

BEIJING REVIEW

北京周報

A CHINESE WEEKLY
OF
NEWS AND VIEWS

- Resumption of Relations With Italian C.P.
- Zimbabwe Becomes Independent
- Big-Character Posters Not Equivalent to Democracy

NATIONAL CAPITALISTS IN CHINA



HIGHLIGHTS OF THE WEEK

Relations With Italian C.P. Resumed

Relations between the Communist Parties of China and Italy were restored with the visit of an Italian C.P. delegation (p. 5). Speeches of Comrades Hua Guofeng and Enrico Berlinguer (pp. 14-15) and talks to newsmen by Comrades Deng Xiaoping and Hu Yaobang (pp. 15-17).

Independent Zimbabwe

China greets this new republic in southern Africa (p. 6). *Renmin Ribao* sums up the significance and a report from Salisbury discusses the programme and policies of the new government led by Prime Minister Mugabe (p. 9).

Major N.P.C. Decisions

China's National People's Congress will meet in August; Zhao Ziyang and Wan Li nominated Vice-Premiers; proposed amendment of Article 45 of the Constitution; and other recent important decisions of the N.P.C. Standing Committee (p. 3).

Big-Character Posters Harmful

Experience has proved that big-character posters do more harm than good and should be abolished in the interests of genuine democracy. The country has many means for democratic expression (p. 3).

National Capitalists: Then and Now

The whys and hows of the transformation of China's na-

tional bourgeoisie. An overview accompanied by interviews with two former prominent capitalists (p. 18).

Book Review: Insight Into Socialist Economy

Review of an important book by the well-known economist Xue Muqiao (p. 30).

New Surgery

Shanghai doctors give a patient a new hand, the first such successful operation in the world (p. 28).



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POLITICAL

Important Resolutions Of N.P.C. Standing Committee

The Third Session of the Fifth National People's Congress will be held in August this year.

This was decided at the N.P.C. Standing Committee's 14th session held on April 9-16 in Beijing. Other resolutions passed were:

- A proposal for the amendment of Article 45 of the Constitution;
- A plan to implement the law of criminal procedure;
- A draft revision of the Marriage Law.

At this session, the N.P.C. Standing Committee also decided to

— approve the nomination of Zhao Ziyang and Wan Li as Vice-Premiers;

— relieve Ji Dengkui and Chen Xilian of their posts as Vice-Premiers; and

— accept Wu De's resignation from the post of Vice-Chairman of the Fifth N.P.C. Standing Committee.

"Si Da" Abolished. The N.P.C. Standing Committee discussed the proposal of the Fifth Plenary Session of the 11th Central Committee of the Chinese Communist Party and came to the conclusion that deleting the "Si Da" (the abbreviated Chinese term for "speaking out freely, airing views fully, holding great debates and writing big-character posters") from Article 45 of China's Constitution conforms with the aspira-

tion and demands of the people of the whole country. The change will give free rein to socialist democracy and perfect the socialist legal system and will be conducive to maintaining the political situation of stability and unity and ensuring the smooth progress of the modernization programme.

Speaking at the session, Deputy Director Yang Xiufeng of the Commission for Legal Affairs under the N.P.C. Standing Committee, explained from the viewpoint of law the necessity of deleting the "Si Da":

1. The Constitution has already stipulated in explicit terms that "citizens enjoy freedom of speech, correspondence, the press, assembly, association, procession, demonstration and the freedom to strike." Thus the democratic rights of the citizens are guaranteed. On the other hand, the "Si Da" hampers the citizens' proper democratic rights.

2. To write the "Si Da" in the Constitution gives a handful of bad people the opportunity to make use of them for their own ends. Flaunting the banner of the "Si Da," some people with ulterior motives deliberately create trouble and attack the proletariat in a vain attempt to overthrow the leadership of the Communist Party of China. The evil doings of some bad people during the Cultural Revolution and the illegal activities of Wei Jingsheng and his like after the smashing of the gang of four are typical examples.

3. Some people make use of the "Si Da" to engage in factionalism, create disturbance and sabotage normal order in work and production. This is

detrimental to the modernization drive.

4. Top secrets of the Party and state can easily be divulged through the practice of the "Si Da."

In their speeches, many committee members cited facts to show that the "Si Da" had not played any positive role in safeguarding the people's democratic rights. In fact, they said, careerists and conspirators used the "Si Da" to attack good people during the Cultural Revolution.

Big-Character Posters Not Equivalent to Democracy

The Fifth Plenary Session of the 11th Central Committee of the Chinese Communist Party, which closed on February 29, put forward the proposal that the stipulation that citizens "have the right to 'speak out freely, air their views fully, hold great debates and write big-character posters'" (often referred to as the "Si Da" in Chinese) be deleted from Article 45 of the Constitution. This proposal has been warmly welcomed by the people throughout the country. They regard it as an important measure conducive to unity and stability in the country following the implementation of socialist democracy and gradual perfection of the legal system. However, a small number of people take exception to this view. They think that the proposal was tantamount to "proclaiming the end of the democratic movement."

Can big-character posters be equated with democracy? And what will be the effect of delet-

ing the "Si Da" from the Constitution?

Chinese newspapers recently published many articles reflecting the feelings and views of the general public. A signed article in *Guangming Ribao* pointed out that the "Si Da" was not a good way to achieve socialist democracy.

The article recalled that the "Si Da" first appeared in the middle of 1950s and reached its climax during the Cultural Revolution in the 60s. The role it played is still fresh in the people's mind.

During the 50s, it was used as a weapon in the anti-Rightist struggle (a movement launched around 1957 to beat back the bourgeois Rightists who attacked socialism; it proved to be necessary on the whole). However, it helped enlarge the scope of struggle, with the result that a large number of innocent people were wrongly charged and persecuted, those who dared to speak the truth were overcome with fear, and normal democratic life in the country was smothered.

During the ten years of the Cultural Revolution (1966-76), big-character posters (the main form of the "Si Da") were used unscrupulously, so much so that socialist democracy and the legal system were thrown to the winds. Those ten years were the period when the people had the least democracy and no legal protection whatever.

Negative Role of "Si Da." Taken as a whole, the article continued, big-character posters have the following disadvantages:

— They were used as a tool to attack others and suppress differing views. Those who were attacked by the big-character posters could only

admit their "mistakes"; they would then be deprived of their democratic rights and had no chance to defend themselves. Because the authors of the posters were not required to give their real names, they could write anything in total disregard of facts to attack innocent people, and they did not have to bear any legal or moral responsibility.

— Big-character posters could easily fan up anarchism and factionalism, and they were actually used by different factions to attack each other and to create trouble. The fact was that a single poster could turn a whole city topsy-turvy, stop production in a factory, paralyse the proper functioning of a Party committee or get a person into a tight fix, unable to defend himself. A handful of people used such posters for their own ends to create disturbances and seize power in the ensuing turmoil.

— Big-character posters did not provide the people with any opportunity to express their views or make good suggestions. In the years when Lin Biao and the gang of four were in power, there were innumerable big-character posters, but when the people spoke the truth, showed a little discontent or held a different view, they would be accused of "vilifying the excellent situation" and would be persecuted. For example, Zhang Zhixin, an outstanding woman Party member, was hounded to death just because she upheld the truth. (See *Beijing Review*, issue No. 30, 1979.)

Of course, big-character posters did play some positive role under certain circumstances. But, taken as a whole, they never played a positive role in safeguarding the people's democratic rights.

Numerous Channels for Socialist Democracy. The article also pointed out that, under the socialist system, the people are masters of the country and enjoy the most extensive democracy. Over the last three years, the Party and state have by various means restored and improved socialist democracy and the legal system so as to ensure that the people fully enjoy their democratic rights. These include:

- Enacting new laws and regulations, and re-enforcing those that have proved effective;

- Convening people's congresses at various levels at regular intervals; the Chinese People's Political Consultative Conference and mass organizations have resumed their normal activities;

- Holding meetings of representatives of workers and staff members;

- Citizens may express their own views or make criticisms at various kinds of meetings or in newspapers;

- Citizens may, without fear of retaliation, write to leading bodies or leading members at various levels to express their views or make suggestions and criticisms and exercise supervision over the leading members of the Party and state at various levels.

The Party and state will in the days to come adopt other measures to facilitate the exercise of democratic rights by the people.

The article concluded by saying that, in the ten-year turmoil (1966-76), many normal forms of democracy were discarded while the "Si Da" flourished. This created the wrong impression that socialist democracy could be achieved only



Guo Zilong (3rd from left), an educated youth who has settled on a Yunnan state farm, is a deputy to the National People's Congress. Picture shows him seeking opinions from the masses.

through the "Si Da." This mistaken view must be corrected.

After deleting the "Si Da" from the Constitution, the people's democratic rights will be better guaranteed and full play can be given to socialist democracy.

The Gaoxiong Incident

The Taiwan authorities on April 18 sentenced Huang Xinjie and seven other non-Kuomintang personages to long years of imprisonment or life imprisonment. This once again shows that the purpose of creating the Gaoxiong incident by the Taiwan authorities was to persecute non-Kuomintang personages and suppress the patriotic and democratic movement in Taiwan.

The Gaoxiong incident took place on December 10, 1979.

That day, when non-Kuomintang persons were holding a political meeting in Gaoxiong, the Taiwan authorities dispatched a large number of troops and police to suppress them. During the clash in which tear-gas bombs were used, about 200 of the 10,000 people present were injured while scores were arrested.

During the 9-day trial which began on March 18, the Taiwan authorities failed to produce any conclusive evidence for the alleged charge of "premeditated rebellion." The "confessions" for convicting the accused were all repudiated by the "defendants." Huang Xinjie and the others denied that the "confessions" were made of their own "free will." They cited facts to show how the Taiwan authorities used intimidation, coercion, torture and humiliation during the interrogation to extort the "confessions." They also accused the Taiwan authorities of sending the troops and police to besiege and suppress the masses, thereby provoking an incident. All this put the Taiwan military prosecutor and the court on the spot.

The Taiwan authorities are used to fabricating charges against Taiwan compatriots who demand patriotic and democratic rights. In the case of the Gaoxiong incident, the Taiwan authorities concocted the charge of "working for the bandits' united front" in their attempt to deceive the public. Even more ridiculous was the charge that the Chinese Communist Party "is using 'the movement for the independence of Taiwan' to serve the united front work."

The Gaoxiong incident has aroused the serious attention of

the people on the mainland. In reporting the incident, the Xinhua News Agency has repeatedly pointed out that the Chinese Communist Party and People's Government firmly support the just struggle of the people in Taiwan for democracy and reunification with the motherland. The Party and people firmly oppose the "movement for the independence of Taiwan" as well as the suppression of the people in Taiwan on various pretexts.

On April 20, the headquarters of the Taiwan Democratic Self-Government League and Taiwan compatriots in Beijing held a meeting opposing the Taiwan authorities for creating the Gaoxiong incident and persecuting the Taiwan compatriots. Cai Xiao, chairman of the Taiwan Democratic Self-Government League, in his speech at the meeting strongly demanded that the Kuomintang authorities rescind the unjustified sentences against Huang Xinjie and others, immediately release all the arrested, abolish the "martial law," and guarantee the people in Taiwan their democratic rights and the right to follow the road of patriotism and unification.

FOREIGN RELATIONS

Relations Between Chinese And Italian Parties Restored

The delegation of the Central Committee of the Italian Communist Party, led by General Secretary Enrico Berlinguer, paid a friendship visit to China from April 14 to 23. When



Chairman Hua with General Secretary Berlinguer.



Vice-Chairman Deng and Enrico Berlinguer leaving the meeting hall.

