a total enrolment of 4.61 million. The number of radio and TV universities, workers' colleges, farmers' colleges and other institutions of higher learning for adults has reached 1,216. There are also 600 correspondence and evening colleges run by institutions of higher learning.

A total of 1.72 million people now study on regular and special courses at colleges for adults. In addition, there are nearly 50,000 secondary schools for adults with a total enrolment of 5.47 million. The task of educating some 30 million youth and middle-aged workers in general and technical

subjects was basically completed during the Sixth Five-Year Plan period (1981-85).

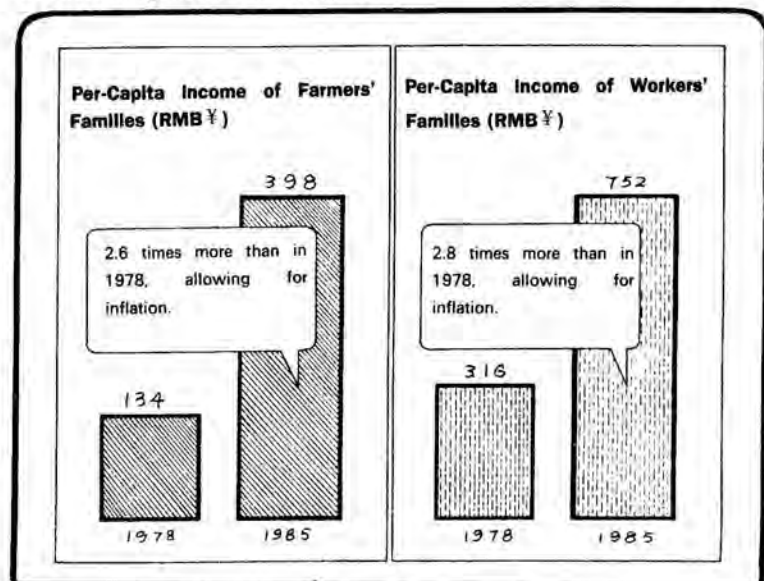
Most of the 38 programmes for the popularization of science and technology sponsored by the state were fulfilled on time during the Sixth Five-Year Plan. More than 40,000 scientific and technological research findings won prizes from State Council and local departments of government, and many have already been applied in production and yielded economic benefits. Some scientific achievements have reached advanced world standards, such as the "Galaxy" super-computer, capable of performing more than 100 million operations a second, the launching of a carrier rocket from under water, and the successful orbiting of telecommunications satellites.

Living Standards Improve

In 1985 the average per-capita income of China's farmers was 398 yuan, almost three times the figure of 134 yuan for 1978, an average rise of 16.8 percent a year. Taking price rises into account, the true rate of increase was 14.8 percent. In cities, per-capita income averaged 752 yuan in 1985, up 2.4 times over the 1978 figure of 316 yuan. This represents a real rate of increase of 8.5 percent.

Between 1979 and 1985 con-

(Continued on p. 34)



Post 'Cultural Revolution' Chronicle of Events (October 1976-June 1986)

1976

October 7 Political Bureau of CPC Central Committee appoints Hua Guofeng chairman of Central Committee of Communist Party of China and chairman of CPC Military Commission. Appointments referred for confirmation to next CPC plenary session.

October 7-14 Political Bureau of CPC Central Committee holds meetings in Beijing attended by leading members of CPC departments, provinces, municipalities and autonomous regions and circulates notice on the Jiang Qing anti-Party clique—the gang of four.

December 5 CPC Central Committee issues circular to rehabilitate everyone persecuted for opposition to the gang of four.

Increase of only 1.7 percent in industrial and agricultural output value in 1976, and financial deficit reaches 2.96 billion yuan.

1977

February 7 Editorial by *Renmin Ribao*, *Hongqi* and *Jiefangjun Bao*, "Study Documents Well and Grasp Key Link." With Hua Guofeng's approval it pronounces the slogan, "We must resolutely support whatever decision Chairman Mao made and consistently follow whatever directives Chairman Mao issued." The "two whatever's" aim at perpetuating Mao's left mistakes.

March 10-22 CPC working conference: Chen Yun, Wang Zhen, others propose restoring Deng Xiaoping's posts and rehabilitating Tiananmen Incident. Proposal warmly supported by participants but turned down by Hua Guofeng.

July 16-21 Beijing, Third Plenary Session of 10th CPC Central Committee: unanimously

approves Hua Guofeng's appointments referred October 7, 1976, and resolutions restoring Deng Xiaoping to his posts, expelling the gang of four from the Party and dismissing them from all their posts.

Endorses decision of the Political Bureau of the CPC Central Committee on convening 11th National Congress of the Party before the due date.

Deng Xiaoping speech: says Mao Zedong thought should be interpreted in the spirit and not the individual words.

August 12-18 Beijing, 11th National Congress of Communist Party of China: Hua Guofeng reviews struggle against the gang of four and announces the end of the "cultural revolution."

Reaffirms fundamental task of the Party to build China into powerful modern socialist country, but at the same time adheres to the theory, policies of the "cultural revolution."

August 19 First Plenary Session of 11th CPC Central Committee: Elects Hua Guofeng Party chairman and Ye Jianying, Deng Xiaoping, Li Xiannian, Wang Dongxing vice-chairmen.

August 13-September 25 National conference on college enrolment, Beijing: Restores standard state college entrance exam, after its abolition during the "cultural revolution".

August 30-September 8 Josip Broz Tito, President of the League of Communists of Yugoslavia and President of the Socialist Federal Republic of Yugoslavia visits China. The Party restores relations with Yugoslavian Communist Party, marking the start of reestablishment of relations with Communist Parties worldwide.

December 10 Hu Yaobang appointed Minister of Organization of the CPC and proceeds to

handle cases of unjustified persecution.

National economy quickly restored.

1978

February 26-March 5 Beijing, 1st Plenary Session of the 5th National People's Congress: Hua Guofeng reports on future work for the nation, underestimating the economic dislocation he proposes 120 large-scale projects, and shortages of state funds and economic disruption ensue.

March 18-31 Beijing, national science conference: Hua Guofeng delivers his: "Raise the Scientific and Cultural Level of the Whole Nation." Deng Xiaoping emphasises that intellectual labourers who serve the socialist construction are part of the toiling people, and the necessity of training a large contingent of scientific and technical personnel.

April 5 CPC removes label "Rightist," work completed in November. (By the end of 1980, those wrongly charged as Rightists are rehabilitated.)

May 11 *Guangming Daily*: Initiates national debate with its article "Practice Is the Sole Criterion for Testing Truth." Article warmly welcomed, and debate encouraged by Deng Xiaoping, Ye Jianying, Li Xiannian, Chen Yun, Hu Yaobang; discouraged by Hua Guofeng and Wang Dongxing. Debate spearheads nationwide campaign to emancipate the mind, in preparation for convention of 3rd Plenary Session of 11th Party Central Committee.

