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Late Marriages

**The State of
Chinese Economy**





People of the Mongolian nationality huddle around a recently installed radiator.



Miao women selecting silver necklaces.



Young women of the Dong nationality gather at a country fair.

SPOTLIGHT

The Life Of China's Minorities

PHOTOS BY XIN HUA



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COVER: Anshan steel workers repairing one of the complex's towering furnaces.	
Miao Ming	

HIGHLIGHTS OF THE WEEK

On Economic Situation & Structural Reform

This is a slightly abridged translation of a speech delivered by Vice-Premier Tian Jiyun on January 6, 1986, at a meeting of cadres from central organizations (centrefold).

Rural Reform Logs Good Results

The second stage of rural reform, which centres around readjusting the structure of farming and abolishing the state monopolized purchases of grain and cotton, has yielded good results in offsetting the adverse effect of last year's drop in grain production. Implementation of the measures taken for 1986 to digest last year's achievements and to perfect the policies already adopted, will ensure the sustained growth of the national economy (p. 4).

China Combats Crime but Keeps Door Open

The ongoing crackdown on criminal offenses and unhealthy tendencies will never shake China's determination to carry through its open policy. The action is, said Zhao Ziyang to visiting American business leaders, aimed at ensuring the policy's smooth implementation (p. 6).

Unwed Adults Seek Help to Find Partners

The number of people remaining singles at 30 or older accounts for a large proportion to the total populations of Beijing and other Chinese cities. This has become a social problem. Various ways including match-making groups and marriage services have been tried and the problem has been solved to some extent (p. 16).

Mideast Peace Efforts Run Into Snags

The Middle East peace initiative made by Jordan and the Palestine Liberation Organization last February had once been seen by many as a ray of hope for the troubled region. Those hopes, however, soon faded due to a series of incidents. But the major obstacle remained, as always, Israel, which stubbornly rejected talks with the PLO (p. 14).

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Reform Logs Sound Results

by Dai Yannian

In 1985 China harvested 25 million tons less of grain than in 1984. This is not a small figure. Is the drop a reflection of the situation in the countryside? And, what have the rural reforms achieved?

The rural reform has gone through two stages. In the first stage, from 1979 to 1984, a contracted responsibility system based on individual households was implemented and resulted in firing up the farmers' enthusiasm for production. The 1984 total grain output was 405 million tons, and average per-capita grain production nearly matched the world average. As a result, China has now basically managed to feed and clothe its 1 billion people.

The second stage started last year. Measures were taken to readjust the structure of farming and to change the purchasing system of major crops.

The state monopoly on grain and cotton purchase, which had been introduced in 1953, was replaced by a system of purchasing grain and cotton through contracts.

In general, the readjustments in the structure of farming, plus the introduction of the new purchasing system, have reaped good results.

Although grain output dropped last year, China's agricultural output value increased by 10 percent over 1984, and the average income of farmers went up by 12.6 percent. Also, because China gathered good harvests in previous years, it has ample stocks of grain. The people feel secure about their lives and the farmers' interest in production remains high.

Under the former policy of state-monopolized purchases of grain and cotton, the farmers arranged their production according to the state plans and were not concerned with market demand. After the introduction of the new system, the farmers were given decision-making power. Now

under the guidance of the state plans, they arrange their production according to the market demand. The structure of farming has changed accordingly. Last year the amount of farmland planted with grain was reduced, while that for cash crops was increased. Some cultivated land was turned back into forests, pastures and fishing ponds. The production of oil-bearing and sugar-bearing crops and pig-raising have also been stepped up. Although grain output went down, the total agricultural output value and the farmers' income increased.

Another major aspect of the change in rural economic structure is the growth of rural industry. Its output value in 1985 reached 230 billion yuan and made up two-thirds of the nation's total agricultural output value. Now about 20 percent of China's rural labour force works in rural industry.

China, however, does face some problems in its rural development. The nation suffered serious natural calamities last year, another important factor for the drop in grain output. The amount of grain lost in flooding in three provinces in northeast China accounted for 50 percent of the total grain decrease. Such vulnerability to natural disasters shows that China's farming foundation is not solid. The water conservancy projects, some of which are now in bad repair, have not contributed as much to agricultural production as they should have. Also, because grain growers earn less than people in industry and other trades, their enthusiasm for grain production has deteriorated. Some places have also cut too much from the amount of land sown to grain.

The proportion of the value of agricultural production to the national economy decreased because of the development of modern industry. Agriculture remains, however, the foundation



of the national economy, just as grain remains the foundation of agriculture. It is wrong, therefore, to neglect grain production. We must adopt effective measures to guarantee the steady increase of grain production, while making rational readjustments in the rural farming structure.

The second stage of the rural reform involves a number of fields and is comparatively complicated. The results from this stage of the reform will not be apparent overnight. The main task this year is to digest the achievements made last year and to implement further and perfect the policies adopted, such as improving the system of purchasing grain and cotton through contracts and readjusting the farming structure.

Other policies include:

- Increasing investment in agricultural production and using part of the revenues from rural enterprises to support agricultural production;

- Strengthening construction of water conservancy projects;

- Applying scientific and technological achievements to farming;

- Enhancing grain growers' enthusiasm for grain production by increasing their income;

- Encouraging farmers to improve their co-operation with others and setting up social service centres.

The conscientious implementation of these measures will help consolidate the achievements gained in rural reform last year and facilitate the sustained growth of the rural economy.

Rural Industries Take on Technology

Riding the crest of economic reform and a boost in science and technology, rural factories are emerging as a force to be reckoned with in the Chinese economy. Foreseeing the potential of these factories, the government has mapped out a programme, dubbed the "Spark the Prairie Plan," to disseminate science and technology in the countryside in an attempt to steer the 800 million farmers from traditional farming techniques to ones that will promote a diversified, robust economy.

During the Seventh Five-Year Plan period (1986-90), the programme calls for:

- Developing more than 100 technological projects and pieces of equipment suitable for farming and industrial enterprises;

- Providing technology, management expertise, product designs and quality control techniques to help establish 500 rural enterprises as pilot projects;

- Running short-term classes to train middle-school graduates and cadres at the grass-roots level so that each can master one skill or two suitable to both local conditions and modern management.

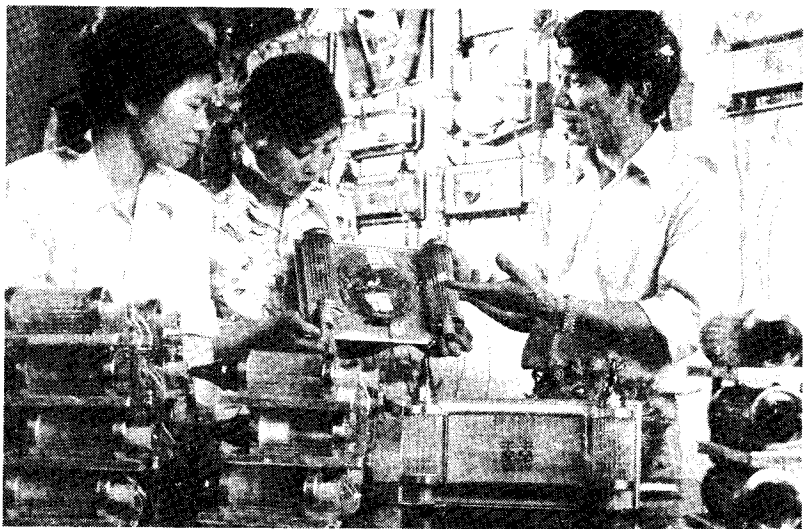
The programme comes at a time when rural factories have commanded increasing recognition as a significant sector within the national economy. By the end of 1984, the total output value of these factories topped 170 billion yuan, accounting for more than 24 percent of the nation's total industrial output value. In 1985 the figure stood at 230 billion yuan, nearly 30 percent of the national total.

Chinese economists predict that if the output value of the factories operated by farmers keeps growing at a progressive rate of 10

percent, in 15 years their combined output value will exceed 1,000 billion yuan — one-third of the nation's total industrial and agricultural output value of 2,800 billion yuan projected for the year 2000.

In comparison with state-run enterprises, farmer-run factories are not as productive in terms of technology and economic results. However, they have proven to be more efficient than traditional farms. When a farmer is earning less than 1,000 yuan for an entire

First, they will provide new job markets for the surplus rural labour force that has come from increases in agricultural populations and higher farm-labour productivity. By the end of 1984, China's rural enterprises employed, with money mostly pooled by the farmers, 50 million workers from the local villages. This was considered more economical than the state-owned factories, where an investment of 14,000 yuan in fixed assets was needed for each employee. So the 50 million



A lamp-making specialist passes on skills to village-run factory workers in Changsha, Hunan Province.

year's work in the fields, his fellow villager is making 3,000 yuan at a local factory. Reason enough why Chinese farmers have become gung-ho for running their own industries.