Chairman of the Chinese Communist Party Hua Guofeng met with Berlinguer, they agreed that the visit of the Italian Communist Party delegation and the resumption of relations between the two Parties constitute an important event in the international workers' movement and a cause for rejoicing by the two Parties and the people of the two countries. The visit and the resumption of relations have also aroused the attention and interest of the people of many countries in the world.

Meeting with Comrade Berlinguer on April 17, Vice-Chairman of the Chinese Communist Party, Deng Xiaoping said that there had been twists and turns in the past 15 years. He added: "You have had changes and so do we. Now the two Parties have finally come together. This has become necessary because of the entire international situation and this is what the people of the world want."

Hu Yaobang, General Secretary of the Chinese Communist Party, and Berlinguer held five

rounds of talks. Both sides agreed that their exchange of views on questions of common concern, held in a comradely manner and on the basis of equality, had promoted mutual understanding and deepened mutual trust. They agreed that the talks were positive and fruitful. Although there were differences of opinion between them, this should not be considered an obstacle to establishing and developing mutual relations.

They held that the resumption and development of relations between the two Parties on the basis of complete equality, independence and mutual respect not only conform to the interests of both Parties and the peoples of the two countries but are also conducive to the defence of peace and the progress of humanity.

During his stay in Beijing, Berlinguer gave a speech in Beijing University. The delegation visited Shanghai and Hangzhou and were accorded a warm welcome. (For detailed news of the visit see p. 14.)

Greeting the Founding of Republic of Zimbabwe

The birth of the Republic of Zimbabwe is an event of historic significance and far-reaching influence in Africa and the world as a whole.

Ye Jianying, Chairman of the Standing Committee of the National People's Congress, and Hua Guofeng, Premier of the State Council, on April 15 sent separate messages to Canaan Banana, President of the Republic of Zimbabwe, and Robert Mugabe, Prime Minister of the Republic of Zimbabwe, extending warm congratulations on the founding of the Republic of Zimbabwe. Premier Hua expressed the sincere wish that the Zimbabwean Government and people, under Prime Minister Mugabe's leadership, will win still greater victories in consolidating their national independence and building up the newborn Zimbabwe and that the friendship between the Chinese and Zimbabwean peoples will steadily develop.

Foreign Minister Huang Hua flew to Salisbury on April 16 to attend the independence celebrations.

Through friendly consultations, the Government of the People's Republic of China and the Government of the Republic of Zimbabwe have decided to establish diplomatic relations at ambassadorial level from the day of the founding of the Republic of Zimbabwe.

Armed Struggle and Political Settlement. In its editorial on April 18 *Renmin Ribao* said that the founding of the Republic of Zimbabwe proves that oppressed peoples can surely win independence and liberation so long as they remain solidly united and carry their struggle dauntlessly through to the end. Perseverance in armed struggle does not preclude negotiations for a political settlement. However, a political solution in the interests of the people can be reached only through prolonged and effective struggle.

Rise of the Third World. The Zimbabwean people have in their struggle enjoyed the support of the third world countries, the frontline countries and other African countries in particular. Their victory once again proves that the rise of the third world has brought about a major change in the balance of the world's forces in favour of the people. It is important for all peoples struggling for national liberation to strengthen their unity with the third world countries and seek wide international support in order to win victory.

The editorial pointed out that Zimbabwe's independence is a telling blow to the racist forces in southern Africa and constitutes an enormous encouragement to the people of Namibia and Azania who are still battling for national liberation. It

can be predicted that a new upsurge in the movement for national liberation in southern Africa will emerge after Zimbabwe's independence.

Sound and Practical Policy.

The editorial pointed out that the birth of an independent Zimbabwe does not mean the end of the struggle. The new-born republic faces serious economic difficulties as a result of long years of colonial rule and ravages of war. The die-hard racists, though few in number, will not be reconciled to their defeat. One of the superpowers has all along tried to elbow its way into Zimbabwe and it is very likely that it will stir up trouble so as to profit from it. So it will not be just smooth sailing for the Zimbabwean people in their advance.

However, the editorial stressed, Prime Minister Robert Mugabe in his recent statements has put forth a set of sound and practical policy decisions which will help strengthen the nation's unity and co-operation, safeguard its independence and develop its economy. This will go a long way in stabilizing the post-election situation in Zimbabwe.

Fifth Anniversary of Democratic Kampuchea

April 17 this year was the fifth anniversary of the founding of Democratic Kampuchea. Ye Jianying, Chairman of the Standing Committee of the National People's Congress, and Hua Guofeng, Premier of the State Council, on April 16 sent a joint message of greetings to Khieu Samphan, President of the Presidium of the State and Prime Minister of the Government of Democratic Kampuchea, and Nuon Chea, Chair-

man of the Standing Committee of the Assembly of the Kampuchean People's Representatives. The message reads:

"The Kampuchean people have a glorious tradition of revolutionary struggle and have written immortal chapters in the history of their struggle for national independence. Over a year ago, the Vietnamese authorities, with the support of the Soviet hegemonists and in flagrant violation of the established principles of international relations, launched a war of naked aggression against Democratic Kampuchea in an attempt to realize its wild ambitions for regional hegemony and serve the Soviet Union's strategic deployment in the Asian-Pacific region. At the critical juncture of national peril, the Kampuchean people, under the leadership of the Government of Democratic Kampuchea, boldly rose in resistance and waged an unyielding struggle against the invading enemy. Carrying on an extensive guerrilla war, they have frustrated the Vietnamese aggressor troops' dry-season offensive, bravely defended their independence and national survival and made an important contribution to the preservation of peace and stability in Southeast Asia and the Asian-Pacific region.

"The Kampuchean people's struggle against Vietnamese aggression is a just one. The Chinese Government and people will, as in the past, firmly support the fraternal Kampuchean people in their struggle against Vietnamese aggression and for national salvation."

Kampuchean Ambassador Pich Cheang hosted a recep-

tion in Beijing on April 16 in celebration of the National Day. Ulanhu, Vice-Chairman of the Standing Committee of the National People's Congress, Vice-Premier Ji Pengfei and others were present.

Vice-President Jumbe's Visit to China

Aboud Jumbe, Vice-President of the United Republic of Tanzania, recently paid a four-day visit to China. Premier Hua Guofeng met with Vice-President Jumbe and his party on April 13. Vice-Premier Fang Yi also met with the Tanzanian Vice-President and held talks with him on issues of common concern.

Speaking of the present situation in Africa, Premier Hua said at the meeting that after the independence of Zimbabwe, China will, together with the other African countries, continue to support the Zimbabwean people in their efforts to build up their country and develop a situation of unity and stability.

Vice-President Jumbe said that Tanzania and China shared identical views on the issue of supporting the people of Zimbabwe, Namibia and South Africa in their struggles. He added: "We also hold similar views on some other international issues."

At the banquet he gave in honour of Vice-President Jumbe, Vice-Premier Fang Yi said that world peace can be preserved only when the third world countries and all other countries upholding justice and peace unite and frustrate hegemonist attempts of aggression and expansion.

The Vice-President said that there are so many trouble spots in Asia, Africa and Latin

America, which require that all peace-loving people heighten their vigilance, guard their unity and sovereignty and act in co-ordination, otherwise the people in the third world countries will be the biggest victims of all this disorder and machination.

Vice-President Jumbe has now paid three visits to China and made contributions to the development of friendly relations between China and Tanzania.

SOCIAL

Freedom of Religious Belief Reaffirmed

The freedom to believe in religion is a long-term and fundamental policy of the Chinese Communist Party and the People's Government. This will remain so as long as there are believers.

This statement was made by Xiao Xianfa, director of the Bureau of Religious Affairs under the State Council, at the fourth national conference of the China Islamic Association held recently in Beijing.

In defining this policy, he said: Chinese citizens have the freedom to believe or not to believe in religion, and they are free to believe in this or that religion; non-believers can become believers and believers can give up believing at any time; believers and non-believers enjoy equal social and political status, and discrimination against or exclusion of believers is not permitted. In China, all religions are equal and no religion can claim a dominant position. Different religions should respect and unite with each other.

Why do Chinese Communists, who are atheists, follow such a

policy? Xiao Xianfa listed the following main reasons:

— There are various religions in China and a fairly large number of people believe in religion. This fact must be taken into account. We respect the people's beliefs and, wherever possible, help the believers solve problems in their spiritual life as in their material life.

— Religious belief belongs to the ideological sphere which cannot be dealt with by compulsory or administrative measures.

— Differences in belief do not prevent people from sharing common economic interests, or having the same political goal of achieving the four modernizations. At present, implementation of this policy is conducive to consolidating and developing the political situation of unity and stability and rally all forces to work with one mind for the modernization programme.

— Proceeding from the present world situation, respect for the religious beliefs of the people of various countries is of great importance to strengthening unity and promoting mutual understanding.

The Bureau of Religious Affairs under the State Council and similar institutions in local governments have resumed their work in the past few years, Xiao Xianfa said. These institutions have done much in implementing the Party's policy on religion. Religious personages who were wrongly accused and persecuted have been rehabilitated politically and cared for in their everyday life. Normal religious activities are now protected by law; houses for religious activities have been reopened and religious bodies have resumed activity.

The Zimbabwean People Have Stood Up

Report From Salisbury

A HUGE celebration was held by the Zimbabwean people at midnight April 17 to announce the birth of their Republic of Zimbabwe.

The packed Rufaro Stadium in Salisbury, the capital, where the official ceremony took place, burst into thunderous cheers and applause when the long-awaited moment finally arrived. The Union Jack was lowered by a British representative for the last time on Zimbabwean soil and a soldier of the Zimbabwe African National Liberation Army hoisted the new flag of Zimbabwe to the booming of a 21-gun salute. The people were overjoyed when

the flag, a symbol of triumphant struggle, fluttered in the air.

The flag of Zimbabwe bears the design of a golden Zimbabwean bird (symbolic of the country's ancient civilization) on a red five-pointed star (representing internationalism) against a field of green, gold, red and black stripes and a white triangle (signifying national reconciliation).

Amidst rousing cheers, Prime Minister Mugabe walked down from the rostrum and lit the torch of eternal independence in memory of the many heroes who had laid down their lives for the independence of the country.

The speeches of President Canaan Banana and Prime Minister Mugabe were punctuated by a standing ovation from the jubilant crowds waving the new flag, multi-coloured banners and bunting and beating tomtoms.

Present at the Rufaro Stadium to celebrate the country's independence were high-ranking representatives from over 100 countries as well as over 30,000 local people.

The ceremony ended with a military parade. It was followed by choral singing, traditional dancing and other activities. Entertainments continued throughout the night. Shouts of "Long live Zimbabwe!" and "Zimbabwe is free!" rang out from the stadium.

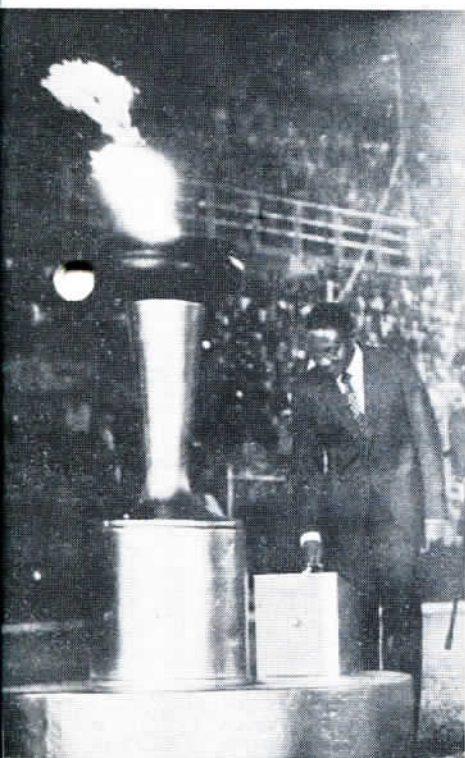
Principles and Policies

The government of Mugabe is the first one elected by the people in Zimbabwean history.