August 12 Beijing: China and Japan sign peace and friendship treaty.

November 14 Party committee of Beijing Municipality, with

approval of CPC Politbureau, reverses previous position and declares the Tiananmen Incident thoroughly revolutionary; rehabilitates all those who had been persecuted for their connection with it.

December 16 China and the United States agree to restore diplomatic relations January 1st, 1979; USA undertakes to terminate diplomatic relations with Taiwan.

December 18-22 Beijing, 3rd Plenary Session of 11th Party Central Committee: concentrates on shift of emphasis in Party's work, criticizes the "two whatever's" and affirms necessity of correctly understanding Mao Zedong thought.

Meeting praises "sole criterion" discussion, defines the guidelines for the new historical period as emancipating the mind, seeking truth from facts, and looking ahead in unity.

Session ends use of slogans "Take class struggle as the key link," "Continue the revolution under the dictatorship of the proletariat." Decides systematically to correct past leftist mistakes.

Endorses decision to concentrate on modernizing socialist construction from 1979 on:

- reform the overcentralized economic structure
- readjust national economy to overcome imbalance and dislocation
- develop agriculture
- expand Party rules and regulations
- improve democratic centralism
- strengthen, systematize and legalize socialist democracy.

Elects Chen Yun Party vice-chairman; Deng Yingchao, Hu Yaobang and Wang Zhen additional Politbureau members; elects the Central Commission for Inspecting Discipline headed by Chen Yun.

1979

January 1 Message from Standing Committee of 5th National

People's Congress of People's Republic of China to compatriots in Taiwan for the reunification of the motherland. At a meeting of the National Committee of the Chinese People's Political Consultative Conference Deng Xiaoping says issue is on the agenda.

January 11 CPC decides to remove labels of "landlord," "rich peasant" from people who had been living by their labour since collectivization in 1956, but not from those who persisted in their counter-revolutionary stand.

January 18-April 3 Beijing, CPC discussion on basic principles: March 30, Deng Xiaoping enumerates the four basic principles for realization of the four modernizations—the socialist road, the proletarian dictatorship, the leadership of the Party, Marxism, Leninism and Mao Zedong thought.

February 17-March 16 Chinese troops counterattack Vietnamese invaders and win victory.

March 1 State Council: On suggestion of CPC raises purchasing price of 18 farm and sideline products including grain, cotton, edible oil, pork. Farmers' income rises by 10.8 billion yuan in the year.

June 18-July 1 Beijing, 2nd Plenary Session of the 5th National People's Congress: Endorses focusing on economy. Approves drafts of Criminal Law of the People's Republic of China, Law of the People's Republic of China on Joint Ventures With Chinese and Foreign Investment and five others.

July 15 CPC and State Council allow four special economic zones in Guangdong and Fujian, and special flexibility in their economic ties with foreign countries.

September 25-28 Beijing, 4th Plenary Session of the 11th CPC Central Committee: Approves Decisions of the CPC Central Committee on Some Questions Concerning the Acceleration of Agricultural Development.

Elects Zhao Ziyang and Peng Zhen additional members of

Political Bureau of the CPC Central Committee.

September 29 30th anniversary of the founding of the People's Republic of China celebration: Ye Jianying recalls great achievements of Chinese Party and people since liberation, delivers self-criticism of Party's mistakes during "cultural revolution."

1980

February 23-29 Beijing, 5th Plenary Session of the 11th CPC Central Committee: Approves Guiding Principles for Inner Party Political Life.

Elects Hu Yaobang, Zhao Ziyang additional members of Standing Committee of Political Bureau of CPC Central Committee.

Establishes Secretariat for CPC Central Committee, elects Hu Yaobang general secretary of the Party.

Approves requests of Wang Dongxing, Ji Dengkui, Wu De, Chen Xilian to resign their Party and state posts; Rehabilitates Liu Shaoqi, former vice-chairman of the CPC Central Committee and former chairman of People's Republic of China.

April 14 Delegation of the Central Committee of the Italian Communist Party headed by General Secretary Enrico Berlinguer pays friendly visit to China; relations between Chinese and Italian Parties restored.

May 18-21 First Chinese carrier rocket reaches destination in the Pacific Ocean successfully.

August 18-23 Beijing, enlarged meeting of Political Bureau of CPC Central Committee: Deng Xiaoping speech: "Reform the Party and State Leadership System." Says to reform the overcentralized Party and state leadership is also to:

- strengthen democratization of political life of our Party and the state
- strengthen democratization of

economic management

—strengthen democratization of social life

—proceed with the modernization drive

—bring into full play superiority of socialist system

Puts forward the historical task of resisting the corrosive influence of bourgeois ideology and eliminating pernicious feudal influence and major measures to reforms.

August 30-September 10 Beijing, 3rd Plenary Session of 5th National People's Congress: Considers long-term plans for economic development and reform.

Approves Nationality Law of the People's Republic of China, the Marriage Law, others.

Removes Hua Guofeng from post as premier of the State Council, Elects Zhao Ziyang in his place. Accepts resignation of 11 veteran Party and state leaders from posts of vice-premiers of the State Council and vice-chairmen of Standing Committee of National People's Congress. ■

September 14-22 CPC meeting attended by first secretaries of all provincial, municipal and autonomous regional Party committees: Discuss the agricultural contract responsibility system.

November 10-December 5 Nine successive meetings of Political Bureau of CPC Central Committee: Discuss and approve personnel changes to submit to 6th Plenary Session of 11th Party Central Committee.

Agree to revise draft Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China, in light of suggestions made during discussions.

1981

January 25 Special Court of People's Republic of China sentences Jiang Qing and Zhang Chunqiao to death with two-year

reprieve and permanent deprivation of political rights. Wang Hongwen, Yao Wenyuan and eight others imprisoned.

May 29 Soong Ching Ling, vice-chairman of the Standing Committee of the National People's Congress and honorary president of the People's Republic of China, dies in Beijing. May 15, had been accepted full member of the Party by the Political Bureau of CPC.

June 27-29 Beijing, Sixth Plenary Session of 11th Party Central Committee: Adopts Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China;

Resolution reassesses Party's major historic events, the "cultural revolution" in particular, over past 32 years; reassesses Mao Zedong's role in Chinese revolution according to principle of seeking truth from facts; elaborates significance of Mao Zedong Thought as Party's guiding thought. Marks end of process of setting Party's guiding thought to rights.