The potential of China's rural factories certainly does not limit itself to their comparatively high economic results. In fact, their development has an important bearing on other aspects of Chinese society.

workers employed by rural factories would have meant 700 billion yuan of investment.

Rural industries also have provided positive experience for urbanization, an inevitable process for a country in the process of industrialization. In a capitalist country, this process often spells bankruptcy for millions and millions of farmers, who have no alternative but to become urbanites. This is precisely what is

Open Policies Stand Firm

The crackdown on economic crimes, now unfolding in full scale across China, will not in the least affect the nation's policy of opening to the outside world, said Premier Zhao Ziyang in Beijing on January 27.

"As for those unhealthy tendencies," he said, "we should neither take a laissez-faire attitude and let them go unchecked, nor should we give up eating because some things don't go down well."

Zhao was speaking to a delegation from the board of directors of Pepsico, the American soft drink company, during its stay in China for the opening of the company's second Pepsi-Cola bottling plant in Guangzhou, capital of Guangdong Province in Southern China.

"The day we adopted the policy of opening to the outside world and invigorating our domestic economy, we decided we would consistently crack down on illegal economic practices to clear the way for the policy's smooth implementation," Zhao said.

He said the food processing industry—including soft drinks—held an "important position" in government development plans for light industry, along with household electrical appliances and the clothing industry.

He said China had abundant resources and a large domestic market for its food industry, but that its food processing technology was outdated.

In order to upgrade that technology, Zhao said, China wanted to work with foreign enterprises in ways that would help meet the needs of the Chinese people, including joint research.

Zhao predicted that Sino-US trade would continue to grow. But he added that the two countries should work together to correct their current trade imbalance, which now tips in favour of the United States.

happening in many developing countries today, with masses of jobless peasants descending on the cities, where there might be no work for them either.

In China the policy is to strictly curb the expansion of big cities while establishing and developing small towns and cities to accommodate the surplus in the rural labour force. In this way, farmers can take on factory jobs without leaving their villages. This appears to be a wise policy, but it is only possible when there are enough rural factories to go around. So in this sense, rural factories have become the groundwork for China's style of urbanization.

The humming village industries are extending a helping hand to big cities, handicapped by over-population and over-industrialization. Shanghai, for one, is packed with factories and air pollution has become a serious problem. The city will modernize itself only when it succeeds in moving its old factories out into the surrounding countryside. In another example, large electrical appliance factories in Jiangsu Province's Suzhou are depending on rural factories for 90 percent of the components they need in production. Such co-operation means a lot for narrowing the gap between city and country.

The emergence of rural enterpr-

ises in China coincides with a new trend to "go small" in the world's industrial arena. Entrepreneurs in many developed and developing countries are shifting their eyes to smaller firms, because it is increasingly evident that small factories, if well-equipped, are quicker to respond and adapt to market changes than do their larger counterparts. In China, if the government-sponsored "Spark the Prairie Plan" is pulled off, it will deliver a huge agricultural population from generations of traditional farming.

Scientists Focus on Technical Problems

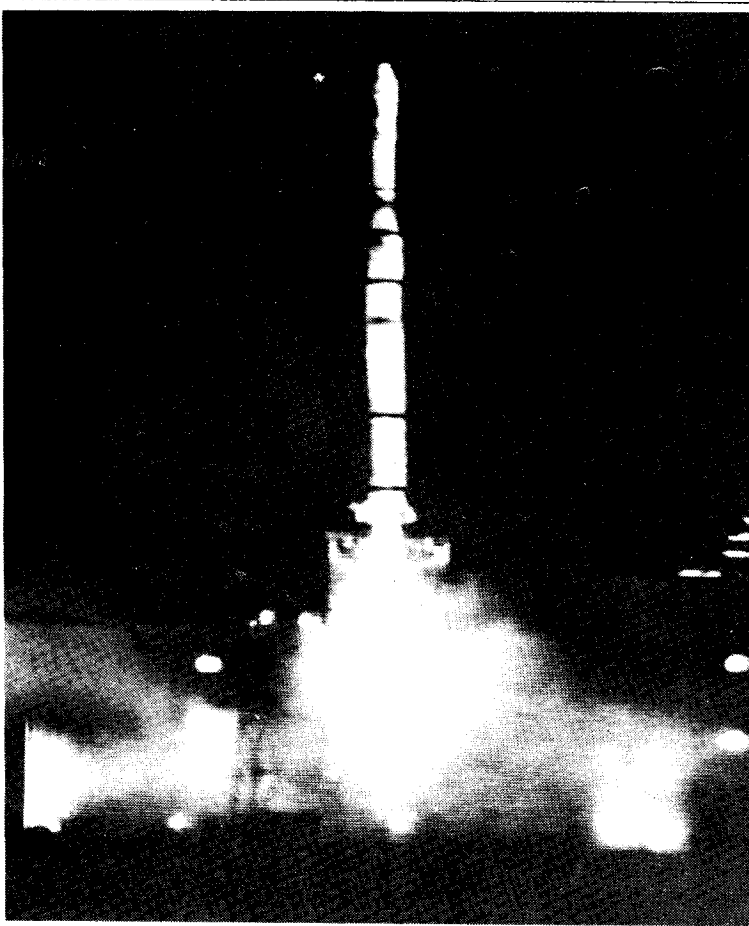
Scientists and technicians in the Chinese Academy of Sciences are faced with a formidable task during the Seventh Five-Year Plan period (1986-90): scaling new scientific and technological heights to ensure the success of research projects considered as the key to China's smooth economic progress, said Lu Jiaxi, president of the academy.

Addressing a January 20 meeting on planning, Lu said during the 1986-90 period the academy would focus on 30 key research projects, 23 of which were designated by the state.

These projects, he said, deal with the science of information, chemistry, biology, new material production, energy development, the exploration and utilization of natural resources, agriculture and environmental protection.

The Chinese Academy of Sciences, the country's foremost think tank in the scientific world, has more than 40,000 researchers who man 120 research institutes across China. During the Sixth Five-Year Plan (1981-85). The academy took an active part in solving technical problems that affected the nation's economic development.

(Continued on P. 8.)



Blast Off: "Long March No. 3," the carrier rocket that projected China's second earth satellite into orbit, as it fired from the launching pad.

China Launches New Satellite

A communications and broadcasting satellite launched by China on February 1 has entered its geosynchronous orbit, and it is performing according to plan.

The satellite, designed and built by Chinese scientists and technicians, is the second of its kind launched in this country since April 4, 1984.

Premier Zhao Ziyang, who was at the site of the launch, extended his congratulations on behalf of the Party Central Committee and the State Council to all those who participated in the project. He urged them to do still better for China's modernization programme.