The series of major principles and policies proclaimed by Prime Minister Mugabe after taking office charts the orientation of development and marks a commendable step forward for the newborn republic.

As the Zimbabwe African National Union led by Mugabe had won 57 of the 80 seats for blacks in the House of Assembly, it could have formed a government independently. For the sake of peace, tranquillity and unity, however, Prime Minister Mugabe chose to form a government which, with the representatives from the Zimbabwe African National Union as the nucleus, includes representatives of Nkomo's Zimbabwe African People's Union as well as some influential personages from the white population. This was not a move to meet the Assembly needs, but a demonstration of the vision of a statesman who puts the nation's tranquillity and unity above everything else, as many newspapers have pointed out. The British Governor Soames, handing over power on April 14, expressed his appreciation of Prime Minister Mugabe's spirit of reconciliation, his clear determination to maintain the country's unity and economic strength.

The new government is reorganizing the three existing armed forces—the National Liberation Army led by Mugabe, the People's Revolutionary Army led by Nkomo and the security forces—into a single national army. The government has also declared the banning of the "auxiliary forces" and "Selous scouts," which had harassed the people, and the disbandment of mercenary troops. It has also been announced that the period of



Prime Minister Mugabe lights the independence torch.



Zimbabwe African National Liberation Army fighters at the independence ceremony.

military service would be reduced and various tasks, such as patrol missions imposed by the former racist regime, would be discontinued.

The government has announced the lifting of the curfew, the release of political prisoners and the annulment of the "protected villages." This sets free the thousands of people who had opposed the racist domination and allows some 300,000 people, who had been forced to leave the country, to return to their homeland.

The government has also proclaimed the abolition of racial discrimination, and the granting of equal rights in social services and wages to the various tribes. At the same time, it explicitly said that no one will be driven out of the country. Africans are delighted and the whites' fears are allayed.

The government calls for reforms, but it stresses that they should be realistic.

It announced that priority should be given to healing the wounds of war so as to build up the country. The whole country had been thrown into a state of

war by the former racist regime which pursued a policy of suppressing the national-liberation movement. Large numbers of people were impoverished and rendered homeless, workers were thrown out of work, peasants lost their land, schools were closed and the national economy stagnated. A preliminary count shows that 850,000 people fled their homes, a million people were unemployed and 480,000 children were not in school. The government says that a considerable sum of money will be allotted for relief and pledges to heal the wounds of war as rapidly as possible.

On the problem of land and rural development, Prime Minister Mugabe said that he was most dissatisfied with the land question. However, he added that no land would be confiscated. There were large tracts of unreclaimed land and some deserted land in the country, he said, and if necessary, the government would buy back land. That would provide enough land to settle the peasants. Peasants would be encouraged by the government to join co-operatives and co-

operative farms by persuasion, not by coercion.

As to industrial and commercial development, the government announced that it has no plans for nationalization. It stressed that workers' committees should be set up at various levels for the participation of the workers in management. Realistic economic measures, which make the economy of Zimbabwe more and more viable, will push industrial and mining production up by a big margin.

Foreign Policy

The Zimbabwean Government pursues a policy of non-alignment and active participation in international activities. It

FOR YOUR REFERENCE

Republic of Zimbabwe

Territory 389,300 square kilometres, 60 per cent being woodland and grassland.

Population Some 7 million—Africans, 6.6 million, most belong to the Matabele and Mashona tribes; Europeans, 260,000.

Capital Salisbury, population, 568,000.

Language The official language is English. The Mashona people speak Shona and the Matabele Ndebele.



will take its place in the U.N., the Organization of African Unity and the British Commonwealth. Earlier this month, Prime Minister Mugabe attended a summit on southern Africa development co-ordination and was warmly welcomed. The new government has expressed its wish to develop trade and

exchanges with all countries and accept international aid without any strings attached.

The independence of Zimbabwe has greatly changed the balance of forces in southern Africa in favour of the national-independence movement and the forces opposed to imperialism and hegemonism.

Soviet, Vietnamese and Cuban Lobbying Missions in Asia

A MAJOR strategy being used by Moscow in South and Southeast Asia is to try to seek an international recognition for the Karmal regime of Afghanistan and the Heng Samrin regime of Kampuchea. To this end, senior officials of the Soviet Union, Viet Nam and Cuba have recently been sent to lobby the capitals of South and Southeast Asian countries.

Co-ordinated Activities

Besides Hanoi and Phnom Penh, Soviet Vice-Foreign Minister Firyubin flew to Thailand, Singapore, Burma and Nepal for "unofficial visits." He did his best to dispel the "misunderstanding" these countries had about the Soviet Union and Viet Nam and persuade them to establish "coherent relations" with the Karmal and the Heng Samrin regimes.

After his secret visit to Moscow, Cuban Foreign Minister Isidoro Malmierca shuttled between Kabul and Islamabad in order to sell the Cuban "political settlement of the Afghan question" proposal.

Commenting on the apparently synchronized April 7 visit to New Delhi by the Cuban Foreign Minister, the Vietna-

mese Premier and the Soviet Vice-Foreign Minister, one Western diplomat was quoted by UPI as saying, "I don't think it's entirely by accident." A UPI report also said: "The trio are expected to try and influence Prime Minister Indira Gandhi's stand on the Soviet occupation of Afghanistan and ask her to fulfil her plan to recognize the Hanoi-backed Cambodian regime."

At a Plenary Meeting of the Conference of the Committee on Disarmament (C.C.D.) held on April 9 in Geneva, the Cuban delegate, C.C.D. chairman for the month, distributed a cable from the Vietnamese-installed regime in Kampuchea as a conference document. The regime requested that it be admitted to the C.C.D. meeting

on the outlawing of chemical weapons, which is to be held later this year. The Soviet delegate supported the request at once.

The Soviet Union hopes to legalize its occupation of Afghanistan and the Vietnamese occupation of Kampuchea by getting other countries to recognize these two puppet regimes. This is against the policies of most nations in the world.

Fruitless Efforts

Firyubin was rebuffed in Southeast Asia. Shahi, Foreign Minister of Nepal, told him that the Soviet Union should immediately withdraw its troops from Afghanistan. A senior foreign ministry official of Singapore bluntly told Firuybin that the armed occupation of Kampuchea by Viet Nam, an ally of the Soviet Union, was an undeniable fact.

Firyubin tried to persuade leaders of some Asian countries that recognition of the Heng Samrin regime would lead to a swift solution of such problems as the Kampuchean refugees, peace in Indochina and security in Southeast Asia. But none of them has been taken in. Thai Deputy Foreign Minister Arun Panupong told a Bangkok newspaper on April



Busy visitors.

Cartoon by
Lan Jianan

10: "I don't think that the recognition of the Heng Samrin regime is an essential key to all problems. We would make mistakes if we thought that way. Who can guarantee that the refugee problem will not arise, or the encroachment on other nations' sovereignty will not occur?"

Vietnamese Premier Pham Van Dong's India tour did not fare any better. It is widely held that one of Pham Van Dong's aims was to secure India's prompt recognition of the Heng Samrin regime. However, no mention was made of the Kampuchean and Afghan problems in the joint communique issued by India and Viet Nam at the end of his visit.

During his visit to Pakistan, Cuban Foreign Minister Isidoro Malmierca presented to President Zia-ul-Haq a letter from Cuban leader Fidel Castro. In his letter Castro proposed, in his capacity as the current chairman of the co-ordinating bureau of the non-aligned movement, that a Tashkent-like summit meeting between Pakistan and Afghanistan be held in Havana. The Cuban visitor urged Pakistan to recognize the Karmal regime. President Haq rejected the proposal immediately in his reply to Castro. He reaffirmed Pakistan's stand to implement the resolution of the Islamic Foreign Ministers' Conference on the Afghan problem, which calls for Soviet military withdrawal and refusal to have anything to do with the present Afghan regime before the withdrawal.

Malmierca did not give up after this rebuff. He went to Kabul again on April 5 and arrived in New Delhi two days later. He told Indian Prime Minister Indira Gandhi about his talks with Soviet, Afghan and Pakistan leaders and spoke

about Castro's proposal on the Afghan issue in an attempt to win India's support. Nevertheless, according to the Indian paper *The Hindu*, the Indian Prime Minister "did most of the listening," "without expressing any opinion on the merit of the Cuban effort."

The recent Soviet, Vietnamese and Cuban "diplomatic offensives" in Asia show that the Soviet Union is trying to

secure its position in the region with the Strait of Malacca as the centre, and consolidate its gains of aggression in Afghanistan and Kampuchea. At the same time, with a view to pushing ahead with its strategic design in Asia, it is drawing the attention of the United States and other countries away to the Middle East where it is trying its utmost to stir up trouble and foment discord.

Afghanistan

"Five-Point Plan"—Moscow's New Diplomatic Offensive

THE Kabul regime's five-point plan is Moscow's new gambit on the diplomatic chessboard with the ultimate aim of continuing its southward thrust.

It is interesting to note that the plan was put forward after Soviet Vice-Foreign Minister N.P. Firyubin, Cuban Foreign Minister I. Malmierca and Vietnamese Premier Pham Van Dong failed in their missions in a number of countries in South and Southeast Asia. The plan is aimed at coaxing Pakistan and Iran to recognize the Kabul regime installed by the Soviet invaders and at inducing as well as pressing Pakistan and other countries to cease their support of the Afghan people's just struggle against the Soviet aggression and investing the Soviet occupation of Afghanistan with a semblance of legitimacy.

The Moscow-inspired Kabul plan calls for bilateral talks between Pakistan and Iran on the one hand and the Karmal regime on the other for the normalization of relations.

It proposes a "regional peace conference without preconditions," talks for the normalization of relations in the entire

region and the conclusion of a treaty of peace, security and co-operation.

Without even mentioning the withdrawal of Soviet troops, the plan calls for talks with governments in the region "on lowering the level of military spending, reduction of armaments and armed forces with appropriate guarantees of security."

The Kabul plan also proposes talks on ways and means of reducing tension and building confidence, including the lessening of "ill will" in the mass media of neighbouring countries.

Finally, it calls for a resumption of talks to declare the Indian Ocean and the Gulf area a zone of peace and reduce the military presence there.

Thus, the plan involves South Asia, the Gulf area and the Indian Ocean besides Afghanistan. It is clear that in the eyes of the Kremlin, Iran and Pakistan are its next stepping stones for the drive towards the Gulf and the Indian Ocean. The plan amounts to a proclamation that these areas are goals of Moscow's strategic southward drive.

The proposal for holding a regional conference without preconditions, that is, without explicitly requiring the withdrawal of Soviet troops from Afghanistan, is actually a ploy to get the countries concerned to accept the Soviet occupation as a fait accompli. It stands diametrically opposed to the United Nations General Assembly resolution demanding immediate, unconditional and total withdrawal of foreign troops from Afghanistan and the Islamic Foreign Ministers' Conference resolution not to have any contact with the Kabul puppets.

Such a plan with an unmistakable Soviet stamp stands little chance of success in view of the unabated universal condemnation of the Soviet invasion and the demand for a Soviet withdrawal. President Zia-Ul-Haq of Pakistan appealed in Salisbury for more energetic support to the Afghan guerrillas to resist the Soviet aggression, while the Government of Iran is fully conscious of the growing Soviet threat. Reality has left little doubt about the fate of this five-point plan.

— *Commentary by Xinhua Correspondent*

Justice Is on the Side of Democratic Kampuchea

OVER the past year or more, the just struggle of the Government and people of Democratic Kampuchea against the Vietnamese aggressors has won widespread sympathy and support.

The United Nations

- At the Security Council emergency meeting of January

15, 1979, the absolute majority of the countries were for the draft resolution demanding the withdrawal of foreign troops from Kampuchea. The Soviet Union exercised the veto.