Session unanimously accepts Hua Guofeng's resignation from chairmanship of CPC Central Committee, chairmanship of Military Commission of the Party Central Committee; elects Hu Yaobang chairman of Party Central Committee, Zhao Ziyang and Hua Guofeng vice-Chairmen of Party Central Committee, Deng Xiaoping chairman of Military Commission of Party Central Committee, Standing Committee of Political Bureau of Party Central Committee is constituted to include chairman and vice-chairmen of Central Committee: Hu Yaobang, Ye Jianying, Deng Xiaoping, Zhao Ziyang, Li Xiannian, Chen Yun and Hua Guofeng.

July 13 CPC Central Committee and State Council: Promulgate Provisional Regulations concerning Congresses of Workers and Staff Members in State-Owned Industrial Enterprises; affirming

these workers congresses as basic form of democratic enterprise management, ensuring workers rights in decision-making and cadre-supervision. State-owned enterprises instructed to fully implement the Regulations.

August 26 Deng Xiaoping meets Fu Chao Shu, a public figure in Taiwan and Hong Kong, elaborates Party's policy towards reunification with Taiwan: "one country, two systems." Taiwan would not be made to practise socialism, current socio-economic system would be unchanged, standard of living would be unchanged, foreign capital left intact, Taiwan could keep own armed forces, and would become a province or region of People's Republic of China.

September 20 Successful launch of three space physics experimental satellites with one carrier rocket.

September 30 Ye Jianying, chairman of Standing Committee of the National People's Congress, grants interview to Xinhua: enumerates nine-point policy on Taiwan's return to motherland, proposes talks between the CPC and Kuomintang on a reciprocal basis so that both could co-operate for third time, to accomplish peaceful reunification.

October 9 Beijing, rally to celebrate 70th anniversary of Revolution of 1911 led by Dr Sun Yat-sen, Hu Yaobang speaks as one of Party leaders: invites Chiang Ching-kuo and others to visit the mainland and their birth places.

October 17 CPC Central Committee and State Council promulgate Regulations on Opening Employment Channels, Enlivening Economy and Solving Problems in Urban Employment. Clauses stipulate that after state found 26 million people jobs in last three years, jobs in collective and individual sectors should be emphasized, as should people finding jobs for themselves to ease youth unemployment problem.

November 30-December 13

Beijing, 4th Session of 5th National People's Congress: Premier Zhao Ziyang delivers: Present Economic Situation and Principles for Future Economic Construction. Restresses need to pioneer a course of steady economic improvement and give more economic benefits to the people.

Session adopts Law on Economic Contracts and Law on Income Taxes for Foreign Enterprises.

State Statistical Bureau releases 1981 figures:

- Revenues and expenditures are brought into line

- commodity prices are mostly the same

- balance of agriculture to industry, heavy and light, improving

- production and construction have advanced.

1982

January 1 CPC Central Committee approves Summary of National Rural Work Conference: Over 90 percent of rural production brigades have introduced multi-forms of responsibility systems.

February 12 CPC Central Committee issues Summary of National Conference of the United Front Work: States united front still 'magic weapon' for entire new modernizing period; 35,000 new members joined eight democratic parties in past three years.

February 20 CPC Central Committee formulates Decision on Establishing Retirement System for Veteran Cadres.

April 13 CPC Central Committee and State Council make Public Decision on Combating Serious Criminal Activities in Economic Field.

June 7 Hu Yaobang meets Henk Hoekstra, chairman of the Communist Party of the Netherlands: Says CPC develops relations with other Communist

Parties on the basis of independence, full equality, mutual respect and non-interference; expresses willingness to further develop relations with the Communist Party of the Netherlands.

September 1-11 Beijing, 12th National Congress of CPC, Deng Xiaoping opens, says "In our modernization programme, we must proceed from realities. To integrate the universal truth of Marxism with the concrete realities of China, take our own road and build socialism with Chinese characteristics."

On behalf of 11th Party Central Committee, Hu Yaobang speaks to specify general tasks of CPC in the new historical period: Unite people of all nationalities in working hard and with self-reliance to achieve the modernization of industry, agriculture, national defence and science and technology, to make China a culturally advanced and highly democratic socialist country.

Congress examines and adopts new Constitution of CPC; elects 12th Party Central Committee, leading members of Central Advisory Commission and Central Commission for Discipline Inspection.

September 12-13 First Plenary Session of 12th CPC Central Committee: Elects 25 members and 3 alternate members to Political Bureau; Hu Yaobang, Ye Jianying, Deng Xiaoping, Zhao Ziyang, Li Xiannian, Chen Yun Standing Members of Political Bureau; Hu Yaobang Party General Secretary; Deng Xiaoping Chairman of Military Commission of the Party Central Committee.

September 13 First Plenary Session of Central Advisory Commission: Elects Deng Xiaoping chairman of the commission.

First meeting of Central Commission for Discipline Inspection: Elects Chen Yun its first secretary.

October 7-16 Successful launch of submarine-based carrier rocket.

November 26-December 10 Beijing 5th, Session of 5th National People's Congress: Adopts Constitution of People's Republic of China; approves Sixth Five-Year Plan for Economic and Social Development (1981-85); approves national economic and social development plan for 1983, drawn up on the basis of the Sixth Five-Year Plan.

1983

March 13 Beijing, CPC Central Committee holds mass rally (10,000 people) to mark centenary of death of Karl Marx; Hu Yaobang speaks.

April 23-May 6 Delegation of Communist Party of India (Marxist) Central Committee, headed by General Secretary EMS Namboodiripad visits China: Relations between Communist Parties of both countries resumed after 15 years.

June 6-21 Beijing, First Session of 6th National People's Congress: Zhao Ziyang pays tribute to the great achievements and surmounting of obstacles of past five years.

Elects Li Xiannian president of the People's Republic of China, Peng Zhen chairman of Standing Committee of Sixth National People's Congress; approves president's nomination of Zhao Ziyang as premier of State Council; elects Deng Xiaoping chairman of Central Military Commission of the People's Republic of China.

July 1 *Selected Works of Deng Xiaoping* (1975-82) published; CPC Central Committee calls for (July 12) the whole Party to study it in an earnest way.

July 29-August 2 Beijing, national legal and political work conference: Transmits directive of Standing Committee of Political Bureau of CPC and Secretariat of the Party Central Committee on crackdown on serious criminal activities; discusses guiding principles for improving public

security, which does improve hereafter.

October 11-12 2nd Session of 12th Party Central Committee: Adopts Decision of CPC Central Committee on Party Consolidation: to achieve ideological unity, rectify Party style of work, strengthen discipline, purify Party's organization.

October 12 CPC Central Committee and State Council issue Circular on Separating Government Administration and Commune Management, and Re-establishing Township Government.

December 22 *Renmin Ribao* reports: China successfully produces its first super-computer, *Galaxy*, capable of over 100 million operations per second.