News in Brief

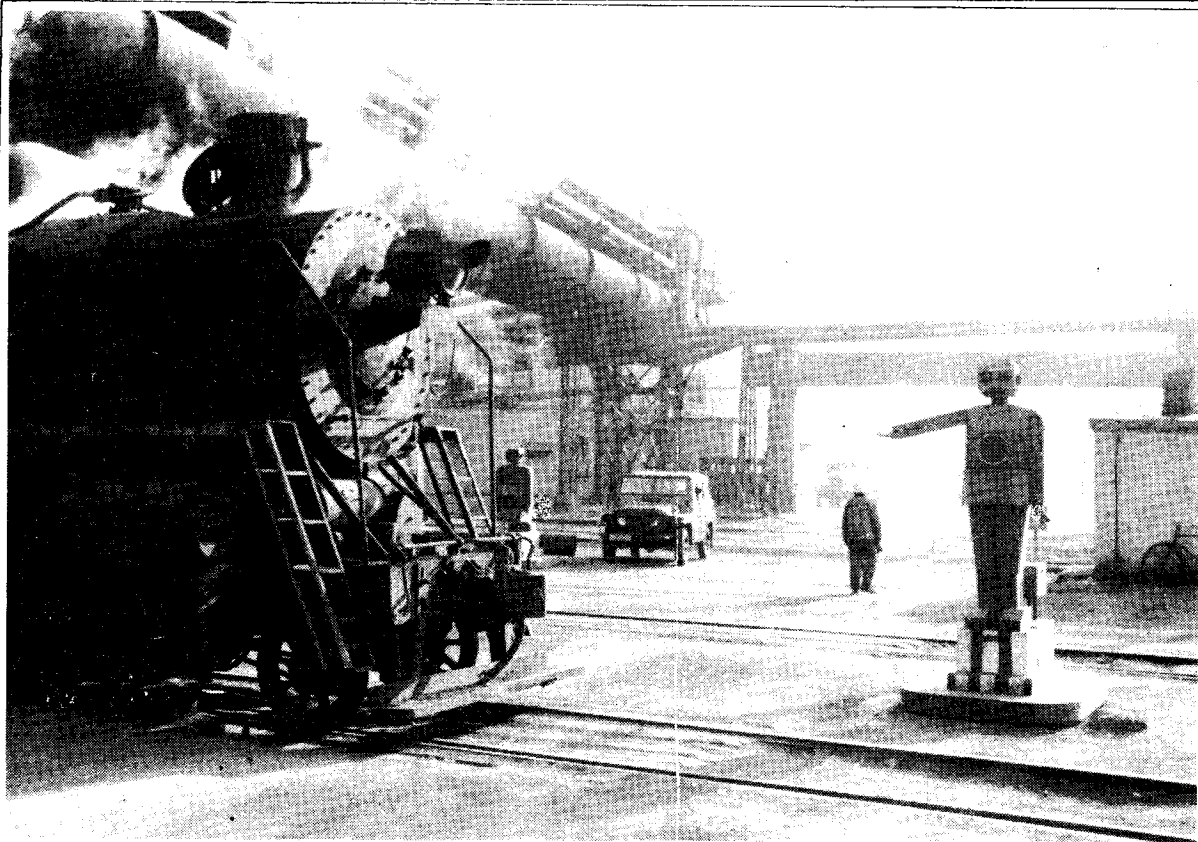
The Central Committee of the Communist Party of China and the State Council recently issued a circular warning against sending delegations abroad unnecessarily. The circular calls on officials at all levels to refrain from abusing their power and competing for travel opportunities. "These trips are harmful to China's open policy and can only damage the prestige of our country and the Party," it said.

* * *

Residents of Lhasa, the capital of the Tibet Autonomous Region, can now buy fresh vegetables airlifted from 1,300 km away. Since the beginning of January, one ton of fresh vegetables, including cauliflower, celery and green peppers has been transported to Lhasa each day from Chungdu, the capital of neighbouring Sichuan Province. Lhasa, which is approximately 4,000 metres above sea level, is chronically short of fresh vegetables, especially in winter.

* * *

China won some important victories last year in its long battle against infectious and parasitic diseases. The Ministry of Public Health recently announced that compared with the 1984 levels, in 1985 diphtheria cases dropped by 59 percent, malaria by 39 percent and measles by 37 percent. Cases of China's 24 acute infectious diseases fell by 16 percent compared to 1984, while the death rate dropped 11 percent.



Robot Bosses Factory Traffic Around

Miao Ming

Traffic of a railway crossing at the No.2 Steel Plant of Liaoning Province's Anshan Iron and Steel Complex recently fell under the control of a home-made robot. Whenever a train appears within a distance of 100 metres, the robot would stand up, stretch out its right arm and flash a red light on its head, while telling pedestrians in a clear voice, "Please stay put until the train has passed."

(Continued from P. 6.)

Over the past five years, the academy has achieved success on 7,600 projects, of which 201 received national awards, and more than 600 won academy awards.

These research achievements also brought considerable economic and social benefits. Among the more successful academy projects were the following: the technology used to build the Gezhouba hydroelectric project without affecting the ecological system, the comprehensive study of how to harness the Huanghe (Yellow) River Basin, the Huaihe River Basin and the area in the reaches of the Songhua,

Wusuli and Heilongjiang rivers, the evaluation of the noise problem in the Beijing-Tianjin area and the research into vitamin C and amino acid fermentation.

Among the academy's other achievements that made technological and industrial contributions were the manufacturing of a computer system capable of 10 million operations per second, the development of technology for large-scale integrated circuits, a new method for diagnosing and treating liver cancer, trial production of new materials such as bismuthgermanate, neodymium and optical waveguide fibres and the surveys of Qinghai-Tibet

Plateau and Luobubo in Xinjiang.

Over the last few years the academy has also strengthened its ties with various economic departments. At the end of 1985, it had signed agreements on long-term scientific and technological co-operation with 12 provinces and municipalities and many large factories. It had also set up joint ventures with a number of counties and enterprises for technology transfers and consultations, while also establishing more than 100 research organizations.

"During the Seventh Five-Year Plan," Lu said, "the academy will devote more effort to research in

basic sciences with technical applications." He also said the state is expected to chip in more money for scientists in their research work during this period.

To promote exchanges between different fields of research, Lu said, co-ordinated efforts will also be made for research on those areas that have wider applications, better natural conditions and rich resources, as well as for those that would require knowledge in more than one scientific discipline. Such projects include: Combining the study of mathematics, chemistry and technology with the study of ecology; combining the study of land amelioration, ecology, natural resources and remote-sensing with the study of the exploration of natural resources and ecology; carrying out research on astronomy, astrophysics and geology with the study of solar-terrestrial system; integrating research on theoretical physics and the scientific synthesis of materials with the study of surface physics and surface chemistry; strengthening the study of computer technology and probing the strategic development of information technology.

Lu said during the Sixth Five-Year Plan, more than 2,000 scientific and technical results had been popularized and applied. Of these, he said, 60 percent were key research achievements. Lu said the academy would attach greater importance to the application of scientific results, particularly on key high-tech products with potential on the international market.

by Wei Liming

33 Deep-Water Berths Completed

China last year completed 33 deep-water berths, according to the ministry of communications.

This has brought the total number of such berths in the country to 206 and they have a combined handling capacity of 300 million tons of cargo a year.

During the Sixth Five-Year Plan period (1981-85), construction started on a total of 132 deep-water berths.

China has now altogether 62 ocean-going shipping companies totalling three million dwt, ranking ninth in the world

Quality Phosphate Ore Discovered

Southwest China's Yunnan Province has for the first time verified a large deposit of low-magnesium phosphate ore, offering a bright prospect for export.

According to local geologists, the ore contains 30 percent phosphorus and only 0.2 to 0.5 percent magnesium. The ore was found in the Dianchi phosphate ore zone and is estimated to have a reserve of 270 million tons.

The ore can be mined in open-cast operations and concentrated phosphate ore can be obtained without having to go through a floating dressing process.

Yunnan is China's No. 1 phosphate ore producer and has phosphate ore reserves estimated at 5.3 billion tons.

The discovery of the low-magnesium weathered phosphate ore is expected to help China end imports of phosphorus fertilizer, local geologists said.

The province now plans to export 300,000 tons of phosphate ore, 7,000 tons of ground phosphate ore, and 5,000 tons of yellow phosphorus this year to Japan, the Philippines, the Soviet Union and other countries. By the year 2000, such exports could reach five million tons, a local exporter predicted.

China & the World

China Expresses Condolences After Explosion of US Space Shuttle. President Li Xiannian sent a message on January 29 to US President Ronald Reagan, expressing his "deepest sympathy" over the explosion on January 28 of the US space shuttle Challenger. The explosion killed all seven of the craft's crew, including teacher-astronaut Christa McAuliffe. The disaster itself was shocking, but Li Xue, minister of China's astronautics industry, saw it as "a mere accident" that would not shake China's confidence in the US space programme.

Soviet Experts Come to China. Thirteen Soviet culture and education experts arrived in China recently as the first group of Soviets sent to work in China since the 1960s.

China Increases Labour Activities Abroad. China signed US\$1.19 billion worth of contracts for exporting engineering and labour services in 1985, said an official of the Ministry of Foreign Economic Relations and Trade recently. According to the official, more than 59,000 Chinese engineers, technicians and workers are involved in overseas projects. Altogether, more than 60 Chinese companies have been involved in more than 2,600 projects abroad. The projects included the construction of dams, highways and houses in 85 countries and regions, the official said. China also established 68 non-trade joint ventures abroad in 1985, bringing the total number to 181, he added.

SOVIETS

Kampuchea: All Talk, No Action

Although the official Soviet press and propaganda machines have been trumpeting new slogans about Kampuchea and other regional issues, its policies remain the same.

Pravda, the official Soviet Communist Party newspaper, said in a recent article that the political solutions to regional problems required a new approach, and that the Soviet Union was willing to coordinate its actions with other countries in this matter. Soon afterwards Soviet Vice-Foreign Minister Mikhail S. Kapitsa told reporters at a press conference in Moscow that if a political solution was found to the Kampuchean problem the Vietnamese troops possibly would withdraw from Kampuchea in 1987.

But does this rhetoric really represent a new Soviet policy on the Kampuchean issue?