- The Security Council on March 16 last year reviewed once more the proposal of the five ASEAN countries for the conflicting sides in Southeast Asia to withdraw troops to their own countries. It was again supported by the overwhelming majority. The Soviet Union exercised the veto again.

- The 34th General Assembly last September, after fierce debates, decided to accept the plenipotentiary credentials of the representative of Democratic Kampuchea.

- The General Assembly last November 14 passed with an overwhelming majority vote the draft resolution put forward by more than 30 countries, ASEAN nations included, on the immediate withdrawal of all foreign troops from Kampuchea.

Non-Aligned Conference

- At the first-stage meeting of the extraordinary conference of the non-aligned countries' coordination bureau at the ambassadorial level on January 26, 1979, representatives of Cuba and Viet Nam met with refusal and opposition by the absolute majority of representatives when they attempted to prevent the delegation of Democratic Kampuchea from attending as observers.

- The conference of the co-ordination bureau of the non-aligned countries last May, with the support of the overwhelming majority, decided to invite the representative of the Government of Democratic Kampuchea to the bureau's conference at

the foreign ministers' level.

- The delegation of Democratic Kampuchea attended the conference last June, thanks to the support of the member states of the bureau who upheld justice.

- At the Sixth Conference of the Heads of State or Government of the Non-Aligned Countries last September, Cuba's attempt to drag the Kampuchean quisling regime into the non-aligned movement was a flop.

ASEAN

- The extraordinary conference of the foreign ministers in January 1979 called for the withdrawal of all foreign troops from Kampuchea.

- The 12th session of the ministerial-level conference last June issued a joint communique demanding the immediate withdrawal of all Vietnamese troops from Kampuchea.

- The foreign ministers held another extraordinary meeting last August and reaffirmed that the Kampuchean people have the right to determine their own destiny.

- The fourth foreign ministers' conference last December reaffirmed support for the decision adopted at the U.N. General Assembly on the question of Kampuchea and declared that ASEAN countries continue to recognize the Government of Democratic Kampuchea as the sole legitimate Government of Kampuchea.

ASEAN and E.E.C.

- On March 7 this year, Foreign Ministers of the 14 ASEAN and E.E.C. countries issued a joint statement calling for the withdrawal of all foreign troops from Afghanistan and Kampuchea.

Visit of Italian C.P. Delegation

Comrade Hua Guofeng's Toast

IN his toast at the banquet he hosted on April 15 in honour of the delegation from the Italian Communist Party Central Committee led by General Secretary Enrico Berlinguer, Chairman of the Chinese Communist Party Central Committee Hua Guofeng said:

"Following the suspension for a period of relations between the two Communist Parties, a delegation of C.P.I. Central Committee led by Comrade Enrico Berlinguer is visiting China, and the two sides will hold comradely talks on issues of common concern, share experience and exchange views. The entire Central Committee and all members of the Chinese Communist Party welcome this new development in the relations between the two Parties."

"To resume relations between the two Parties on the basis of complete equality, independence and mutual respect not only conforms to the fundamental interests of the two Parties and the peoples of China and Italy, but also to the interests of the international communist movement and the cause of world peace."

Hua Guofeng praised the Italian Communist Party as "a Party which has a glorious history of struggle, strong influence among the masses and rich experience in struggle and enjoys a position of great international influence."

For decades, the C.P.I. has made tremendous efforts and positive contributions to the struggle against fascism and to the struggle to defend national interest, to safeguard the rights and interests of the Italian working class and labouring people and strive for democracy and socialism, Hua Guofeng added.

In its protracted struggle, the C.P.I. has not only established extensive and close links with the Italian working class and broad masses of the people, and exerted a tremendous influence on the political life of Italy, but also, because of its independent political stand and protracted

efforts for extensive unity of the international working class, it occupies an important place in the international communist movement, Comrade Hua Guofeng said.

"We are following closely and with great interest the struggle of the Italian Communist Party and the Italian people, and we express our appreciation and admiration for the Italian Communist Party's spirit in upholding its independence and its exploration of the road towards socialism."

"In answer to the Party's call raised in February at the 5th Plenary Session of the 11th Central Committee of the Communist Party of China, the whole Party and the entire Chinese people are united still more closely around the Central Committee of our Party and are striving with one heart and mind to realize our socialist modernization programme and to raise the quality of the Party and improve the work of our Party," said Comrade Hua.

He went on to say that there exists a traditional friendship between the two Parties and the two peoples of China and Italy. "At the time of the Italian people's struggle against fascism and the Chinese people's struggle against Japanese imperialism, our two Parties and two peoples supported and sympathized with each other. After the victory of China's revolution, relations between the two Parties were good and are worth recalling," declared Comrade Hua Guofeng.

Comrade Enrico Berlinguer's Toast

GENERAL Secretary Enrico Berlinguer said that the current visit to China by the C.P.I. Central Committee delegation provides it with an opportunity to come into direct contact with the reality of the People's Republic of China and to better understand the policy and activities of the Communist Party of China. This visit, he said, is also an opportunity for the delegation to have a full and frank exchange of views with the Chinese Party on the development of relations between the two Parties and two peoples and on many other problems concerning the international situation, the struggle for peace,

people's independence and socialism, and the international workers' movement.

Comrade Enrico Berlinguer said: "Our visit and the meeting between us will surely promote the development of relations between our two Parties. These relations will be inspired by the effort for mutual understanding, by mutual respect for the independence and for their respective particularities, by a frank expression of differences, and by the effort to find all possible common ground and means of co-operation."

"The Communists and the people of Italy have always respected and supported the Chinese revolution and New China's construction. The victory of the great Chinese revolution, which, under the leadership of the Chinese Communist Party led by Chairman Mao, developed along an original road, is the most important event in the history of the liberation movements of the proletariat, peasants and oppressed people the world over following the October Revolution of 1917. It was the greatest event in the life of mankind after the triumphant conclusion of the war led by the alliance of anti-fascist countries against the German, Italian and Japanese imperialists. The birth of the People's Republic of China has greatly contributed to changing the face of the world in favour of the forces against imperialism and colonialism.

"After the founding of the People's Republic of China, the Chinese people, facing all kinds of difficulties, went on with the construction of a socialist society and achieved great successes in economic, social and cultural development," he said.

He wished success to the socialist construction aimed at building a modernized China. He said that this cause "directly concerns the life and perspectives of nearly one-quarter of humanity and constitutes a considerable contribution to the general progress of the entire world."

Berlinguer held that the international situation showed terrifying signs of tension and a danger to peace. "Open and latent conflicts exist in a number of regions of the world... A tendency to resort to the use of force and various kinds of economic, political and military pressure in state relations is unceasingly spreading," he said.

"Peace, therefore, is in danger. However, we are convinced that the forces to safeguard

peace exist and that war is not inevitable," he added.

He said it was necessary to pay attention to disarmament, the solution of existing conflicts through peaceful negotiations, full respect for independence and sovereignty of every nation, opposition to foreign interference, and the development of relations of co-operation on the basis of equality and mutual benefit on the road to establishing a new international economic order.

"The relations between our two Parties are not directed against any other Party. On the contrary, we hold that our relations may help to create an atmosphere of greater understanding and co-operation among all political parties and movements imbued with the idea of peace, progress and socialism," he declared.

Comrade Berlinguer expressed the confidence that the favourable development in the relations between the Communist Parties of China and Italy would aid the development of closer and more friendly relations between the two peoples and between the People's Republic of China and Italy.

Deng Xiaoping Meets Italian Journalists

DENG Xiaoping, Vice-Chairman of the Central Committee of the Communist Party of China, on April 17 answered questions in the Great Hall of the People in Beijing from Italian journalists who were covering the visit of the delegation of the Central Committee of the Italian Communist Party.

Deng Xiaoping greeted the journalists in front of the Xinjiang Hall, an inner section of the Great Hall. He said: "Your press corps is big. This shows that you are keenly interested in the resumption of relations between the Chinese and Italian Parties which have been suspended for many years. This has gladdened the Chinese Communist Party and the Chinese people as well. I believe that the Italian people are also glad about it.

"Since you, our journalist friends, have come to China together with the delegation, I assume you are not opposed to it."

Deng Xiaoping asked whether half of the Italian journalists present were Communists. The answer was "less than half."

Vice-Chairman Deng then asked them whether most of them agree with the resumption of relations between the Chinese and Italian Parties. Many journalists raised their hands to express their agreement. Deng Xiaoping smiled at them and said: "Let us applaud together."

After a round of applause, Deng Xiaoping continued: "The Italian Communist Party occupies an important position not only in Italy, but also in the whole of Europe, in the international communist movement and in international political life. It is an important force for human progress and for world peace, security and stability."

Deng Xiaoping added that "the aim of the Chinese Communist Party is also to strive for the progress of mankind. In the current serious international situation, an important task facing our Party is also to strive for world peace, security and stability. In this sense, the resumption of good comradeship at this moment between our two Parties is of great significance."

"That is why we have attached much importance to the visit of the delegation led by Comrade Enrico Berlinguer and Comrade Giancarlo Pajetta. Our two Parties have much in common. We also have different ideas, but this does not matter. The important thing is for us to seek more common ground," he added.

Deng Xiaoping then answered questions from the journalists.

One journalist said: "The Italian public is satisfied with the current visit to China by the Italian Communist Party delegation. As a journalist, I want to know what happened recently to promote the resumption of relations between the Parties of Italy and China."

Deng Xiaoping replied: "We are confronted with common international issues. Of course, the solution of these problems depends on the common efforts of all. By 'all' I mean not only the Communist Parties."

Replying to a request to give his view of European communism, Deng Xiaoping said: "This is a question that is now being investigated. The European Communist Parties are also studying it. We are in Asia, far from Europe, and our understanding is not deep enough. But we are interested in studying and investigating

new things. Everything should be tested through practice."

Questioned on the different views held by the Chinese and Italian Communist Parties, Deng Xiaoping said: "There is no denying the fact. There are differences between us. But they are surely fewer than before. Today, we have both put the differences aside."

One reporter asked whether Deng had noticed the critical attitude of the Italian Communist Party towards China when she waged a self-defensive counter-attack against Viet Nam. With a wave of his hand, Deng said: "That is all right."

The Vice-Chairman was asked whether the Chinese leaders hold that war is inevitable. He said: "We consistently hold that war will break out one day. But it is possible to create a peaceful environment for a fairly long period. From the Chinese side, we hope to have at least 20 years without fighting. It is possible to create a relaxed international situation. The problem is what methods we should adopt. In short, things will be tough in the 1980s."

A correspondent asked: "The National People's Congress of China has just approved the appointment of Zhao Ziyang as Vice-Premier of the State Council—is it possible for him to serve as Premier?"

Deng Xiaoping answered: "This question cannot be answered by any individual. He is now a vice-premier in charge of the day-to-day work of the State Council."

Another correspondent asked: "What are your views on the dispute between China and the Soviet Union?"

Deng Xiaoping answered: "The relations between China and the Soviet Union are already outside the scope of dispute. The Soviet Union has deployed one million troops on the Chinese border. It has also made trouble in places around China, for example, in Viet Nam, Kampuchea, Laos and Afghanistan. We are now faced with a serious threat from the Soviet Union. This is not an ordinary question of dispute."

In answer to the question "Are your relations with the United States of a temporary or long-term nature?" Deng Xiaoping said: "It is not an expedient measure for us to maintain friendly relations with the United States, but a long-term and strategic policy."

The delegation of the Central Committee of the Italian Communist Party, led by Enrico Berlinguer, then entered the meeting hall and the meeting with the Italian journalists came to an end.