Year's End Economic Daily: 28,110 industrial enterprises (88.6 percent of profitable ones) have replaced profit delivery with tax payments.

China's gross industrial and agricultural output value reached 920.9 billion yuan, up 10.2 percent on previous year; national income rose 9 percent from 1982. Targets for 1985 reached in: gross industrial and agricultural output value, output of grain, cotton, edible oil, 30 other major industrial and agricultural products. Relative proportions of agriculture, light industry and heavy industry were rationally balanced: agriculture 33.9 percent, light industry 32.1 percent, heavy industry 34 percent. Energy production and transport developed.

1984

February 27-March 28 Beijing, forum meeting on Tibet held by Secretariat of Party Central Committee: In light of Tibet's special features, meeting decides on practical policies for development in Tibet. Calls on Party committees and governments at all levels in Tibet to stress economic construction, culture and socialist ethics and improve work of united

front, national unity and religion.

March 26-April 6 Secretariat of Party Central Committee and State Council forum attended by representatives from coastal cities, Beijing: Suggest opening up 14 coastal port cities including: Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjing, Beihai (Hainan Island was opened to foreign investment in April 1983).

End April Chinese frontier troops counter attack in self-defence Vietnamese who have invaded Laoshan and Zheyinshan areas of Yunnan.

May 15-31 Beijing, 2nd Session of 6th National People's Congress: Premier Zhao Ziyang stresses two major elements for future: restructuring economy and opening to outside world; calls for stepping up of urban reforms.

September 26 Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hong Kong and three annexes initiated: British government will restore Hong Kong to Chinese sovereignty on July 1, 1997, at which point a special administrative region will be established there, leaving social system and life-style unchanged for 50 years. December 19, Premier Zhao Ziyang and Prime Minister Margaret Thatcher formally sign the joint declaration, Beijing.

October 1 Celebration of 35th anniversary of founding of People's Republic of China: massive military and cultural parade.

October 20 3rd Plenary Session of 12th CPC Central Committee follows six days of preparatory meetings: Unanimously adopts Decision of Central Committee of Communist Party of China on Reform of Economic Structure; details need urgently to accelerate economic restructuring, with emphasis on urban economy, and

enumerates its elements. States that socialist economy is a planned commodity economy based on public ownership; is indispensable stage in economic growth of society, and prerequisite for China's economic modernization. Deng Xiaoping says this Decision is Chinese-style socialist political economy.

Session agrees to convene national Party conference in September 1985.

November 1 Forum of Military Commission, Deng Xiaoping says army's work should be subservient to, and supportive of nation's economic construction.

December 29 4th National Writers Congress: Hu Qili makes congratulatory speech on behalf of Secretariat of the Party Central Committee. Says Party's leadership of culture should be improved and strengthened. Party should create conditions most conducive to free creation; writers' thoughts and creativity must be in harmony with the free atmosphere provided by the state.

1985

February 20 "Great Wall" science research station in Antarctic: ceremony to celebrate its founding. Polar research enters new phase.

March 2-7 Beijing, national science and technology conference.

March 13 Decision on Reform of the Science and Technology Management System, issued by Party Central Committee. Aims at reforming operational and organizational structures, and personnel system of scientific and technological sector.

March 4 Deng Xiaoping meets delegation of Japan Chamber of Commerce and Industry: Deng says world faces two major long-term questions: peace and development. Says danger of war still exists, but notes gratifying strengthening in the forces for peace; adds that development of the third

world, especially its most populous country, China, is important factor in that strengthening.

March 27-April 10 Beijing, 3rd Session of 6th National People's Congress, concentrates on economic construction, and economic structural reform. Session has wide-ranging discussion in democratic spirit, decisions and laws are adopted.

May 15-20 CPC Central Committee and State Council hold national education conference. May 27 CPC Central Committee issues Decision on Reform of Education System:

- Responsibility for developing elementary education is on local governments;

- Nine years of compulsory education to be gradually introduced;

- Secondary education structure to be readjusted, with efforts to develop vocational and technical education;

- Enrolment plan for institutions of higher learning and job assignment system to be reformed;

- Greater administrative power to be given to universities and colleges.

May 23-June 6 Beijing, enlarged meeting of Central Military Commission: Deng Xiaoping announces strategic decision to cut China's army by 1 million men.

June 1 State Council promulgates Report on Price Reform and Measures to Stabilize Prices submitted by State Commodity Price Bureau.

June 4 CPC Central Committee and State Council issue circular on wage reform in state organs and institutions: Introducing a structural pay system varying according to position held; a reform plan is also made public. (Early 1985 fluctuating wages system dependent on performance was introduced into large and medium-sized state enterprises.)

September 18-23 Hu Yaobang opens National Conference of CPC, Beijing. Deng Xiaoping

sums up the almost seven years since 3rd Plenary Session of 11th Party Central Committee as crucial and best since founding of the People's Republic, due to two things: setting wrongs right and launching comprehensive reforms. Says material progress will falter without accompanying cultural and ideological progress. Exhorts younger cadres to emulate their predecessors' heroic spirit in maintaining revolutionary struggle; requires all cadres to study Marxist theory.

Zhao Ziyang explains proposed Formulation of Seventh Five-Year Plan, which is accepted by the meeting.

Meeting accepts resignation of some old comrades from their posts in CPC Central Committee, Central Advisory Commission, and Central Commission for Discipline Inspection, elects new members.

September 21 Xinhua news: Says second-stage reform in rural areas, begun this year is encouraging: market regulation under guidance of state plan has mostly replaced state monopoly and production planning.

Irrational structure of rural business is changing, relation of cash crops to cereals being rationalized, new co-ordinated agricultural development emerging.

December 29 Hu Qili, member of Political Bureau grants interview to Xinhua. Says Party's foreign activities most extensive, alive and fruitful ever: Party has had contacts with close to 200 political parties and organizations worldwide: stresses main purpose is to safeguard world peace through wide-ranging exchange of views.

Year's End Total production rose 16.2 percent in 1985 over the year before: industrial and agricultural output value up 16.4 percent, national income 12.3 percent. Domestic market vibrant, state revenues and expenditures balanced, financial deficit

eliminated, people's income rose. Problem: demand outstripped supply, excessive investments in fixed assets, intemperate imports increases, substantial price rises in some goods.

1986

March 25-April 12 Beijing, 4th Session of 6th National People's Congress: Adopts Seventh Five-Year Plan (1986-90), approves Zhao Ziyang's report on it.

Session endorses General Principles of Civil Code, Law on Compulsory Education, Law on Enterprises Operating Exclusively on Foreign Capital.

Zheng Tianxiang, president of Supreme Court, speaks: between August 1983 and 1985 end courts at all levels handled over 1.102 million criminal cases, and sentenced over 1.395 million criminals; the rate of criminal cases had dropped 0.526 per thousand in that time. Between 1982 and 1985 end, cases of economic crime numbered 183,000, and 224,000 criminals were sentenced for such crimes.