In his statement, Kapitsa asked Democratic Kampuchean President Samdech Norodom Sihanouk and Democratic Kampuchean Coalition Prime Minister Son Sann to negotiate with the Phnom Penh regime with Vietnamese troops still in Kampuchea on condition that they must first cut all ties with the Democratic Kampuchean National Army. This is clearly a ploy to disrupt the unity of the three resistance forces of Democratic Kampuchea and dissolve the country's coalition government.

Kapitsa's remarks to the Democratic Kampuchean National Army were quite hostile. He described them as "bandits," and did not recognize the National Army as a political force. He said that if the Democratic Kampuchean National Army was willing to "take the road of a political settlement," some of its leaders could contact Phnom Penh authorities.

He maintained, however, that those leaders "could not be regarded as representatives of a political force." What Kapitsa proposed, in fact, is a political conspiracy that attempts to weaken, break up and eventually wipe out the most powerful one in the three Kampuchean patriotic resistance forces.

Kapitsa took it for granted that the elimination of the three anti-Vietnamese factions in Kampuchea would lead to an agreement ending the undeclared war in Kampuchea, and to a "national election with international supervision."

However, the so-called election would not be a real one, which the Kampuchean people deserve, and would not be without foreign interference. The election, if it were to take place, undoubtedly would be under Soviet control and serve only to legitimize the Heng Samrin puppet regime.

In the Kremlin's view, the realization of these plans will allow the establishment of a "peace zone" in the form of an "Indochinese federation," which is backed by the Kremlin and controlled by Hanoi.

Kapitsa called for a "international conference" and assurances for a peace zone. This means Moscow wants the international community to recognize Vietnam's occupation of Kampuchea and Soviet hegemony in Indochina.

The Soviet Union actually wanted to support Viet Nam to solve the Kampuchean problem

through military means while advocating its so-called "political settlement blueprint." Kapitsa said if there were no way to reach a political settlement, "the de facto undeclared war would be continued." He imagined that with the Soviet Union's support, the Vietnamese and Heng Samrin troops could become more militant and stronger within a few years' time, and the Kampuchean resistance forces would be wiped out. Then, the Kampuchean problem "would be eliminated automatically." To help realize this, last year the Soviet Union doubled its annual economic and military aid to Viet Nam from US\$2 billion to US\$4 billion. A large number of Soviet-made tanks, artillery pieces, mines, rockets and airplanes continue to arrive in Kampuchea to help Viet Nam with its offensive drive, which is aimed at eliminating the Kampuchean resistance forces in two to three years.

Peace and development are the trends of the 1980s, and the world desires to solve international disputes in accordance with the Five Principles of Peaceful Coexistence.

Moscow's attempt to rely on its economic and military superiority and use its power politics to conquer a weak country directly or indirectly should not be allowed. But in their endeavours, the Soviets have not only met with strong resistance by the weak nation, but have also come under severe condemnation from the world community, leaving them in an even more isolated position.

In its six years of occupation of Afghanistan and seven-year support for Viet Nam's aggression in Kampuchea, the Soviet Union has tasted some fairly bitter fruit. Events will prove that the scheme to wipe out the Democratic Kampuchean resistance forces and make the Kampuchean problem vanish in two or three years, is merely a daydream.

by Tang Tianri

LESOTHO

Pretoria Blockade Provokes Coup

Though domestic problems factored into the bloodless coup that took place on January 20 in Lesotho, South Africa's blockade of the Lesotho border appears to have been the main cause for the power grab.

Major General Justin Lekhanya, who seized power in Lesotho on January 20 in a bloodless coup, has installed himself as head of a ruling Military Council replacing Prime Minister Leabua Jonathan, who had ruled the small southern African kingdom for 20 years. King Moshoeshe II remains Lesotho's head of state.

Lesotho's six-man Military Council headed by Lekhanya was sworn in at the royal palace on January 24. In his first major policy statement, Lekhanya said his government would try to stop political strife in order to build peace in the country. He called on the country to work together to develop the nation's economy.

On foreign affairs, he said his government would pursue a non-alignment policy. The government would respect diplomatic ties established by the previous government, he said, but would also re-examine all treaties and agreements made by the Jonathan government. Lekhanya said his government would seek to normalize ties with South Africa under a policy of "peaceful coexistence and good neighbourliness."

Although Lesotho's military coup had internal factors, the mounting strain between Lesotho, which is completely surrounded by South Africa, and South Africa

was a key element in the takeover. After the South African authorities signed a treaty of non-aggression with the Mozambican government in 1984, South Africa demanded that it also sign a security pact with Lesotho and other countries in the region. The aim of the pact was to prevent these countries from supporting national liberation movements in South Africa. The South African authorities also requested that Lesotho return more than 10,000 South African refugees who support the South African anti-apartheid organization, the African National Congress (ANC). After its request was rejected, the South African authorities resorted to other measures meant to destabilize Lesotho. On December 20, 1985, Pretoria's commandos invaded Maseru, the capital of Lesotho, killing nine people. On January 1, the South African regime took further steps and blockaded Lesotho's border, ostensibly to prevent the ANC from entering South Africa from Lesotho. The blockade exerted severe economic pressure on the Lesotho government.

After the clampdown, Lesotho was actually cut off from its foreign trade partners; food, fuel and medicine, all of which were urgently needed in Lesotho, were

held back from the country. Lesotho was, in effect, paralyzed.

The economic pressure from South Africa disturbed the political situation of Lesotho. Former Prime Minister Jonathan and the military clashed over the best way of dealing with the ANC and defusing the tension with South Africa. The ruling Basutoland National Party sympathized with the ANC, while the military supported negotiation with South Africa. It is reported that after Jonathan provided the Basutoland National Party with weapons, his relations with the military quickly nosedived. On January 17, after submitting to military pressure, Jonathan sent Planning and Economic Minister Evaristus Sekhonyana to Pretoria for talks with the authorities there. Sekhonyana said Lesotho was willing to expel the ANC from Lesotho, but would not return them to South Africa. The two sides failed to reach an agreement.

On the eve of the coup, South Africa's Foreign Minister, Pik Botha, called Jonathan "the biggest destabilizing force" in Lesotho at the moment. He also said the South African regime would adopt necessary measures to safeguard its national interests.

On the day of the coup, in an "carrot-and-stick" gesture, South Africa sent a train-load of fuel to Lesotho. Pretoria said then that if Lesotho refused to sign the security pact with South Africa, the border would remain blocked and the fuel and the necessities would not make their way into the country. Lesotho agreed to send 60 ANC supporters to Lusaka, capital of Zambia, where the ANC headquarters is found. South Africa then lifted the blockade. According to Botha, the two governments have since agreed to a policy of non-interference. Whether the South African authorities will observe that policy, however, remains to be seen.

by Yang Can

UGANDA

Recovering From Chaos

Uganda's new president, Yoweri Museveni, promises to lead his people through the civil strife they have experienced in the last 20 years, into an era of democracy and security, while giving priority to economic recovery.

by Yu Yaoliang

The Ugandan National Resistance Army (NRA), headed by Yoweri Museveni, finally overthrew the General Tito Okello government and took over Kampala on January 25, after two days of fierce fighting. Museveni was sworn in on January 29 as the country's president.

With Western and Southern parts of the country under control, Museveni, chairman of the National Resistance Movement (NRM) and commander of the NRA, announced on January 26 the abolishment of the Military Council of Uganda, and set up the National Resistance Committee.

Formed in 1981, the NRA supported Okello's takeover of Milton Obote's government in a coup last year. However, the entire country fell out of control under Okello's rule, with government soldiers reportedly guilty of atrocities against the Ugandan citizens. The national economy, already in dire straits, became even more unhealthy, the value of country's currency fell dramatically and prices shot up. Workers could not pull in their regular wages, and dissatisfaction with the ruling government grew day by day.

Witnessing the peaceful life of the western regions, which were in the hands of the NRA, the Ugandan people called for the overthrow of the ruling government and Museveni gained confidence in his attempt to topple Okello.

Last August, the NRA agreed to sign a peace accord with Okello government and wanted, as a matter of fact, to make use of the opportunity to augment its own

power, driving away Okello. Though the peace agreement was reached in December, the NRA was infuriated by the uneven distribution of power. Once again clashes erupted between the government troops and the NRA and Museveni became determined to take over the government. The NRA forces closed in on Kampala on January 17 from the north, the west and the southwest, finally capturing the capital.

In his inaugural address on January 29, the 41-year-old Museveni described the recent events as "a fundamental change in the history of our country."

He accused the ousted military regime of General Tito Okello of having practised tribalism and a policy of division. Museveni has estimated that 800,000 Ugandans have been killed by successive regimes in the last 20 years.