General Secretary Hu Yaobang Talks With Italian Journalists

THE Chinese Communist Party and the Chinese people warmly support the efforts to strengthen unity and co-operation between the Chinese Communist Party and the Italian Communist Party on the basis of complete equality, independence and mutual respect," said Hu Yaobang, General Secretary of the Central Committee of the Chinese Communist Party. He made the statement when he met on April 15 the Italian journalists accompanying the delegation of the Italian Communist Party Central Committee and those residing in Beijing.

He added: "The Chinese Communist Party is willing to establish, restore and develop relations with all working-class parties that uphold independence and a correct position. But we firmly oppose those parties that flaunt the banner of 'Communist Party' but in effect bully other parties, interfere with other countries' internal affairs and even invade and occupy other countries' territories by force.

"If we do not draw a clear distinction between ourselves and these parties and wage a resolute struggle against them, then we are not conscientiously defending the dignity of the international communist movement. Nor can we effectively mobilize the working class and other people the world over to fight the hegemonists and other wreckers of world peace."

Asked if it was possible for the Chinese Communist Party to hold talks

with the Soviet Communist Party as it did with the Italian Communist Party, Hu said: "I see no such possibility."

Answering a question about the differences between the Chinese and Italian Parties, Hu said: "Our two Parties are shouldering the historic missions entrusted to us by our time.

"I am sure that neither of our two Parties has any interest in wrangling about the little interlude in our past relations. We want to emphasize unity and look forward to our great future.

"There is a well-known saying in China today, 'Unite and look forward.' We will in this spirit join the leading comrades of the Italian Party in extensive, unconstrained and comradely discussions on an equal footing about all issues of mutual interest."

Hu Yaobang praised Comrade Enrico Berlinguer for his outstanding contributions to the building of the Italian Communist Party. "Berlinguer's thought and practice prove that he is a fine son of the Italian people, a splendid fighter in the international communist movement as well as an activist and statesman in safeguarding world peace, promoting the solidarity of the international working class and winning justice and progress for the whole of humanity. He is also a good friend of the Communist Party and people of China," said Hu Yaobang.



General Secretary Hu Yaobang meeting Italian journalists.

China's National Capitalists: Past and Present

by Our Correspondent Ji Zhe

China has eliminated the exploitative feudal and capitalist systems. In our third issue this year, we carried articles on the abolition of the exploiting classes and the remoulding of landlords and rich peasants.

But, how was the urban capitalist class eliminated and how were the policies concerning the elimination of the capitalist class and the remoulding of capitalists carried out? What is the present condition of the former capitalists?

Peaceful Transformation

IN the semi-feudal and semi-colonial old China before 1949, the bourgeois class was made up of bureaucrat-capitalists and national bourgeoisie.

Bureaucrat-capitalists were the big bourgeoisie wielding state power. Through "state enterprises," they monopolized the economic lifeline of the country and built up huge fortunes for themselves. Colluding with imperialists, they sold out

China's sovereignty. Therefore, they were also called comprador capitalists. The comprador capitalists, together with the imperialists and rural exploiting classes, weighed down on the Chinese people like "three big mountains," and so, this class became one of the targets of China's democratic revolution.

After the founding of New China in 1949, the state confis-

cated and nationalized all bureaucrat capital, which accounted for 80 per cent of the capitalist economy, deprived the bureaucrat-capitalists of their political rights and forced them to remould themselves through labour. In this way, China succeeded in eliminating the bureaucrat-capitalist class in the early days after liberation.

Dual Character

The national bourgeoisie was the middle bourgeoisie which had fewer links with the imperialists. This class had a dual character. On the one hand, it belonged to the bourgeois class, which exploited the working class, and on the other, it was oppressed by foreign and bureaucrat-capitalists. Therefore, the policy of the Chinese Communist Party towards this class had to be different from that towards the bureaucrat-capitalist class. It was not treated as an enemy, but had to be made a segment of the united front.

In pre-liberation China, enterprises owned by the national bourgeoisie accounted for only 20 per cent of the capitalist economy. They were generally small and medium-sized ones. When New China was founded, the policy towards these enterprises was not confiscation, but "utilization, restriction and transformation." That is to say, a policy of peaceful redemption.



Chairman Mao with Rong Yiren at a banquet in 1951.

Utilization, restriction and transformation meant making use of the positive role played by the capitalist-owned industrial and commercial enterprises in the national economy and the people's livelihood, mitigating their negative aspects, encouraging and leading them to transform into a segment of the socialist economy through various forms of state capitalism, and changing the capitalists step by step into labourers living on their own labour.

Redemption meant that the property of the capitalists was not expropriated outright. But instead, the national capitalists were paid a certain amount of profit or interest as a payment for their assets. For instance, before state-private management was carried out for a whole trade, the total profit was divided into four: income tax to the state, about 35 per cent; welfare fund for the workers, 15 per cent; accumulation fund, 30 per cent; and dividends to capitalists, about 20 per cent. Later, the capitalists drew a fixed interest of 5 per cent on their total verified assets. In this way, private industry and commerce were transformed into socialist enterprises step by step. (Fixed interest lasted until September 1966.)

This policy was formulated by the Party and Comrade Mao Zedong in creatively applying the theory of Marxism-Leninism to China's concrete conditions. At the Second Plenary Session of the Seventh Central Committee of the Chinese Communist Party which was held in March 1949 on the eve of nationwide liberation, Comrade Mao Zedong pointed out: "Because they have been oppressed or hemmed in by imperialism, feudalism and bureaucrat-



Comrades Liu Shaoqi, Dong Biwu and Deng Xiaoping with leading members of China's democratic parties and the All-China Federation of Industry and Commerce as well as non-party personages in 1963.

capitalism, the national bourgeoisie of China and its representatives have often taken part in the people's democratic revolutionary struggles or maintained a neutral stand. For this reason and because China's economy is still backward, there will be need, for a fairly long period after the victory of the revolution, to make use of the positive qualities of urban and rural private capitalism as far as possible, in the interest of developing the national economy."

In his speech, Comrade Mao Zedong also pointed out that private capitalism must be restricted in China. He also foresaw that the policy of restricting private capitalism was bound to meet with various kinds of resistance by the bourgeoisie.

Struggle

From 1949 to 1952, China's national economy was quickly rehabilitated from the ruins of war and conditions for the private sector of industry and

commerce also began to improve. But at the same time, many capitalists became so greedy that they resorted to various illegal means to encroach upon the state's interest. They used bribes, dodged taxes, stole state property, cheated on government contracts and stole economic information (the "five evils"). Bourgeois corrosion also led some cadres in Party and government organs and in state enterprises to make grave mistakes. The number of cases of corruption, waste and bureaucracy (the "three evils") grew.

To fight these three unhealthy tendencies in the Party and government organs and state enterprises and to oppose the five major unsavoury practices of the capitalists, the Party led the people throughout the country in launching the mighty san fan and wu fan movements (the movement against the "three evils" and the movement against the "five evils") in 1952. The wu fan movement was a grave class struggle of decisive importance to China's

transformation of capitalist industry and commerce. The victory of the struggle deflated the arrogance of the bourgeoisie, consolidated the leading position of the socialist state economy and brought about an effective supervision by the workers within the capitalist enterprises. This created the necessary conditions for bringing these enterprises into the orbit of state capitalism.

From Private Ownership to Public Ownership

The state capitalist economy of New China was "a capitalist economy which for the most part is under the control of the People's Government and which is linked with the state-owned socialist economy in various forms and supervised by the workers." (Mao Zedong, *On State Capitalism*, 1953.)

State capitalism took on the following three main forms:

First, state enterprises placed orders with private ones for processing the former's materials or supplying manufactured goods, and state commercial

enterprises designated private ones as their sales agents. Under this early form, the enterprises remained private, but they had contractual links with the public sector of the economy and were under the supervision of the workers. As the capitalists could no longer dispose of their means of production at will, these enterprises began to assume a socialist nature.

Second, joint state-private management. At this stage, the government and the capitalists shared the enterprises together. The government sent representatives to take control of the enterprises and incorporated their production in the state plan; these enterprises therefore became socialist enterprises basically.

In 1956, state capitalism reached its highest form when joint state-private management of certain enterprises developed to take in a whole trade. The capitalists had then passed on their means of production over to the state, with the latter giving them a fixed interest.

By then the transformation of private industry and commerce into socialist enterprises had basically been completed.

From January 1956, the number of big and small private shareholders who received a fixed interest from the state totalled 1.14 million and the amount of money the state paid to them each year came to 120 million yuan, or 1,200 million in the ten years ending September 1966. Part of this money went to small shareholders who were themselves not capitalists.

Through the forms mentioned above and under the circumstances in which there were few social disturbances, China succeeded in transforming the capitalist industry and commerce into socialist industry and commerce and changed the former exploiters into labourers living on their own labour. This is a great creation in the history of world socialism and a victory of Mao Zedong Thought.

Remoulding the Capitalists

The process of transforming capitalist enterprises was also a process of remoulding the capitalists. At various stages of the remoulding, the capitalists had hesitated, wavered and balked. The Party and government adopted various measures to educate them. They were helped to study policies concerning the socialist transformation and the Marxist theory so as to understand the law of social development. They were assigned appropriate jobs so that they could give play to their management and technical expertise. In matter of wages and living conditions they were given special allowances. Many representatives of former industrialists and businessmen became deputies to the people's congresses and



In 1956, a privately owned hat shop announced its switch to state-private joint management.



Former industrialist Zhang Tingfang (2nd from left) is now engineer of the pharmaceutical factory of the Shanghai Biochemistry Institute.

members of the committees of the Chinese People's Political Consultative Conference at various levels. All this enabled them to see that socialist transformation was the general trend of development and acceptance of transformation the only road left for them to a bright future.

Statistically, private industrialists and businessmen numbered 760,000 in 1956. When state-private management was carried out, they were given jobs commensurate with their abilities and with due consideration. More than 20 years have passed and about one-third of them have died, another third of them have retired because of age. The rest are still doing various kinds of work in socialist enterprises, with some in leading posts at various levels.

According to studies in Beijing, Tianjin, Shanghai and Guangzhou, the monthly incomes of the former industrialists and businessmen fell under the following brackets: those earning less than 50 yuan, 21.3 per cent; those between 50 and 100 yuan, 58 per cent. These make up 79.3 per cent. Those earning between 100 and 200 yuan, 17.7 per cent; between 200 and 300 yuan, 2.3 per cent, and those above 300 yuan, 0.7 per cent. This places the wages of most former industrialists and businessmen roughly on a par with ordinary skilled workers.

For instance, technical workers from the fourth to seventh grade in light industrial enterprises in Beijing earn as much as 50 to 100 yuan a month. The highest is the eighth-grade worker who earns about 110 yuan a month.

The studies showed that, after more than 20 years of education and remoulding, the vast majority of former capitalists who can work have become labourers living on their own labour.

Setting Things Right

During the Cultural Revolution, however, Lin Biao and the gang of four pushed an ultra-Left line. Many of the former industrialists and businessmen were attacked and persecuted as enemies. The fixed interest they had already received was confiscated and their wages sharply cut.

A Capitalist in Socialist China

SIXTY-nine-year-old Liu Nianzhi is the fourth son of the late Liu Hongsheng, the famous "match king" of old China who came to own many industrial enterprises. Before liberation, Liu Nianzhi helped his father run a woollen mill, a coal mine and a wharf warehouse in Shanghai and other cities.

At the end of 1978, the policy towards the national bourgeoisie was reaffirmed at the Third Plenary Session of the 11th Central Committee of the Communist Party of China. The fixed interest on their assets and deposits were given back to the former industrialists and businessmen throughout the country, their full wages were restored and personal property taken away during the Cultural Revolution was returned to them. All these were measures



Yao Jun (left), a former industrialist, was made a deputy head and concurrently chief engineer of the Tianjin Dongfanghong Chemical Factory.

for setting things right. The idea being circulated abroad that the capitalists of China have regained control of their enterprises and other means of production is quite unfounded.