April 4 Deng Xiaoping meets Radovan Vlakovic, president of Federal Presidium of Yugoslavia, says: Five-Year Plan, beginning 1986, crucial to comprehensive reform of China's economic structure; Says right course is being pursued if we adhere to the socialist road, if we persist in safeguarding peace.

May 5 Xinhua news: After 30 years of effort, the 50 volumes of *Collected Works of Marx and Engels* (Chinese edition) are published. Work is composed of 32 million Chinese characters.

(Excerpts from materials supplied by the Party History Study Office of Party Central Committee. — Ed.)



Democracy and Science Vital to Good Policy Making

On July 31, Wan Li, a member of the Political Bureau of the Central Committee of the Chinese Communist Party and a vice-premier, made a speech entitled "Making Policies Democratically and Scientifically—An Important Problem of Political Restructuring," at a national research symposium on "soft science," or policy research, in Beijing. The following are excerpts from his speech.

by Wan Li

Over recent years, China has made some progress in policy research. Scientific feasibility studies have begun to be applied to some of the country's principal construction projects, and methods of quantitative analysis have also been used for the first time to work out policies on some of the big social and economic issues our society faces. Strategies concerning important aspects of the country's modernization that were arrived at after prudent and systematic analysis have proved to be well-founded. Soft science research has grown to become an important part of the national modernization programme.

Political Reform Essential

However, making policies by democratic and scientific means has not received enough attention in this country. One of the obstacles to this comes from traditional ideas about authority. It also reflects the main defect of the existing political structure, namely the over-centralization of power in the leadership and the resulting imperfect policy-making procedures. It is therefore most important in the political restructuring to bring socialist democracy into full play and to adhere faithfully to democratic and scientific approaches in policy-making.

Socialist society is a society based on the public ownership of the means of production and large-scale production. In such a society, leading officials at all levels are the servants of the people while the people are the masters of their country. To

protect the interests of the state and the people, genuinely democratic and scientific policy-making processes are all the more necessary and possible in a socialist society. In this respect, much work has been done and some results achieved. But we are far from having established a perfect and correct policy-making system backed by support, consultancy, appraisal, supervision and feed-back systems. This is a result of the continuing influence of the feudal society and the small-scale production economy that lasted for several thousand years, the backwardness of the country's science, culture and education, and its inadequate legal system. Other factors such as the quality of cadres and their sometimes less than democratic style of work also have their effect.

Whether policies are based on scientific analysis or not goes unchallenged, and possible errors in decision-making are not spotted in time. Up till now, it was a common practice for some leading officials to formulate policy on the basis of their own experience and individual judgment. When a policy proved to be impractical or a complete failure, measures to redress the situation would be taken, but always too late to prevent the ill effects of a wrong decision.

It is high time that we resolve this problem, for until this is done we cannot regard our socialist system as a sound one, and it will be difficult to sustain the continued development of the national economy. It is the unshirkable historical duty of this

generation to reshape political life.

Soft science or policy research is developed to serve policy-makers and leaders at various levels. Frequent exchanges of views and information, and discussion of problems between leaders and researchers on an equal footing, must be encouraged. Every leading department should have its own panel of researchers to rely upon. Every leader should also have a couple of close friends who speak their minds freely, and who are far-sighted and courageous enough to put forward different ideas from his.

Free Airing of Views

To develop a scientific approach, it is necessary first to create a political environment in which democracy, equality and the free exchange of views and information are the norms of life. Leaders must respect other people's democratic right to air their opinions without fear, including, of course, those that contradict their own. This is all the more important for soft science research, because it comprises mental work involving political as well as academic questions. Only in an atmosphere of complete academic and political freedom can one hope to form true judgments and feel free to speak out and argue with others.

Policy research must be conducted on the basis of facts and truth, not subject to the blind worship of any authority or to the will of any individual leader. Conclusions can only be arrived at after research, not before it! They must be tested by practice. Some leaders would

like to use their research panels as tools to piece together various "theories" to justify the policies they devise. This kind of so-called "scientific" demonstration of the correctness of policies involves duplicity and danger, and is worse than none at all. Leaders can disagree with the views of researchers and decide not to adopt their proposals. But they should not attempt to force them to change their views against their will or alter their conclusions to suit themselves. To provide further guarantees for democratic and scientific policy-making in China, we have to take legislative measures to protect researchers, and thus gradually to rationalize and institutionalize the process of policy-making.

We must unswervingly carry out the policy of "Letting A Hundred Flowers Blossom and A Hundred Schools of Thought Contend," not only in the fields of science, technology, arts and literature, but also decision-making and policy research in the natural and social sciences. It is 30 years since the "Double Hundred" policy was advanced but it has not really been implemented for a long time during this period. One of the main reasons for this is that alternative views on political issues were often mistaken for views directed against the Party, socialism and the revolution. This has had serious consequences. If we do not change things, people will think that academic issues may be debated but political issues not. But the two are often related. When something is questioned, it becomes a political matter even if in essence it is an academic one. The point is that the "Double Hundred" policy should be applied to encourage political debate and policy research, not to separate political issues from academic ones. All political and policy problems must be studied and debated before any conclusions are come to. Different views and ideas must not be fired

upon as they were in the past.

However, we have to make decisions as conditions permit. So policy-making is somewhat different from the discussion of academic theories of natural and social science and of art and literature. In this respect, it is unnecessary for the leadership to make any decisions. Policy-making should be a process of research, decision and execution. Once a policy decision is made by a leading department, everyone must carry it out. If researchers still have their different views on the policy, they should be allowed to air their views through the usual channels and to continue to discuss the policy to a certain extent, and it may be reviewed after some practice. Take the Constitution and the law, for example. We must abide by them without question. Communist Party members must also carry out the decisions of the Party. Generally speaking, all the political principles specified in the Constitution and the laws and Party resolutions are correct, since they have undergone the test of time. But suggestions concerning some of the regulations embodying them can still be made through normal procedures and discussed within certain limits. Historical experience shows that conscientious and practical research and discussion are the basis on which the Constitution, laws and the Party's decisions are constantly improved and developed.

The Party's sole purpose is to serve the people wholeheartedly. Our Party, leading the Chinese people, overthrew the three mountains of feudalism, semi-colonialism and bureaucratic capitalism and abolished class oppression and exploitation after a hard and protracted struggle. It bought emancipation, freedom and democracy to the people, making them the master of the new society. If the people cannot express their views on political questions among themselves, and only leaders are allowed to do the

talking, how can we speak of a "highly advanced" democracy? I think that we should break down all the restrictions on the free expression of ideas and carry out to the letter the freedom of speech laid down in the Constitution. A great socialist country with one billion people cannot be overthrown by a few words that may be unpleasant to the ear, or by a few people attempting to make trouble by taking advantage of this or that problem, if the guidelines of our leadership are correct and we have a stable political situation nationally and thriving national economy.