The new president promised to promote democracy and safeguard personal security against human rights violations. He said

he would pursue a non-aligned foreign policy and promote a mixed economy of state-run and private enterprises.

Leaders of Uganda People's Congress have accepted an invitation to participate in the broad-based government of the NRM.

When Museveni met with a delegation from the Federal Democratic Movement (Fedemo), which was allied with Tito Okello's ousted military government, he said the NRA does not nurse any antagonism against the Fedemo. He told David Lwanga, Fedemo chairman and head of the Fedemo delegation, that the NRA will select officers and soldiers from Fedemo to be trained, equipped and then deployed accordingly.

The climate in Uganda is warm, the land is fertile and the resources are rich. Because of this, Uganda is called the "Pearl of Africa." In the past 20 years, however, the East African nation has been plagued with tribal conflicts and political turbulence. After he consolidates power, Museveni said, he will resolve the confrontation between the tribes, religions and political forces, and at the same time he will try to improve Uganda's faltering economy. These tasks present the new president with a most challenging agenda.

Just Off the Press

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By Percy Jucheng Fang & Lucy Guinong J. Fang
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The Lull After Westland Storm

Although the political storm over Britain's failing Westland Helicopter Company has begun to settle, Prime Minister Margaret Thatcher lost two ministers in the battle, and her ruling Conservative Party has gone down a notch in the public eye.

by Cheng Kexiong

The political storm over Britain's Westland Helicopter Company has begun to quiet down since parliament defeated an opposition Labour Party motion to investigate the government's handling of the Westland affair on January 27.

However, the storm, the worst that Prime Minister Margaret Thatcher has weathered in her six and a half years in office, has already dealt severe blows to the ruling Conservatives and might affect its future, observers in London said.

On January 27, an emergency motion by the opposition Labour Party seeking full details of the background to a leak of a confidential ministerial letter on the Westland Helicopter Company was defeated by 379 to 219. The vote showed that almost all Conservative parliament members rallied to Thatcher's defence.

The controversial letter was written on January 6 by Solicitor-General Sir Patrick Mayhew, a top government law official, to British Defence Secretary, Michael Heseltine, accusing him of "material inaccuracies" in his efforts to promote a European consortium's financial rescue package for the Westland company in competition with the rival United States Sikorsky company's rescue deal.

Within a few hours of the letter's delivery, it was "leaked" to the press by officials of the department of trade and industry, to the detriment of Heseltine, who

resigned from the cabinet three days later.

Then two weeks after his resignation, Secretary of State for Trade and Industry Leon Brittan, whom Heseltine had accused of siding with Thatcher in favour of a rescue offer by the giant US helicopter manufacturer Sikorsky, stepped down after being accused of leaking the confidential letter.

Since then Thatcher has been bombarded with questions as to whether she knew about the leak, which was a violation of the Secrets Act and in reality had to have been permitted by her own office.

Before the January 27 vote, Thatcher insisted she did not know about the leak until January 22, when she was informed by an investigative group. She claimed that the leak "stemmed from a genuine difference of understanding" between her office and the department of trade and industry.

She said the trade department believed it had received "permission" to leak the letter, while officials in her office agreed that the news media could be informed about the letter, but not in the form of a leak.

During hours of debate, Brittan, a Thatcher loyalist, said he took full responsibility for the fact and the form of the leak, thereby fending off charges by the opposition parties against Thatcher.

Even Heseltine, who had launched a barrage of charges against Thatcher and Brittan after his resignation, joined the chorus

of support from Conservative MPs for Thatcher's explanations, saying that Thatcher's "brave speech ... has brought the politics of this affair to an end."

With Conservatives temporarily united against the challenges of opposition parties, Thatcher has emerged from the Westland crisis, but not without wounds, said observers in London.

The opposition parties, which have compared Thatcher's handling of the Westland affair with that of the United States Watergate scandal, still remain unconvinced over her explanation of the leak and will continue to try to embarrass the government.

The Westland affair has brought to the foreground the dissatisfaction of some Conservatives with Thatcher's domination and has encouraged them to promote rival Conservative nominees for the next general elections.

What appears to be the most severe blow to the Conservative Party, however, is the fall of its popularity caused by the Westland affair. In an opinion poll conducted before the January 27 parliament debate, Conservatives only pulled in 29.5 percent of the public's support, compared with 35 percent for the Social Democratic and Liberal alliance and 34 percent for the Labour Party.

An opinion poll conducted on January 28 by the British Broadcasting Company showed that the Conservatives were again in third place with 29 percent, behind the alliance with 35 percent and the Labour Party with 31 percent.

There was much talk last year that the prime minister was likely to call an early general election this fall amid the continuing surge of the British economy and the implementation of large-scale tax cuts. But the Conservatives' hope to win an early third straight general election has certainly been diminished by the recent fall of its popularity, and by economic uncertainties caused by the decline of North Sea oil price.

Peace Process in Middle East Pales in 1985

by Rui Yingjie

A year has passed since Jordan and the Palestine Liberation Organization (PLO) announced their joint Middle East peace initiative last February and yet no positive response has been received from either the Arab or the outside world.

But the accord—and the following joint peace approach—signed by King Hussein of Jordan and PLO leader Yasser Arafat, has nevertheless helped to reflect the true images and attitudes of all those involved in the Middle East issue.

Hopes that the joint Middle East peace initiative would draw positive response and support faded, however, due to a series of incidents over the last few months. These included the murder of three Israelis aboard a yacht in Cyprus last September by self-professed PLO guerrillas; Israel's October raid on PLO headquarters in Tunis, and the hijacking of the Italian cruise liner "Achille Lauro" (only days after the Tunis raid) by Palestinian gunmen who murdered an American passenger aboard ship. Britain went on to impede the peace process by cancelling a scheduled October meeting between its foreign secretary, Sir Geoffrey Howe, and PLO officials, which had originally been designed to ease the way for eventual PLO-American contacts. The terrorist attacks on the Rome and Vienna airports last December also obstructed the process.

The joint peace effort, which was based on a principle of "land-for-peace" and an international conference to be attended by all parties concerned (including the PLO and the five permanent members of the United Nations Security Council), has been stalled by the large nations, as well. Except for China and France, the other three permanent members of

the UN Security Council—the United States, the Soviet Union and Britain—have refused to meet joint Jordanian-PLO delegations.

The United States has remained firm in its policy that supports Israel's position, calling for a complete ban on PLO participation in direct talks between Israel and Jordan.

US President Ronald Reagan did show signs of compromise when the Jordanian monarch visited Washington last May, but then ran back to Israel when it expressed its dissatisfaction.

During his visit to Jordan in August, US Assistant Secretary of State for Middle East Affairs, Richard Murphy, failed to keep a White House promise to open exploratory talks with a Jordanian-Palestinian delegation, as agreed to in May as a diplomatic initiative by the United States, Jordan and the PLO.

When he paid a secret visit to King Hussein two months later, Murphy, also Reagan's Mid-East envoy, further expressed the administration's true colours by trying to persuade Jordan to disassociate itself from Arafat and the PLO and open direct talks with Israel, a demand similar to Israeli Prime Minister Shimon Peres' offer made at the United Nations Assembly last October.

Evaluating the role the United States could play in the Middle East, one PLO executive official in Amman cited an Arabic proverb: One can never expect honey from a wasp.

The Soviet Union has made clear that it recognizes the PLO as the sole representative of the Palestinian people, and as a legitimate party at the international conference the Jordanian-PLO accord called for. And the Kremlin has continuously supported the Palestinians' right to self-determination. Yet, it did not

show any interest in approving the Jordanian-PLO accord, apparently because Syria has been critical of the joint accord and favours an equal superpower attendance at a Middle East conference.

The Kremlin's non-commitment also demonstrates its fear that it could be excluded from a settlement to the Middle East problem. The Soviet aim, in this respect, is to compete with the United States for supremacy, or at least balance in the region. Soviet General Secretary Mikhail Gorbachev stated during his visit to France last October: "Soviet participation in Mideast affairs is an objective factor, and we will not give up our role."

Britain, which has been closely in step with the White House on Middle East policy, played a subtle card last fall. During a September visit to Jordan, British Prime Minister Margaret Thatcher welcomed the joint Jordanian-Palestinian delegation and invited two PLO executive members to visit Britain, an offer regarded at the time as a positive step. However, it was later unveiled that this was only bait used to induce the PLO to sign a declaration demanding that it denounce the use of violence and recognize Israel. The PLO refused to sign the agreement and Britain cancelled the meeting.