When Liu was 16, he went to England to study. He acquired his B.A. degree in economics at Cambridge University in 1936 when he was 25. At school, he had no interest in Marx's *Capital*, but delved into bourgeois economics advocating laissez-faire. Upon his return to Shanghai, his sole pursuit was to help his father build up the

family fortune. To his disappointment, he found *laissez-faire* did not really work in practice. Their enterprises which used old machinery and operated at high costs could not compete with those abroad.

What to Do Upon Shanghai's Liberation?

What were his sentiments on the eve of Shanghai's liberation in 1949? He was disgusted at the imperialists who rode roughshod over the Chinese people, and who made it difficult for national industries to develop. He yearned for a big change in China, but on the other hand, he was plagued by the fear that once the Communists were in power, they would square accounts with the capitalists for their crimes as exploiters, and confiscate their property.

Just when the Lius were hesitating, they heard about the Communist Party's policy towards the national bourgeoisie while secretly listening to the radio broadcasts. The underground Party organization in Shanghai sent a representative to inform them that they belonged to the national bourgeoisie. It was at a time when the Kuomintang reactionaries were plotting to damage or destroy the Shanghai factories before retreating. The Party called on the national bourgeoisie to protect their own enterprises with the workers' support.

Liu Hongsheng's sons suggested that he stay in hospital feigning a heart attack until China's liberation. The old man agreed. But nine Kuomintang secret agents stormed into the hospital and abducted old Liu to Xianggang (Hongkong). After the founding of New

China, he narrowly escaped the surveillance of the Kuomintang and at great risk returned to Beijing. He was received by Premier Zhou Enlai and became a member of the National Committee of the Chinese People's Political Consultative Conference.

Advancing Amidst Complexities

Soon after Shanghai's liberation, Marshal Chen Yi (then Mayor of Shanghai and later Foreign Minister) invited the local industrialists and businessmen to a banquet. He called on them to work unreservedly to restore and develop production. This well-known commander of the field army in east China, with his eloquent and convincing speech, his forthright manner, as well as his simple uniform which was the same as the rank-and-file wore, deeply impressed Liu Nianzhi. Later,



Liu Nianzhi and his wife.

the director of the Shanghai Bureau of Industry and Commerce called on Liu Nianzhi and explained the Party's policy to him.

These contacts made Liu feel that the Communists were competent to run the country politically, and it was far from accidental that they had won

such great military victories. But he was doubtful whether these "bumpkins" in straw sandals could successfully run the social and economic affairs of such a big city. And he was worried that the Communists would degenerate once they came to this metropolis.

However, in less than six months' time, everything was changing rapidly in Shanghai. Inflation, a problem which he thought could never be solved in China any more than it could in the capitalist world, was checked. Prices were stabilized and articles of daily use were in adequate supply. Hooligans, local despots, prostitutes and street beggars were no more. Because of all these, he respected the Communist Party. When he saw with his own eyes how the deep-rooted imperialist forces were speedily eliminated and China was no longer bullied, he was proud of his country and people.

Still, Liu could not fully understand some of the Party's policies, for instance, the policy of utilizing, restricting and transforming private capitalism. He took particular exception to "restricting," because he felt *laissez-faire* was necessary for running private enterprises.

Bright Future

In 1952, during the *san fan* and *wu fan* movements, Liu witnessed the irresistible momentum of the struggle waged by the workers against the illegal activities of the capitalists. He realized that capitalism could not be allowed to develop unchecked in China. The only way out for the national bourgeoisie was to conscientiously remould themselves, accept the leadership of the working class and take the path

of socialism charted by the Communist Party.

After the two movements were over, the Zhanghua Woollen Textile Mill owned by the Lius and some other privately owned textile machinery plants were amalgamated into a large woollen textile factory under joint state-private ownership, and Liu Nianzhi was appointed manager. In the course of expanding factory buildings and managing the enterprise, he learnt much from the communist cadres who represented the state. Like them, he worked long hours and he would consult with them whenever he met with difficulties.

Prior to liberation, Liu's enterprises were not in a position to export their products. In 1953, soon after the merger, the factory was asked to export 120,000 metres of woollen cloth. At first, Liu thought this was a hard job, but they overfulfilled the task by the end of 1953 thanks to the common efforts of the entire workers and staff, and the factory was honoured with a state award. At a meeting called by the factory trade union to celebrate the occasion, Liu and others were cited for their outstanding contributions.

Chairman Mao personally took part in the work to educate the capitalists. He hosted a dinner in honour of Liu Hongsheng in 1953. Influenced by the Party's policy, the Lius were the first to apply for joint state-private management of all their enterprises in 1954.

In 1956 when the private enterprises of all trades in Shanghai came under joint

state-private ownership, Liu Nianzhi was made deputy manager of the Shanghai Woollen and Jute Textile Corporation, which ran more than 50 factories. To improve management, Liu put forth many proposals after thorough investigations and study, which were all carefully considered by the leadership.

In 1959, he became deputy secretary-general of the Shanghai branch of the China Democratic National Construction Association (one of the democratic parties), which was made up mostly of industrialists and businessmen. Often he publicized the Communist Party's policies among the members of the association branch, and at the same time, he reported the opinions of industrialists and businessmen on improving management and technical innovations to the government so that they could play a more effective role in national construction.

Liu Nianzhi works hard and lives a happy life. He has gradually given up his idea of "building up the family fortune," and wants to contribute his share to national construction for the prosperity of his country.

Severe Test

During the Cultural Revolution, the national bourgeoisie was labelled a "class enemy" and taken as a target of "dictatorship" by Lin Biao and the gang of four. This involved Liu. His high salary was suspended and he was given a small amount of money — just enough to keep him and his family going. He was struggled against in the daytime and made to do physical work at night. With long years of socialist education

behind him, he could understand and admit that it was wrong to exploit others, but he couldn't make out why he, a man approaching the age of 60, who had accepted socialist transformation and consistently taken the road pointed out by the Party, was given such treatment.

Under these circumstances, Liu Nianzhi in dismay assumed that the Party had changed its policy. The future looked dark. Occasionally he regretted not having gone abroad on the eve of liberation. But when he saw that many old cadres had fared similarly or even worse than he did, he felt this was no longer a personal question, and he never lost hope completely. His wife Zhuo Biyu (a Deputy to the National People's Congress before the Cultural Revolution), his children and other relatives brought him a great deal of comfort.

In 1970, he became a warehouse keeper at the wharf. His situation improved slightly.

For many years Liu had set a demand on himself to keep in touch with the workers and regarded this as an important way to remould himself, so the just-minded workers never despised him. When Premier Zhou passed away in January 1976, Liu was at his post alongside the workers. Holding memorial meetings and wearing black armbands had been forbidden by the followers of the gang of four in Shanghai, but the workers just ignored these restrictions. At the meeting, Liu's eyes were blurred with tears. A woman worker came to him and slipped a black band of silk on his arm and whispered: "Old Liu, you are an honest man;

you are on our side." Recalling this, he said these words meant so much to him—they could not be measured in pure gold.

Fresh Hope

Soon after the convocation of the Third Plenary Session of the 11th Central Committee of the C.P.C. at the end of 1978, the Party's correct policy towards the national bourgeoisie was restored. Liu Nianzhi and his family moved from Shanghai to Beijing. He is now a Deputy to the National People's Congress, vice-chairman of the All-China Federation of Returned Overseas Chinese and vice-chairman of the national committee of the All-China Federation of Industry and Commerce. His wife, a member of the National Committee of the Chinese People's Political Consultative Conference, works with women and children. Their son is studying abroad, the elder daughter is a swimming coach and the younger daughter is at home with them.

Chairman of the Board of Directors of I.T.I.C. Rong Yiren Interviewed

THE Rong family was the biggest of the national capitalist families in Shanghai in old China. On the eve of the nationwide liberation, many members of the family went abroad or left for Xianggang (Hongkong). Rong Yiren and his father Rong Desheng chose to stay. They made this important decision out of mixed feelings of love for the motherland and reluctance to give up their family property.

Rong Desheng, once a member of the National Committee of the Chinese People's Political Consultative Conference in the early post-liberation years,

In June 1979, Liu Nianzhi, as a N.P.C. Deputy, attended a meeting at the Great Hall of the People. He heard Premier Hua Guofeng declare, in reference to the class situation in China: "Our government adopted a correct policy of buying them [capitalists] out and successfully transformed capitalist industry and commerce. The capitalists no longer exist as a class. After nearly 30 years of struggle and education, most members of these classes [landlords, rich peasants and capitalists] who are able to work have been transformed into working people earning their own living in socialist society."

Liu Nianzhi said that he was now happier than before, and his responsibility heavier. He will devote his remaining years to socialist modernization and to the effort for the return of Taiwan to the motherland (two of his brothers are businessmen in Taiwan).

died in 1952. Influenced by the Party's policy of peaceful transformation, Rong Yiren, on behalf of the Rong family, turned all the factories and enterprises which it had managed for dozens of years into joint state-private enterprises in August 1955.

Rong Yiren, in the capacity of Deputy Mayor of Shanghai and Vice-Minister of the Textile Industry, did not escape the impact of the Cultural Revolution. He is now Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference and chairman of the board of directors

and president of the China International Trust and Investment Corporation directly under the State Council.

This 64-year-old chairman of the board of directors, in his interview with this correspondent, said: "As a government functionary, I only want to say something about the China International Trust and Investment Corporation; as for my personal affairs, there is really nothing worth mentioning."

Question: Would you please say something about how the corporation was established?

Answer: It is a socialist state-owned enterprise. In spring last year, it was decided to set up this corporation. Later on, its tasks were laid down more specifically. They are as follows: In line with the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment adopted last summer and other related state laws, decrees and regulations, it absorbs and uses foreign investment and introduces advanced technology, equipment and modern, scientific methods of management so as to expedite China's socialist modernization.

Several comrades and I began by making investigations at home and abroad to prepare for the founding of this corporation. We visited West Germany, Switzerland and France as well as Xianggang.

Last July, the corporation was formally established and in early October, the Statutes of the China International Trust and Investment Corporation was approved by the State Council, its board of directors was founded and I was appointed its chairman.



Rong Yiren (second, right) and other leading I.T.I.C. members discussing work plans.

Q: What has the corporation done in the past year?

A: In the past year, according to the plan we had drawn up, we did not start doing business at once. Instead we directed our attention mainly to setting up the organizational structure, publicizing our aims and explaining our policies. But in the actual process, we did hold some business talks and sign some agreements—this was quite beyond our original expectations.

From July to the end of 1979, the corporation received businessmen of 360 enterprises and organizations from 33 countries and regions. Business talks which included services in providing information and advice had involved over 1,600 people.

Q: How do things stand at present in regard to the organizational structure and personnel of the corporation?

A: The corporation should make itself an excellent socialist state-owned enterprise, strive for efficiency and prevent the practice of bureaucracy. It has about 50 working personnel. Some are former industrialists and businessmen; others are

from government organizations, foreign trade departments, banks and schools, while still others are veteran cadres of 50 years' Party standing.

The China International Trust and Investment Corporation is a new enterprise. Its members, filled with the desire to make more contributions to the country's modernization, are learning through practice and are full of vigour. In the latter half of last year, they handled over 1,000 problems raised either in letters or during visits by foreign businessmen or enterprises. Decisions were made, answers were given, quickly and unequivocally. We place emphasis on work efficiency.

Q: What impressions did you have of the United States during your visit there?

A: Our 6-member delegation paid a month-long visit to the United States, beginning from early last October. We feel the American industrialists and bankers showed keen interest in making investments in China. While talking about this interest, the Americans liked to use the word "huge."