When we put the stress on the implementation of the "Double Hundred" policy and on freedom in debate, we on no account mean that we can break away from the ideological guidance of Marxism. The fundamental principles of Marxism are universal truths. There is no doubt that soft science research must be conducted within the framework of the Marxist world outlook and methodology. Practice has shown that the greater one's knowledge of Marxism, the more effective and better results in research he will achieve. But the general Marxist principles cannot be applied rigidly in soft science research. Marxism is not a dogma but a guide to action. It develops and is enriched constantly. It is not permissible to treat modern scientific theories and findings as "sugar-coated bullets" or heretical beliefs, and to refuse to enrich Marxism with them on the pretext of safeguarding the "purity" of Marxism. Soft science is a multidisciplinary discipline, and its theories and methods are bound to go beyond some of the existing formulae of the Marxist classics. Soft science research, conducted in highly developed socio-economic conditions and based on modern science and technology, must and can further develop and enrich the theories and methodology of Marxism, and carry them to a higher level. ■

Petrochemicals: The Next Five Years

During the Seventh Five-Year Plan period (1986-90), China's annual ethylene production capacity will increase by 930,000 tons. The 1985 output stood at 550,000 tons.

Deng Wensen, deputy general manager of the regional department, China Petrochemical International Co. (CPIC), told *Beijing Review* that the first-stage 300,000-ton ethylene project, commissioned last August at Daqing in northeast China, is one of four similar ethylene projects China will build in the next five years. The first-stage Qilu ethylene project in Shandong Province and the Yangzi ethylene project in Jiangsu Province will be completed next year. The fourth will be built in Shanghai. Deng said Beijing's Yanshan and Shanghai's Jinshan ethylene factories will be updated to reduce energy consumption and increase output.

Deng pointed out that the Chinese constitute one fourth of the world population, yet China's ethylene output accounts for only two percent of the world's total, or 1.7 kilos per capita a year. In industrialized countries, it is dozens of kilos for each person.

Furthermore, all the equipment now in use in China was manufactured either in the 1960s or 1970s and is technically backward and needs refashioning.

Plastics and chemical fibre industries are also due to expand, says Deng Wensen. A nitrogenous fertilizer plant turning out 300,000 tons of synthetic ammonia annually is planned in Ningxia Hui Autonomous Region in northwest China.

Each of the 40 oil refineries under the China Petrochemical Corp. has a capacity of 2.5 million to 3 million tons, with the maximum at 7 million tons. In 1985 these factories processed 78.83 million tons of crude oil and produced commercially over 100 petroleum products. By 1990, China's crude oil output will come to 150 million tons and its refining capability is expected to increase by 22.5 million tons.

In 1985, Deng said, the China Petrochemical Corp. exported 6.59 million tons of petroleum products, up 8 percent over the previous year. CPIC is in charge of the corporation's import and export business, technical introduction, joint ventures and foreign

engineering contracts. It has representative offices in Japan, USA and Hong Kong, and has set up a joint venture SINOCON Petroleum Co. Ltd. in Houston, USA. CPIC is also running four joint ventures with US companies in China, including the China Sun Oil Company in Shenzhen.

Deng said China abounds in oil and natural gas reserves. The next 15 years will see great strides in development of the petrochemical industry. CPIC welcomes foreign co-operation in trade and economic and technical exchanges.

Foreign Funds Help Development

In 1985, Liaoning Province signed 1,195 contracts worth US\$880 million with foreign businesses. Of these, US\$390 million, 44.5 percent of the total have already been invested.

Foreign investment and technology are being used more and more in Liaoning Province. The forms of foreign co-operation have gone from compensatory trade and assembly of imported components to imports of technology and technical co-operation; from imports of complete sets of equipment and assembly lines to imports of major precision equipment and special-purpose technology; from buying of technology with foreign exchange to direct use of foreign exchange through joint ventures and co-production.

Between 1979 and 1985, Liaoning Province signed 2,689 contracts worth US\$1.59 billion. Among these, US\$640 million have been used directly, representing 40.2 percent of the total volume of business. To date, the province features 74 Sino-foreign joint ventures invested with

The Qilu 300,000-ton ethylene plant.

SHI PANQI



US\$220 million, US\$49.11 million of which was made by foreign firms.

Liaoning Province co-operates with more than 20 countries and regions, including Hong Kong, Japan, USA, Federal Germany, Britain and Italy, as well as East European, South American, Southeast Asian and Oceanian countries.

The fields of co-operation cover electronics, light industry, machine building, textiles, petrochemicals, agriculture and forestry, aquatic products, culture and education.

More than 700 Liaoning enterprises have introduced advanced technologies from foreign countries, and 380 old factories have installed 400 new production lines and 20,000 sets of new equipment. The electricity transmission and transformation industry, equipped with advanced technology, is capable of exporting complete sets of equipment and of contracting engineering projects.

Advanced technology in Liaoning has produced new products. Of the 12,700 new varieties, 8,963 have gone into commercial production. Some 1,331 of them have reached international standards, including the low-speed marine diesel engine, the feed pump for boilers and the plastic film machine.

Li Rongxia

Rattan Exports Grow

From January to July, the Xihu Rattan Products Co. Ltd., a joint venture run by Zhejiang Province and Hong Kong, received export orders worth US\$1.89 million, double the value of the same period last year. The exports actually delivered are valued at US\$1.36 million, 2.3 times as much as the same period last year.

Rattan weavings from Zhejiang Province have always been known for their superb workmanship and distinct national style. The Xihu company has introduced modern styles into this ancient handicraft and also produces rattan-wood, rattan-bamboo, rattan-steel-wood and rattan-wicker furniture for bedroom, sitting room, dining room, bathroom and courtyard. To date, more than 2,000 varieties of rattan products are exported to 17 countries and regions including Hong Kong, Japan, USA, Colombia, Britain, Australia and Singapore. Ninety percent of these go to Japan, European countries and America.

One of China's oldest joint ventures, the Xihu company has a total investment of US\$0.41 million. The period for joint operation is 10 years. Since its inauguration in July 1980, it has increased the number of its subsidiary factories from three to 24, enlarging its production from 10,000 pieces to 600,000 pieces of rattan articles. Its export capability has reached US\$3 million. Last autumn, the company's board of directors adopted a development programme aiming at US\$20 million worth of rattan exports by 1990 which would be a 9-fold increase over the export volume for 1986 **Yao Jianguo**

Xihu rattan furniture on display.