The major obstacle to the Jordanian-PLO joint peace approach remains, as always, Israel. It continues to reject talks with the PLO and has even tried to eliminate PLO leaders by raiding PLO headquarters in Tunis. Arafat, under pressure from a series of setbacks and from all sides, denounced violence outside the Israeli-occupied territories, captured in the 1967 Arab-Israeli war, in his "Cairo declaration" in October 1985.

But, Israel chose to ignore

Arafat's compromise. "If it is possible to oust the PLO from the picture, then one should be a little more relaxed about the international framework," Israeli Prime Minister Peres said in a newspaper interview following his UN offer of direct talks with Jordan last October.

Knowing there are insurmountable barriers blocking joint action with the PLO, King Hussein is looking for other ways to widen the scope of the accord. One of these would be to improve

relations with Syria in an attempt to include it in the joint plan.

But Syrian President Hafez Assad's personal distaste of Arafat is well known, and closer relations between Syria and Jordan might result in a Jordanian estrangement from the PLO. To further complicate matters, Syrian Vice President Abdel Halim Khaddam said in Damascus last October that the joint accord had come to an end.

An executive PLO official in Amman recently stated that

however the alliances may shift, the PLO would continue its pursuit of a peaceful settlement to the Arab-Israeli conflict. Although impossible to foresee how the Arab nations and Palestinians will try to turn the wheel of their peace-for-land initiative this year, one thing remains clear: The entire Middle East will continue to suffer the strains of the ancient conflict between the Israelis and Palestinians, while all sides will be left with increasingly painful choices.

South America Strives for Democracy

by Guan Yanzhong

The development of the democratic process was Latin America's most remarkable accomplishment in 1985.

At the beginning of 1985, Brazil, the largest country in Latin America, elected a civilian president and ended a 21-year-old period of military governments. This marked a new beginning of political life for the more than 130 million Brazilians, and has had significant influence on the political situation in Latin America.

After more than 11 years of military rule, Uruguay welcomed in a civilian government on March 1, 1985. The democratic government in Argentina has also strengthened itself in the past two difficult years. Bolivia and Peru also successfully held general elections and accomplished a peaceful transfer of power in their democratic governments. Chile, although still reined in by military control, is crying more loudly for democracy. Paraguay, which has been under the military control of President Alfredo Stroessner for

more than 30 years, also appears to have within it a voice for democracy today.

The development of the democratic process has propelled unity among the neighbouring countries, providing an impetus to the settlement of the various regional, political and economic issues. Some heads of state, by visiting one another, have exchanged views on the issues of debt, the crisis in Central America, the solidification of these new-found democratic systems and the integration of Latin America. One noticeable result of their diplomatic activities is the establishment of the Lima Group, composed of Brazil, Argentina, Uruguay and Peru.

Meanwhile, the democratic process is undergoing severe tests. The heavy burden of the foreign debt and the resulting economic decline have brought social upheaval to many Latin American countries. And military autocrats, who are not willing to withdraw from the political arena, are eagerly waiting for their chance to

make a comeback.

Democratic nations in South America all have made efforts to overcome economic difficulties, and considered such a struggle an integral part in strengthening their democratic system.

All debtor nations oppose paying debts at the expense of their economic development. Not long after taking office, the new president of Peru, Alan Garcia, declared that his country would only use 10 percent of its export income for debt payment. Brazil persisted in the development of its domestic economy, despite pressure to the contrary, and achieved a growth rate of 7 percent last year.

Latin American nations also have co-ordinated their actions and got a more favourable position in negotiations with creditor countries. Brazil, Argentina, Bolivia, Uruguay and Peru all adjusted their economic policies and successfully lowered their inflation and unemployment rates.

China Contends With Its Reluctant Singles

by Our Correspondent Li Rongxia

About 400 young men and women are dancing a Waltz to taped-in music in two big halls at the Ancient Observatory, located in the northeast section of Beijing. The crowd of people are all single adults and are attending the dance, hosted by the Beijing Women's Federation, because they are in hopes of finding a spouse.

Most of the participants are older than 30, and because they feel a certain strain being unwed at their age they have turned to seek the help of the Women's Federation. Today, of Beijing's urban population of 4 million, about 100,000 are single adults older than 30. It is not only their numbers, but the reasons behind their not having husbands or wives, that has brought them to Chinese society's attention.

Obstacles to Matrimony

According to a survey conducted by Tianjin in 12 textile industrial bureaus and four institutes of higher education, the main reasons for the late marriages of these young people include the following.

During the "cultural revo-



Gu Shuqin (first, left), head nurse of the paediatrics department of Beijing's Chaoyang Hospital, has helped more than 100 singles find partners.

lution" many of these young people were sent to the countryside to be "re-educated." Although a few married while working on the farms, most did not. When they returned to their homes in the late 1970s and settled down to new jobs, many then began to consider marriage for the first time in years. They realized also, however, that they were older than 30 and that perhaps their

chance at love and marriage has escaped them. This group accounts for 40 percent of the single adults covered by the Tianjin survey.

Making up an additional 30 percent are the young women who have placed their careers before love, balking at the traditional concept of "the virtue of women lies in having no abilities." During their 20s, these women and some

After ridding itself of various obstacles, Argentina held mid-term parliament elections. The Brazilian Parliament adopted a resolution for holding constitutional parliamentary elections this year in order to fix in place their democratic achievements.

To realize democracy is one of the most profound desires of the

South American people who have suffered a great deal at the hands of dictators. During the past year, the democratic process has won great support from the world. The United States, on the basis of its strategic interests, supports the steady movement towards democracy in the area, while West European countries also value

their political and economic relations with South American nations. While, in addition, Chinese Premier Zhao Ziyang visited four South American countries—Brazil, Argentina, Colombia and Venezuela—and turned a new page in the friendly co-operation between China and South American countries.

men, study diligently in college and afterwards devote themselves to doing well on the job. They find that by the time they consider marriage they, too, are older than 30.

The remaining 30 percent are among those singles whose eligibility has been lessened because of their professions, family background or their physical appearances. People who earn their livings as construction or sanitation workers, porters and cooks are considered bad choices, because such jobs entail a great deal of hard work, unpleasant work conditions and low pay. Unfavourable family conditions, or families with lower incomes can also be an impediment to matrimony. Looks are another weighing on one's candidacy for marriage. Many Chinese women today have a stiff standard for a future husband's height. Men shorter than 1.70 metres are considered less than ideal when it comes to looking for a spouse. Because of such a requirement, however, some young women have passed over a number of otherwise eligible young men and have thereby forfeited at least a chance or two at a happy marriage by being overly selective.

During the "cultural revolution" young people were urged to be concerned with politics. If a person in his or her early 20s fell in love, he or she would be criticized as "selfish." Some local governments even set an age limit for marriage; in Beijing the limit was 25 years old. In other places young couples were allowed to marry provided their ages added up to 50. In September 1980 the government promulgated a new marriage law that set a man's legal marriage age at 22 and a woman's at 20. As a result many young people in their 20s have gotten married, leaving those in their 30s behind.

The problem has caught the attention of some of China's top Party leaders, including Hu Yaobang and Chen Yun. Under

their instruction the Secretariat of the CPC Central Committee discussed the issue at a special meeting, during which the members asked the government at various levels to help the youth solve this problem.

Options for Help

Local Party Committees, local governments and mass organizations, such as trade unions and the women's federations have given a hand in helping these people find suitable partners. Dances have been the most popular method for bringing together single adults. In Beijing during the summer several thousand young people gather in parks to dance and possibly meet their future spouses. During the winter, dances are moved indoors to hotels or places such as the Anciet Observatory. Other activities for singles include excursions, reading groups, and musical and theatrical performances.

The Beijing Marriage and Family Consultation Centre, sponsored by the Beijing Women's Federation, has also invited specialists to lecture young people on topics like "The Correct Opinion of Love" and "How to Handle the Problems in Love and

Marriage." The young people attending such programmes have the opportunity to express themselves on ideas of importance to them. The centre also provides a computer match-making service. A person gives the computer his or her registration number, sex, age and his or her requirements for an ideal spouse. Within a minute the computer will give the person the number of an individual who meets his or her standards. The centre will then do its best to arrange a meeting between the two. If a person is too shy to ask someone for a date, the centre will also help arrange one. Since opening in October 1984, about 1,500 people have registered at the centre.

Tianjin's trade union and women's federation have set up many "match-maker" groups, and have about 30,000 members in such groups. These organizations serve the unmarried youth free of charge. Within 18 months, the match-making groups have helped 12,000 singles find spouses.