On behalf of the corporation I signed an agreement of co-operation with the First National Bank of Chicago and a protocol on technical and commercial co-operation with the American Food Machinery and Chemical Corporation.

Q: Did you sign any other agreements?

A: Last year, the corporation signed altogether 16 agreements and is planning to sign some more this year. With regard to the agreements already signed, details still have to be worked out this year.

Q: What are the prospects of the corporation?

A: I think there are bright prospects lying ahead. The international trust and investment business is a long-term undertaking that can play a considerable role in the new "Long March" towards China's socialist modernization.

But there are still some concrete laws that have to be drawn up and perfected. For instance, laws relating to income tax, corporations, patents, wages and real estate in relation to joint ventures using Chinese and foreign investment have to be laid down in clear terms so that both the Chinese and foreign co-operative partners will have principles to go by. This will serve to expedite China's four modernizations and at the same time ensure the legitimate rights and interests of the foreign investors on the basis of equality and mutual benefit.

Far-sighted personages in the United States, Western Europe and Japan are aware of the fact that China is politically stable, has rich resources, is developing its economy and can pro-

vide a vast market. They have come to see more clearly that stepped-up economic exchanges and long-term (i.e., 20 years) co-operation with China are beneficial to both sides.

Q: Can foreign enterprises which have factories in Taiwan come to invest on the mainland of China?

A: Taiwan Province is an inseparable part of Chinese territory. The people of Taiwan are our own kith and kin. Some foreign friends have made investments in Taiwan and this is a development from the past. We welcome any foreign friends who respect the sovereignty, independence and unification of our country to come and invest on the mainland of China.

Q: Will opening the door to foreign investments lead to China's economic dependence?

A: China is a large country with rich resources. Through 30 years of economic construction after liberation, we have established a fairly complete industrial and national economic system. Our policy is one of relying on our own efforts while making external assistance subsidiary. This is a policy which we have followed ever since the founding of New China. It was only disrupted in the ten years of turmoil. Making use of foreign investments and introducing advanced technology to accelerate China's four modernizations and build up its economic strength—this will strengthen our hand to rely on our own efforts and to effectively defend our independence and sovereignty. Under the present circumstances when nearly 1,000 million Chinese

people are rallying around the Party and working with one heart and one mind to turn China into a prosperous and powerful socialist country, I don't think that introducing foreign investments to speed up the pace of the four modernizations will lead to any form of economic dependence. Even when China's economy has undergone a great development, I think it is still necessary for us to carry out a wide range of economic exchanges with foreign friends so that we can learn from each other's strong points, and make up our own deficiencies.

Of course, I am quite aware that foreign investors must benefit from their investment

in China. It was out of this understanding that we put forward the principle of equality and mutual benefit.

Q: Some foreign journals, in reviewing the vicissitudes of the 1970s, cited you as one of the world's "winners" because you have once again become chairman of the board of directors and president of a large corporation. Do you have any comment to make on this?

A: The word "winner" is a formulation used in foreign journals. But as far as I am concerned, it is only another good chance to contribute all my energies to bring about the prosperity of my country and the happiness and progress of the people.

A New Company Financed by Former Industrialists and Businessmen

THE Aiguo [patriotic] Construction Company is an enterprise located on the bank of the Huangpu River in Shanghai. Its business has been booming since its inauguration.

Liu Jingji, a former capitalist and now chairman of the board of directors and general manager of the company, is hale and hearty despite his 70 or so years. He spoke about



First board meeting of directors of the Aiguo Construction Company. Liu Jingji (5th from right, front row).

the founding of the company.

In 1979 all deposits (including fixed interest) and personal property of former industrialists and businessmen in Shanghai taken away during the Cultural Revolution were returned to them in accordance with the Party's policy. Tremendously inspired, many offered to contribute to the cause of the country's four modernizations. Their patriotic initiative won the support of the municipal leadership. Hence the establishment of the Aiguo Construction Company.

The company statutes stipulate: "The company is a socialist enterprise under the leadership of the government which has been financed with raised funds." "It sets patriotic national construction as its sole purpose and is not intended to earn personal profits." "The profits accrued from the company's business, except for those used to pay taxes to the state according to law, should be turned over to an accumulation fund which is to be used for developing the country's socialist modernization programme." Those who have contributed funds will not be paid extra dividends beyond interest payments which are to be calculated at the rate of a five-year fixed deposit as stipulated by the People's Bank of China. This, in fact, is the same as the interest paid on a bank deposit.

Many former capitalists vied with one another to contribute funds. In a short span of a few months, 1,099 families came to offer their money. The funds contributed amounted to some 56.02 million yuan, exceeding expectations.

Eighty-two-year-old Tang Suojun, former director and en-

gineer of the Jiafeng Cotton Yarn Mill, was confined to his bed with a serious illness when he heard about preparations to establish the Aiguo Construction Company. He called his son and daughter (both engineers) to his bedside and told them to send 100,000 yuan to the company as a token of his patriotism. He died the following day.

The company has carried out business activities in three areas during the past six months. They are:

— Engaging in housing construction to help overcome shortages in Shanghai.

— Providing funds for developing foreign trade. For instance, the company has concluded a contract with the Shanghai Steel-Tube Plant to

set up a factory producing zinc-plated steel tubes for the foreign market. Business talks on investments in textile and light industries and in handicrafts are under way.

— Running service trades by organizing retired former industrialists and businessmen who have technical and professional knowledge and management skills. The company also operates enterprises jointly with the departments concerned in order to train personnel and create more opportunities for youths waiting for jobs. For instance, their Pujiang Watch Factory employs 300 young people and the Daguangming Spectacles Factory has provided jobs for 200 youths.

— A report from Shanghai by Guo Lihua

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HYDRAULIC ENGINEERING

On River Sedimentation

At the International Symposium on River Sedimentation held in Beijing last March, which was attended by representatives from 14 countries, scientists from Britain, Denmark, France, Japan, Norway, the United States and China presented papers. Chinese scientists read papers on silting problems met with in river engineering projects in this country. The subject was of considerable interest to visiting scientists because China's rivers dump about 1,900 million tons of sediment into the sea each year. The Changjiang (Yangtze) and Huanghe (Yellow) Rivers alone carry 39.3 per cent of the sediment load of the world's 13 major rivers.

Over the past 30 years a lot of work has gone into studying and solving the problems of river sedimentation in this country. There are 2,910 recording stations on China's principal waterways, over 1,000 of which measure the silt content.

Professor Qian Ning of Qinghua University pointed out in his report that silt reaching the lower reaches of the Huanghe River came from two fairly well defined areas. This discovery is of considerable significance. The Huanghe River is the most heavily silted river in the world, transporting some 1,600 million tons of silt each year from the loess highlands in its middle reaches down to its lower reaches. This has built up the riverbed there three to five metres higher than the sur-

rounding countryside and has been the chief cause for frequent disastrous floods.

An analysis of the records on 103 floods of the Huanghe River covering 19 years from 1952 to 1960 and from 1969 to 1978 led Professor Qian to conclude that most of the sediment in the lower reaches consisting of coarse particles came from two areas totalling 100,000 square kilometres on the river's middle reaches, mainly from Shaanxi and Shanxi Provinces and the Inner Mongolian Autonomous Region.

In the past it was vaguely acknowledged that the sediment came from some 430,000 square kilometres of erosion-prone loess highlands. Professor Qian's find now makes it possible to concentrate anti-erosion efforts on the pinpointed areas to get more effective results.

Scientists from the Wuhan Institute of Hydraulic and Electrical Engineering delivered a report on their study of the 400-kilometre long Jingjiang section of the Changjiang River. This section in Hubei Province consists of a series of S-bends. It begins at a point just after the Changjiang, the longest river in China, flows out from the Three Gorges to spill on to the fertile

Hubei plain. The bends make this part of the river several times longer than a straight course. Here, the river is so heavily silted that it overflowed its banks 20 times in 38 years before 1949.

In 1952, the Jingjing (the name for this part of the river course) Flood Diversion Project, the first big water control project in China after liberation, was completed. Two loops were straightened out, shortening the course by 62.2 kilometres.

The report said that the river flow in the Jingjiang section was constantly extending the curves of the S-bends, making the bends into longer and longer loops. This same process often causes the river to cut through a bend to achieve a straighter course. It has been proved that it is quite possible to re-route the river, cutting out the bends, through making use of this river action.

MEDICINE

Reconstructed Hand

Shanghai doctors have successfully connected a reconstructed hand to a patient who had lost both hands. The first



Drs. Yu Zhongjia (1st from left) and Wang Yan (standing) checking the functioning of the reconstructed hand for Gao Tianshe.

of its kind in the world, the 12-hour operation was performed by Dr. Yu Zhongjia, deputy head of the Department of Osteology and visiting doctor Wang Yan of the Shanghai No. 6 People's Hospital in October 1978. This new procedure was developed by the same hospital which first succeeded in replantation of severed limbs in the early 60s. (In fact, Dr. Yu Zhongjia was one of the doctors involved in the replantation.)

In this new operation, a palm bone made of titanium alloy of high tensile strength is joined to the radius of the patient's severed arm and covered with muscles, blood vessels, nerves and skin. Two toes of the patient are then transplanted on to the palm bone to form the fingers of the artificial hand.

This operation is quite complicated. Isolating foot blood vessels is difficult as they are irregularly distributed. Also the position, angle and length of the palm bone to be attached must be carefully calculated before operation.

The first patient receiving a reconstructed hand is Gao Tianshe. Three months after operation he felt some sensations in his fingertips and in another three months he had normal fingers.

His metacarpophalangeal (bone between two joints of the fingers) joints can bend 90 degrees, and the intermetacarpal joints (joints connecting the fingers to the palm) can form an angle of 20 degrees. Now he can deftly pick up a thin sheet of paper from a table and lift 7 kilogrammes of weight. He can also write. The two other patients who received similar operations have regained hand function to a certain extent.

RELICS

Tibet Renovates Temples And Monasteries

A programme to protect and renovate temples and monasteries throughout Tibet is now well under way and has drawn in people from all quarters.

With a government allocation of 1.7 million yuan, more than 200 lamaists, artists and craftsmen skilled in temple architecture, painting, carving, carpentry and stone and iron work have restored the 1,300-year-old Zuglakang (Jokhan) Monastery in Lhasa and the Trashiilhunpo Monastery in Xigaze (Shigatse), the latter being the former residence of the well-known Banqen Erdini Qoigyi Gyancan.

The repair work was based on original drawings and historical records and noted Buddhists were invited to help with research and on-the-spot guidance.

So far, several of Tibet's famous temples and monasteries, including the Potala Palace, and the Jokhan, Daipung and Trashiilhunpo Monasteries, have been restored to their original splendour and opened to visitors. Sakya Monastery in Xigaze Prefecture, first built in the Yuan Dynasty in the 13th century, and the 300-year-old Palchhoe Monastery in Gyangze township are now under renovation.

Samyae Monastery in Changan County, which has a history of over 1,200 years, is another ancient relic now under the care of local protection groups. Samyae is a complex of ancient buildings with 108 chapels surrounding the principal structure on the bank of the Yarlung Zangbo River. Its main and secondary monasteries have circular corridors



Tibetan artists restoring frescoes in the Potala Palace.

along which pilgrims walk, turning their prayer-wheels. The paintings along these corridors depict the life of Songtsan Gambo (unifier and first ruler of a unified Tibet), the arrival of his bride Princess Wen Cheng from the Tang court in China, and the first seven dalai lamas. The frescoes also tell the story of the building of the major temples in Tibet and the life and work of the Tibetan people.