YAO JIANGUO



Art Festival Delights Visitors

The 1986 Summer Arts Festival on Lushan Mountain, Jiangxi Province from July 20 to August 9 offered visitors a comprehensive survey of the traditional and recent culture of the area.

Performances by Artists

Tang Xianzu (1550-1616), a master of Chinese classical drama, was born in Jiangxi Province. He employed the form of the romantic dream to relate four legendary tales, which impressed audiences with their clarity and artistic charm. Two of his plays were performed. *A Dream of Handan*, based on *ganju*, Jiangxi's local opera, depicts a scholar's dream covering several decades and depicts ironically corruption among feudal officials. *The Return of the Soul*, an aria from *The Peony Pavilion*, a well-known Chinese love story, sung without accompaniment, showed another aspect of *ganju* opera.

The *caicha* opera (tea-picking opera originating in a tea-growing area of southern Jiangxi), created a sensation at the festival. Four traditional operettas, portraying

pastoral life in a humorous and interesting way, delighted audiences. For example, the dwarf's dance and the fan dance in which the dancer swirls her long sleeve around with one arm, while waving a fan with the other, were enjoyed enormously. *Lantern Fairy*, which tells how the lantern festival came into being, was lively and beautiful.

Professionals and amateurs performed folk songs and dances together. *Colour Lanterns* (a dance with paper lanterns) and *Nuo Dance* (in which dancers wear masks to banish pestilence in primitive society) are special to the province.

Children's performances are always a great delight.

Beijing Opera: Three operas were staged at the festival—*Selling Water*, which demands delicacy and vivaciousness of the actress; *Yandang Mount*, about the fantastic techniques of the martial arts; and an historical opera *Weeping at the Ancestral Shrine*. He Yurong, a 73-year-old actress with the Jiangxi Beijing Opera Troupe, played the leading

role in the third opera and impressed audience with her exquisite performance. She is the only remaining practitioner of the Wang School established by the late Beijing opera artist Wang Xiaonong.

Exhibition of Cultural Relics

Porcelain on display from Jingdezhen, a town in Jiangxi Province world-famous for its porcelain, included pieces dating back to the Shang Dynasty (c. 16-11BC), blue-glazed ones from around the 1st century, as well as items produced at different times over the last 2,000 years. In addition, work in bronze, gold, jade, jewellery, paintings, calligraphy and pottery were on show.

Photographs showed Jiangxi's ancient architecture, religious stone inscriptions, and some revolutionary places in Ruijin, from where the Red Army started its Long March.

Other photos and relics retraced the travels of 12 famous scholars who had been in Lushan over a period of 2,000 years. Among them are:

Tao Yuanming, a famous poet

Eleven-year-old plate-player Hu Zhlyong.

GONG ZHENG



and essayist of the early 5th century.

Hui Yuan, a founder of Chinese Buddhism. He built Donglin Temple in 384, the earliest ancient site remaining in Lushan.

Li Bai and Bai Juyi, two great poets of the 8th and 9th centuries.

Zhu Xi, an educator and scholar of the Confucian school of idealist philosophy. He built an academy named the White Deer Cave, where a seminar about him was held during the festival.

Zhu Yuanzhang, the first emperor of the Ming Dynasty (1368-1644), who built the Stone Tablet Pavilion, one of the most attractive places in Lushan. The road to the pavilion, along which stone tablets were transported up the hill, has 99 bends and takes two hours to walk.

Xu Xiake, a well-known traveler and geographer at the turn of the 16th century.

Art Exhibition:

Calligraphy and painting: Works of artists ranging from a 4-year-old child to elderly people, as well as free style ink and wash paintings by Zhu Da, a celebrated 17th century painter of Jiangxi Province, were on display. Demonstrations were given by some of the artists.

Photography: Apart from photos of landscapes and local traditions and customs by professionals, there was a photo exhibition by farmers from Shanggao County about their new lives in recent years.

Rare copies of ancient books: The exhibition included books and local chronicles by ancient writers. The one-thousand-year-old wood block prints and a Taoist scripture written with gold powder are the only ones of their kind in China.

Films

A few good films with scripts written by local writers were shown at the festival.

Romance of Lushan Mountain,

set in beautiful Lushan, is the story of two young lovers.

The Nanchang Uprising is about the successful uprising led by the late premier Zhou Enlai and other communists in Nanchang, the capital of Jiangxi, in 1927.

The Village Beckons, *Country Couple* and *The Hut Under the Moonlight* portrays the lives of modern people. *The Hut* won the best feature film award at the International Children's Film Festival held in India.

Love and Pen also won an international prize at the French film festival.

Some documentary films about Jiangxi were also shown.

Academic Exchanges: Scholars from Jiangxi and other provinces gathered to exchange views and experiences in their research areas.

A discussion on "The Current Situation and Tasks of Film Script Writers" was held. There are more than 30 script writers in Jiangxi alone, who since the late 1970s have written about 200 scenarios, 43 of which have been turned into films.

The local magazine *New Scenario* sponsored a seminar on "Chinese Play Writing Today and Tomorrow."

Azalea, a local bi-monthly on popular literature, with a circulation of 800,000 focused on the present flourishing state of popular literature.

During the festival, the Jiangxi Archaeology Society and Museum Society were established and held their first provincial academic exchanges, involving many papers on local archaeological discoveries of pre-historic times—stone slips of the late Old Stone Age, cave sites of the early New Stone Age, ancient silos and a kind of burial by placing coffin on a cliff.

About 1,500 writers and artists from different parts of Jiangxi introduced the culture and beautiful scenery of their home towns. It was estimated that about 20,000 visitors a day from around China and abroad came to the

festival.

"If possible, we will organize the art festival annually," said Yan Zheng, the director of the Jiangxi Culture Bureau.

Porcelain Plate — New Musical Instrument

At the 1986 Summer Arts Festival held on Lushan Mountain, one of the favourite performers was an 11-year-old boy named Hu Zhiyong.

With a pair of chopsticks, one in each hand, he struck 37 blue and white porcelain plates arranged in three rows, producing melodious and pleasant music, like pearls falling onto a jade plate.

His first piece *The Joyful Fishing Boy*, a popular melody, was delightful. In *Song of the Ants*, adapted from an ancient song popular in the famous porcelain centre of Jingdezhen, the theme is repeated over and over again.

Accompanied by several traditional instruments, the boy played with great ease, sometimes rapidly, other times slowly. His self-confidence and composure won him a big applause.

Hu is a member of the children's orchestra of the Nanchang Children's Palace in the province. Three years ago he began to learn to play the dulcimer at the children's palace after school. Melodies played on a dulcimer are always quick, flowing and joyful.