A marriage service is another channel open to people interested in having help getting married. There are 53 marriage services throughout the country. Those who want the service pay 2 yuan for a service fee and provide the

A couple arranging their furniture in one of the rooms of a building constructed by a real estate bureau in Shanghai, exclusively for newlyweds in their 30s.



service also with their photos, their age, occupation, family information and their requirements for their future spouse. Because there are not many people who use these services, the registrants do not have a wide selection, and the success rate is not high.

Those, however, who are bold enough to publish a personal advertisement for a spouse get quicker and more responses. The following is one such ad carried in the *Market Journal*: "Chen Li, male, 34 years old, 1.70 metres tall, unmarried, a graduate of senior middle-school and working in a collectively run enterprise with a monthly salary of 80 yuan. I am looking for a spouse who is 25-32 years old, more than 1.60 metres tall, healthy, good-looking, kind and unmarried." According to a sample survey in Jingdezhen City, Jiangxi Province, of the 34 people who ran personal ads in the *Market Journal*, 10 have married. The remaining 24 are either in love or preparing for their weddings. More and more singles are becoming attracted to the method, although it costs about one-third of an average worker's monthly salary.

Generally speaking, there are more men than women who use this approach. According to a sample survey by *Market Journal*, women's ads only account for 17.4 percent of the 321 ads surveyed. However, the women's ads garner results better than do the men's. For example, a woman secretary received more than 700 respondent letters within four months of running her ad. A male worker, however, received only 130 letters in six months.

In China few people choose to remain single. The majority look forward to a happy marriage. Some unmarried youth do not have developed social skills and find it difficult to meet new people. For these people, whatever assistance they receive from society is appreciated.

A few years ago one young

woman was immersed in study at a technological college. Later she devoted herself to her work as a technician. Now she is nearly 30 years old and socially awkward. Her mother is very anxious about her "problem." The mother often visits the Beijing Marriage and Family Consultation Centre to buy tickets to dances for her daughter. She hopes the centre can help her daughter find a match.

Other people, however, are not interested in outside help. Some single women dislike the idea of dances meant to introduce potential mates. They feel they are being auctioned off or used as exhibits at such occasions. Some scholars, also regard society's work on behalf of these young people as throwback to feudal days when one's marriage was decided by others.

Arranging marriages is one of China's tradition. For centuries people's marriages were decided by their parents or by match-makers. Under the influence of confucianism, social position and a family's economic condition were given greater consideration than love.

In New China the law guarantees the right of everyone to have the final say in his or her marriage. The traditional influence, however, is stronger than most people think. Even today most couples are introduced by a third party who acts as a go-between. According to a survey conducted among 426 couples in Shanghai, only 9 percent of the couples met on their own.

Is Love Forgotten?

Although society has established various channels for helping unmarried young people, the help is not successful most of the time. The obstacle lies in the traditional thinking among many young people.

In feudal society, unmarried men and women were not allowed to communicate with each other. Today, though that taboo no longer exists, if an unmarried man

and woman become too close they will spur a great deal of gossip. To avoid such trouble, many young people still prefer to meet their future spouse through others. Because of the reliance on this method, the unmarried have to put more emphasis on looks, height, job and family when making their choice. Family status is still quite important in determining a well-matched marriage. A worker is most likely to choose a worker as a spouse. Most cadres and intellectuals will do the same.

Another archaic belief is that women should not be superior to men. Therefore, a wife should be younger and shorter than her husband, her educational background, career and income also should not surpass her husband's. If a wife does exceed her husband in an important aspect, the husband will be thought to have made the wrong choice.

The actual condition of unmarried men make it difficult for men to satisfy women's expectations. Most unmarried men in their 30s cannot meet the stiff requirements in height, education and occupation, for many unmarried women are superior in all these fields to their male counterparts. There are only three single men who received a college education out of every ten while there are seven single women with college degrees. Because of such a discrepancy, it is unrealistic for all single women to expect to find a spouse with credentials that are better than her own.

Although there are more men than women among the unmarried—in Tianjin there are 51,000 single men and only 14,000 single women—the situation is not favourable for unmarried women, especially for women intellectuals and model workers.

Because of this, some single women in their 30s have begun to look for their spouses among the widowers in their 40s. Unmarried young men are, however, in a favourable position. If, for

DOCUMENTS

**ON THE PRESENT ECONOMIC SITUATION
AND RESTRUCTURING THE ECONOMY**

Tian Jiyun

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On the Present Economic Situation And Restructuring the Economy

This is a slightly abridged translation of a speech made by Vice-Premier Tian Jiyun On January 6, 1986 at a meeting of cadres from central organizations.

Comrades:

While the news of the fulfilment and overfulfilment of the targets set for the Sixth Five-Year Plan (1981-85) kept pouring in, we ushered in 1986—the first year of the Seventh Five-Year Plan (1986-90). At the beginning of the new year, the Secretariat of the Party Central Committee decided to hold this meeting and asked me to talk about the current economic situation and the economic reform. I would like first to explain that what I say here represents my personal views, and that I welcome both discussion and criticism.

The first point I want to address is that, as the Party Central Committee and the State Council have repeatedly pointed out, our nation's economy is generally in good shape, and the present period is one of the best since the founding of the People's Republic. What is the basis for such an evaluation?

A sound understanding of China's situation provides us with a foundation for drawing up our economic plans and policies. Such an understanding is also the prerequisite for achieving unity in people's thinking and mobilizing our cadres and the masses to carry out the Party's principles, policies and plans conscientiously. Our analysis of the situation must be realistic and our method must be correct. We must first see the main trend. The main trend of the economic situation was quite good during the Sixth Five-Year Plan period and has remained so to this date. The favourable economic situation is manifested in the following aspects.

I. The entire national economy continues to grow steadily at a fairly high speed. During the Sixth Five-Year Plan period China's total product of society, gross industrial and agricultural output value, gross national product and national income increased an average of about 10 percent a year. The average annual growth rate between 1953 and 1980 was only 6 percent to 8 percent.

The average annual growth rate in the 1981-85



period was not only higher than that in the 28 years between 1953 and 1980, but it also showed a steady upward trend, and did not experience any major ups and downs as had in the past. A nation's economic growth rate is a good gauge of its economic situation. For this reason many people abroad have admired China's recent economic development. They have noted that China now largely manages to feed and clothe its 1 billion people. They also said that China's economic development has not only been rapid, but also steady. Without a degree of speed, boosting the economy would be out of the question. However, we should not pursue excessive speed, for overly rapid growth does not endure and can lead to economic chaos.

During the Sixth Five-Year Plan period, our country's economic growth rate was, on the whole, fairly high and was basically normal and appropriate. The success has not come easily, it can be attributed to the efforts of our cadres and the people.

During the Sixth Five-Year Plan period the tremendous achievements of our country's agricultural sector have been universally acknowledged. Not long ago I toured the rural areas of several provinces and found that the people there live and work in peace and contentment. The countryside presents a scene of vigorous development. During the past five years, the country's total agricultural output value grew on an average of 10.8 percent a year, while the annual rate for the 1953-80 period increased only 3.5 percent. The country's 1985 total agricultural output value is estimated to top 370 billion yuan*, up 66.8 percent over that of 1980. In 1984, China's grain output exceeded 400 billion kg, up 27 percent over that of 1980. Our per-capita grain consumption level in 1984 came close to the world average. The country's cotton output also grew, topping 120 million *dan*** in 1984, up 131 percent over that of 1980. It may be recalled that in 1980 China's agricultural production was plagued with great difficulties. The country then had to import large quantities of grain and cotton. Now things have changed fundamentally. We have now achieved self-sufficiency in grain and have a surplus of cotton. With only 7 percent of the world's cultivated land, China has managed to provide enough food and clothing for its 22 percent share of the world's population. This is an amazing achievement.

Last year, aside from grain and cotton, the output of cash crops and other farm produce increased considerably over 1984 levels. The country's 1985 total agricultural output value is expected to log a 10 percent increase over that of 1984, and the per-capita income of the farmers is expected to grow by 45 yuan. This is a great improvement, particularly considering that it was achieved while the structure of agricultural production was being readjusted.

I would like to explain here the reasons behind the reductions in cotton and grain output. Compared with 1984, China's cotton output is estimated to be at least 38 million *dan* less in 1985. This cut is more or less in line with the state plan. Cotton production rose steadily in previous years, which resulted in a large stock of cotton and its low turnover rate. Cutting cotton production is expected, therefore, to benefit both the state and the farmers.

The reduction is also due to wretched weather. Grain output in 1985 is estimated to drop by 25,000 million kg compared with that of the year before, at least in part because of the irresistible natural disasters. The decrease can also be attributed to the readjustment of the structure of agricultural production, which entailed scaling down the amount of land sown to food crops. Some farmland was turned back to grow trees and grass. The changes are, on the whole, normal. The third reason is some farmers' enthusiasm for growing grain dropped, and that they slacked off in their field management. In addition, there were also some problems in our work.