Each temple or monastery is a treasure-house for the study of Tibet's history, philosophy, astronomy, medicine, painting, carving and architecture. Specialists in Tibetan history and the ancient Tibetan language are studying these valuable relics, and compiling books on the history of religion in Tibet and the chronicles of many temples and monasteries. Some unique classics and hand-written books were found recently in Sakya Monastery.

Insight Into China's Socialist Economy

A Study on the Problems of China's Socialist Economy

By Xue Muqiao;

Published by

People's Publishing House;

Distributed by Xinhua

Bookstore;

Renminbi 0.77 yuan.

This book (in Chinese) by the country's noted economist Xue Muqiao is an important work which combines Marxist theory with China's practice. Besides a preface and an epilogue, the text of the book falls into ten parts: a discussion on the socialist ownership; the principle of distribution "to each according to his work" and the reform of the wage system; commodity and money; the functions of the law of value and the price policy; planned management of the national economy; the improvement of the economic management; the Chinese way of modernization, class struggle and the contradictions among the people; a theoretical probe into the problem of a rational employment of manpower throughout the country; and the overall arrangement of socialist construction in relation with the people's livelihood.

The book provides a useful account of the actual course of China's economic construction. It also describes from the viewpoint of political economy China's experiences and contributions to the development of Marxism-Leninism, its shortcomings and mistakes, the theoretical problems still remaining and ways to solve them. Therefore, the book can also be read as a brief account of the economic history of New China.

The author devotes a large part of the book to the ex-

periences and problems of China's socialist transformation of the ownership of the means of production. He holds that China on the whole successfully transformed its capitalist industry and commerce by three forms of state capitalism. The socialist transformation of individual handicraftsmen and small traders through the setting up of co-operatives is also successful on the whole. The only shortcoming is that this was done in a somewhat rash manner. In the future, the country still needs handicrafts co-operatives and a small number of individual handicraftsmen and small traders to meet the specific requirements of the consumers. A large number of co-operative shops and organizations in the repairing and service trades should be restored.

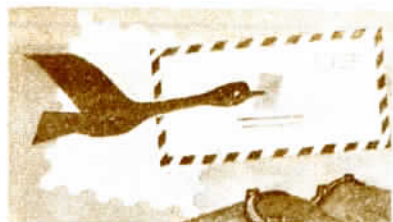
Xue Muqiao also asserts that there were both positive and negative experiences in the socialist transformation of individual farming. The main problem was the tendency to blindly seek a higher level of public ownership in disregard of the actual development of the productive forces.

In his detailed description of the necessity, principles and steps to improve economic management, the author points out that while strictly sticking to the principles of planned economy and bringing all the economic activities of the country under the state plan, permission should be given to the localities and enterprises to manage their own affairs which are within their capacity. He holds that in planned economy, the method of combining regulation by planning and regulation through the market should be adopted. Under the guidance of the state plan, we should make full use of the market and the law of value and combine

administrative means with economic measures.

In dealing with the question of modernization in a Chinese way, Xue offers the following suggestion: Since China's economy is backward and the people's living standards are low, the accumulation of funds will proceed slowly in the near future. China has a large population, so, while making efforts to realize the four modernizations, it also has to take steps to solve the employment problem. Therefore, it should strive for an overall development of large, medium-sized and small enterprises as well as mechanized, semi-mechanized and handicraft industries. China should make full use of foreign funds and energetically introduce advanced technology from abroad while keeping to the principle of self-reliance.

The book also deals with the principles of China's socialist construction. It expounds on the relationship between high-speed and proportionate development of the various branches of China's national economy, summarizes these experiences and presents the author's views on some of the major relationships between agriculture, light industry and heavy industry, between accumulation and consumption, and between relations of production and the productive forces. He states that in the past, we over-emphasized the development of heavy industry to the neglect of agriculture and light industry, so the accumulation rate was too high, thereby holding up the speed of economic development. This must be readjusted and efforts should be made to improve the people's livelihood on the basis of developed production. — A review by He Jianzhang, Deputy Head of the Research Institute of Economy under the State Planning Commission.



LETTERS FROM READERS

Kampuchea

I worked in Kampuchea for three years, from 1961 to 1964. Kampuchea enjoyed peace as a result of Samdech Sihanouk's policy of neutrality and non-alignment. I like Kampuchea and its people. I couldn't understand what was going on in Kampuchea when I read the Japanese newspapers, but I have come to know many things about that country after reading *Beijing Review*.

Please publish more articles on Kampuchea in the future. I am filled with indignation over Le Duan and company's genocidal atrocities in Kampuchea, and the perverse acts of the Soviet Union, the behind-the-scenes supporter of Viet Nam, cannot be tolerated.

Munetoshi Tsukano
Tokyo, Japan

Economic Reform

I became very interested in China's economic reform; my interest was triggered by Hu Qiao-mu's article which you published in Nos. 45-47, 1978. I have studied them carefully.

I was happy to read other articles on the reform, both theoretical ones and others on its practical application. In No. 43, 1979, you published for example an extract from Xue Muqiao's new book, *A Study on the Problems of China's Socialist Economy*.

In No. 5, 1980, you published another extract from his book—and promised that two more continuations would follow. I have been eagerly awaiting them: Xue Muqiao is without a doubt one of the most talented economic theorists China has. However, when I received No. 7, it was a disappointment to find that the promised continuation has again not appeared.

The articles that have appeared so far provide an invaluable tool for understanding the nature of current changes in China's economic policies.

Karel Kovanda
Santa Monica, U.S.A.

Many readers have written to us asking about Xue Muqiao's article. The second and third parts appeared in Nos. 12 and 14. Please see page 30 of this issue for a review of the book. — Ed.

Election of People's Deputies

Since the smashing of the gang of four, *Beijing Review* has made remarkable changes and its improvement is continuing. Now, the articles are no longer empty and divorced from reality as they were in the past, but are factual reports of some aspects of the people's life. The article "Election of Deputies to a County People's Congress" in issue No. 8, for instance, is very helpful. Now I have a clear picture of how elections are carried out in a county. You should always keep in mind the fact that *Beijing Review* is the only weekly coming directly from China and that the readers have so many questions about your country.

Peter Romen
Lochau, Austria

Sports

China has a worldwide reputation for its sports activities; this is especially so since several world records were broken at your 4th National Games. These victories were achieved not only by the young but also by the old, since even women of an advanced age often take part in sports. We have had the opportunity to keep abreast with China's sports activities which are developing and improving steadily. But we hope very much that *Beijing Review* will from now on publish sports news regularly. From your first issue of January 7 this year, we learnt that Ma Yanhong won a gold medal at the 20th World Gymnastics Championship held in the United States, and thus became China's youngest world champion.

Toto Arthur
Toamasina, Madagascar

Policy on Religion

As I know, China is still practising scientific socialism based on Marxism-Leninism-Mao Zedong Thought. I hope you will explain the reasons for China's stand, and I wish to know your attitude towards the view that "religion is like opium to the people," which is a fundamental viewpoint of Marxism. I think it is ridiculous for a highly socialist country not to adhere to Marxist tenets. Excessive freedom of religion will lead to revisionism.

Carlos Espinoza Lazarte
Chavin-Ancash, Peru

Please read the item on religious belief on page 8 of this issue and the article "Policy on Religion" in issue No. 51, 1979. — Ed.

Monkey King Cover

I like *Beijing Review*'s covers which vividly reflect its style and editorial policy. The cover picture of the Monkey King in issue No. 8 this year is wonderful. One never tires of looking at the Monkey King who looks somewhat perplexed against a modern background. Using a paper-cut as a cover is a combination of the traditional with the modern. The graceful lines of paper-cuts show how appealing the folk arts are.

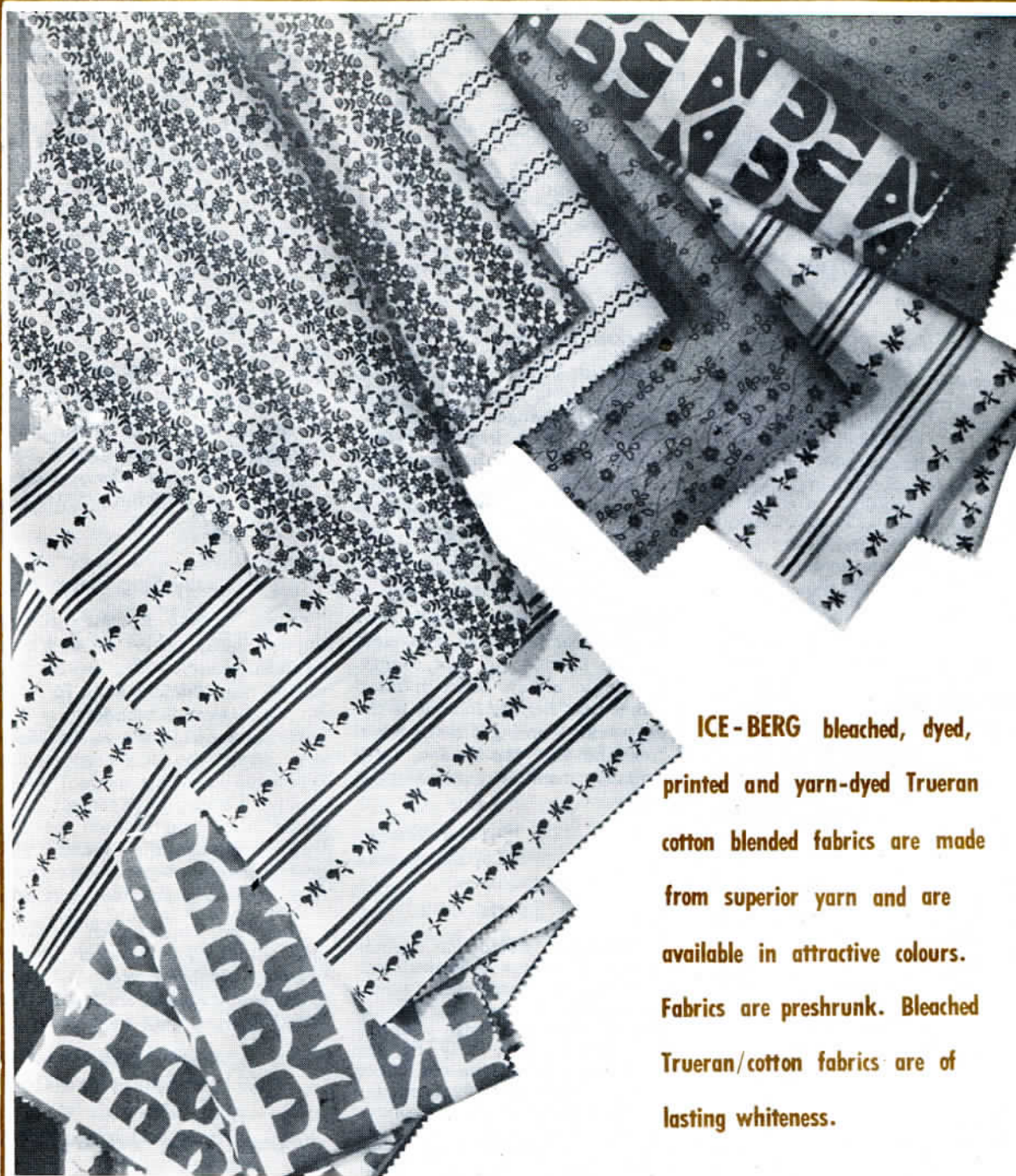
The bold use of such a cover shows that modernization in paper-cuts has been integrated with China's modernization drive. This work of art is very successful.

Masasuke Nakamizo
Kanegawa, Japan

Learn From Each Other

China has opened its doors to the West. This is obvious. I think in principle this is in conformity with the people's aspirations, for I believe that people of all countries can in this way learn from one another and benefit from their close co-operation. However, I hope that China will not regard everything from the West as "advanced."

Karl Kihspies
Munich, West Germany



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