Zhong Jianhua, Hu's teacher, said that the porcelain plate as a musical instrument dates back to the court music of ancient times. But the present instrument is a new one, made by Yao Quanrong, a member of the Jingdezhen Song and Dance Ensemble. He selected 37 out of 10,000 ordinary plates and arranged them in order according to their size. The plates cover two octaves and 12 half notes.

Another 42-piece instrument also exists. They can be used for accompaniment as well as solo performance. ■

An Expert's Anxieties

I am moved to write after reading the article "Beijing's Ancient Charm Endures" in *Beijing Review*, issue No. 13. I feel that your decision to "open to the outside world" is definitely important. But, I'm afraid that your great culture will disintegrate, and may be destroyed by the "charm" of the West's "progress" (which is disputed even in the West itself.) I learn from your magazine that China will try to keep a clear head during the coming changes. Yet while coming into contact with foreign culture, even the wise are not immune to error.

If you take a Western model to construct your city, you may well suffer unavoidable problems. I suppose some of your foreign advisers promoted Western products, but they were working from their own narrow perspective. Many of those products are not necessarily needed by the Chinese. Please note that most of the so-called Western luxury and consumer goods did not gain favour because of natural human need, but through costly long-term advertising which convinced people that they wanted them. Successful Western strategies and

methods are not always successful when applied in other countries, as has been proved in many "development" projects.

I have travelled in China on a study tour. From what I saw in your country and read in your publications I predict a future quite different from the optimism I perceived among the Chinese themselves. I predict these unfavourable outcomes will become apparent in the next dozen or so years.

I make my anxieties known to you as an expert with international experience. I helped redirect Western town-planning strategies, by listening to criticism and suggestions at the grass roots.

My anxieties might prove unjustified. A country like China which has a long cultural tradition could find an independent town-planning system, which will be different from the West, and will be the "Chinese way."

Chinese development differs from the Western, by preserving its cultural identity and taking from the West only what reinforces that identity. You should heed the criticisms and suggestions only of those Western experts who are not seeking to promote sales—and generally

that is exactly what official delegations and politicians are doing.

Karl Klahspies
Munich, FRG

Three Suggestions for Economic Development

I like reading articles about China's economy. I would like to offer some suggestions in this respect.

1. I am worried about China's trade deficit with Japan, the United States, etc. China needs to import technology, but I hope imports of consumer durables, such as automobiles, TVs and watches, will be absolutely prohibited. When Japan was in the process of modernizing, importing consumer durables was forbidden, in order to save foreign exchange.

2. Encourage saving—China must rely on Chinese people's savings to achieve modernization, not on foreign borrowing.

3. China must continue to enforce population control. If the population keeps growing, savings will be spent on feeding people, rather than on modernizing the economy. Hence, there will be no saving and no investment.

Pearl H. Chen
Virginia, USA

Economic Growth

(Continued from p. 21)

sumption levels rose an average 8.6 percent at comparable prices. The consumption of edible oil, meat, poultry, eggs and fish rose by a big margin as people tried to improve their diet, rather than just concentrating on having enough to eat. In clothing, interest has shifted from cheap, durable clothes to stylish, varied designs.

People's preferences in durable goods have moved from functional to "luxury" goods. Television sets, washing machines, refrigerators, stereos and cameras have entered many people's homes. Housing conditions have improved too. In the last five years, 650 million square metres of

new housing has been built in the cities and towns, and the farmers have built 3.2 billion square metres of housing for themselves, the emphasis being on spaciousness and good design.

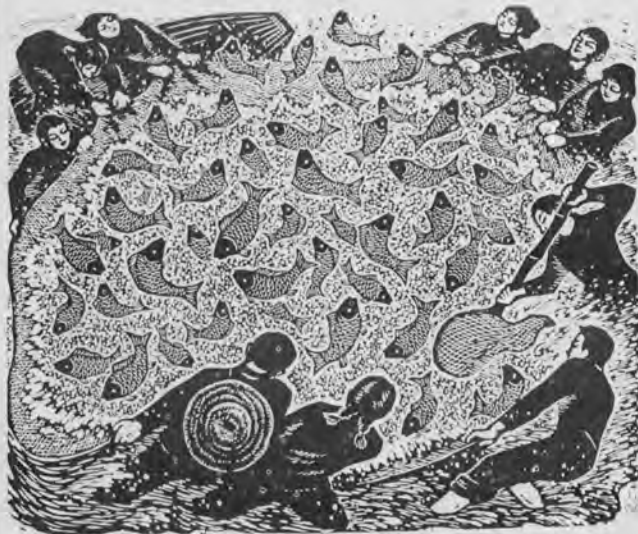
However, Chinese living standards are still very low. Urban public facilities, such as transport and nursery schools, are inadequate, and workers live in cramped conditions. Moreover, there are still 60 million rural people living below the poverty line and who rely on state benefits to eke out a living.

New imbalances have emerged in our economic development during the last decade. In the last two or three years in particular investment in fixed assets has

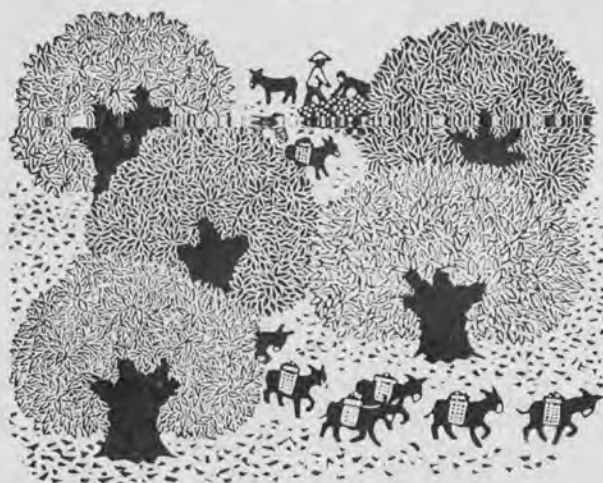
become over-heated and the rate of accumulation become too fast. The volume of money in circulation went out of control for a time, increasing consumer demand and putting a great strain on energy and raw materials supplies and transport. Some enterprises began to pursue profits at the expense of quality, and disregarded rising costs.

The problems inherited from China's history, its backward production technology, poor management, irrational industrial structure, inefficiency and low living standards, are not likely to be solved in a short time. The task of economic reform will remain a difficult one for some time to come. ■

ART PAGE



Fishing.



An Orchard in Autumn.



Farmers Making Bamboo Articles.



A Girl Making Kites.

Woodcuts by Liao Kaiming

Liao Kaiming, born in Chongqing, Sichuan Province in 1940, now works at the Chinese Art Gallery in Beijing.

A self-taught painter, Liao mostly depicts Chinese life and customs. By using both Chinese folk and foreign artistic styles, he produces engravings of great distinction.

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