In taking stock of the rural situation, however,

one's judgement should not be based on grain production alone. Similarly in evaluating grain production, judgement should not focus on one year's output. Since agricultural production is greatly affected by natural conditions, it is impossible to register an increased output every year. It should be considered a success if a country registers fairly big increase in its average annual output in a period of five years. China already has reaped good harvests six years running, with an average annual growth of 17 billion kg of grain. Our country's grain output in 1985 approximated that of 1983, a bumper year. The state also has an ample reserve supply of grain, as do the farmers. Market supply, therefore, will surely be guaranteed. Grain supply in some places may fall short, but shortages will be rectified with proper arrangements. Since agriculture is the foundation of the national economy and grain is the foundation of agriculture, we must not take grain production lightly. Measures should be adopted to ensure the steady growth of our grain production, with the average annual level of 400 billion kg as the basis.

The nation's industrial production, which also reached its target levels during the Sixth Five-Year Plan period, was exceptionally good. Between 1981 and 1985, China's total industrial output value rose an average of 10.6 percent a year and is estimated to reach 820 billion yuan in 1985, up 65.2 percent over that of 1980. Industrial production also advanced quickly and methodically. Notable changes have taken place, particularly in light industry and energy production. In 1980, light industrial production fell far short of the people's demands. The situation has since changed, and now there is a rich array of light industrial products. Five years ago, energy production had stagnated. In the last two years, however, it has increased steadily, and the average annual growth rates of crude oil and coal output have topped 8 percent. Compared with 1980, the 1985 output of the nation's heavy industry is estimated to show an increase of 55.8 percent; light industry, 76.2 percent; energy (in terms of standard coal), 31 percent; transport capacity, 42.8 percent; and post and telecommunications services, 58 percent. The growth rate of industrial production in each year of the Sixth Five-Year Plan period is 4.1 percent, 7.7 percent, 10.5 percent, 14 percent and 17 percent respectively. The figures illustrate the sustained and steady industrial growth during this period.

The domestic market was also lively, and foreign trade developed considerably. During the Sixth Five-Year Plan period, there was an ample supply of commodities in China's urban and rural areas. Last year's supply of goods for retail sales is estimated to double that of 1980, registering an average annual growth rate of 15 percent. The total volume of agricultural and sideline products

* As of this writing 1 yuan is equivalent to US\$0.32

** 1 *dan* is equivalent to 50 kg.

purchased by the state in 1985 rose 94.7 percent over that of 1980, showing an average annual growth of 14.3 percent. In recent years, our people's purchasing power has also risen rapidly. Last year's total volume of retail sales doubled that of 1980, showing an average annual growth of 15 percent. The growth of the 1953-80 period was only 7.6 percent a year. The growth of the total volume of goods purchased and sold during the Sixth Five-Year Plan period was rare in terms of amount and speed since the founding of the People's Republic. China's total volume of imports and exports last year was estimated to be 71.9 percent more than in 1980, and the average annual growth was 11.4 percent during the Sixth Five-Year Plan period. China has also gone from being the world's 28th largest exporter in 1980 to 16th. Though the current state of China's foreign trade still does not match its status as a large country, we have without question made significant progress.

II. The relationship between the major economic sectors remained basically proportionate.

Whether the relationship between the major economic sectors is proportionate determines whether the economy can undergo a sound and sustained development. For a long time in the past, our agricultural foundation was not solid. The proportion of light industry to that of heavy industry was utterly imbalanced — with the former too small and the latter too large — and the accumulation rate was also too high. All these problems had been solved gradually during the Sixth Five-Year Plan period.

In recent years agriculture and light industry have expanded rapidly, and the output value of each now roughly accounts for a third of the country's gross industrial and agricultural output value. Marked results have also been achieved in the readjustment of the structure of agricultural production. The proportion of the output value of forestry, livestock breeding, fisheries, and rural industry and sideline occupations to the total agricultural output value rose from 36.3 percent in 1980 to 49 percent in 1985. The ratio between heavy and light industries was 57 to 43 in 1978. Now it is balanced at 50 to 50. Among the three major industrial sectors, the proportion of primary and tertiary industries is rising, while that of secondary industries is going down. The country's accumulation rate was 36.5 percent in 1978. After several years of readjustment, the accumulation rate dropped to 32 percent last year. The figure, however, still looks a bit high. In short, during the Sixth Five-Year Plan period, the relationship between the country's major economic sectors came closer to balanced level. That balance has played and will continue to play a positive role in promoting and ensuring a healthy development of China's economy

III. Higher economic efficiency. For many years, China paid more attention to increasing its output value than to improving its economic

efficiency. As a result, good news came from industry, bad tidings arrived from the commercial sector, warehouses overflowed with unsalable goods and much of the state revenues remained on paper. During the Sixth Five-Year Plan period, however, our nation gradually re-oriented its economic work towards improving economic performance. Because of the shift, we have made considerable progress. In the 1981-85 period, the national economy logged three important increases: The average annual growth rate for the total product of society was 10.5 percent; for national income it was 9.5 percent, and for state revenue, 10.3 percent. National income created by each labourer (calculated in terms of comparable prices) increased at an average annual rate of 6 percent. And, energy consumption dropped yearly. The amount of energy used for every 10,000 yuan of production in 1985 was 20 percent less than that of 1980. By raising the utilization rate of energy, China has increased its national income on an average of 20 billion yuan every year.

What is most heartening is that China's financial situation has taken a fundamental turn for the better. In 1979 and 1980 there was a downward trend in state revenue, and the situation remained unsatisfactory in 1981. Thanks to our efforts, state revenues began to pick up in 1982, and the books started to show a basic balance between state revenues and expenditures, with only a slight deficit. By the end of 1984, state revenues had fulfilled the targets set for 1985 by the Sixth Five-Year Plan ahead of schedule. State revenues in 1985 were expected to reach 177 billion yuan, 30.5 billion yuan more than in 1984, or 68.5 billion yuan more than in 1980. The increase would mean a balance between state revenues and expenditures, and the elimination of a deficit. Prior to the Sixth Five-Year Plan period, a good year was one in which state revenues increased by 5 billion or 6 billion yuan over the previous year. An increase of 10 billion yuan would mean a big leap. The 1985 jumps were, therefore, a significant change. This growth, however, should also be viewed in light of the increases in prices and customs duties on increased imports of goods. In addition, extra-budgetary funds also rose by a wide margin, reaching 140 billion yuan in 1985. The budgetary and extra-budgetary funds added to the total of 317 billion yuan, or almost double the amount of 1980. The boosts attest to the growing strength of China's economy.

IV. Science, technology and education made great headway.

Since the Third Plenary Session of the 11th Party Central Committee in December 1978, the Party Central Committee and the State Council have attached great importance to science, technology and education. From 1953 to 1978, state investment in these fields averaged 800 million yuan a year. In 1985 that figure jumped to 8 billion yuan. Investment in capital construction of science, technology and education averaged 3.3 percent of

China's total capital construction investment annually from 1953 to 1978. The figure rose to 8 percent in 1985.

In recent years, the ranks of scientific and technological workers have been swelling steadily, and initial progress has been made in solving key technological problems. There have also been notable results in popularizing the latest research achievements and enormous advances in scientific research and technological development. By 1985, the number of scientific and technological personnel (including those in the sectors of the natural and social sciences) reached 12.3 million, a 59.2 percent increase over that of 1980. From 1981 to 1985, altogether 937 inventions were awarded by the state. Today, some important technologies in China have either approached or reached advanced world levels. During the 1981-85 period, China launched its carrier rockets to the Pacific or from under water, manufactured the giant Galaxy computer, which is capable of doing 100 million calculations per second, and also launched communications satellites to the prescribed areas.

Higher education also made rapid progress. In the past five years, a total of 1.535 million students graduated from China's universities and colleges. During that time, China also trained 40,000 postgraduates, 20,000 more than the total trained in the past 26 years.

The structure of secondary school education was initially readjusted, some progress made in the popularization of primary education and fairly rapid development registered in adult education. The competence of teachers improved to some extent. Although the growth of China's science, technology and education still falls far short of the needs of its modernization drive, which merits our ample attention, this shouldn't, however, stop us from coming to an accurate evaluation of our recent achievements made in these fields.

V. Marked improvement of living standards. During the Sixth Five-Year Plan period, the average annual income of urban workers rose from 762 yuan in 1980 to 1,176 yuan in 1985. If price rises are taken into consideration, urban incomes increased at an average rate of 4.7 percent a year. In the same period, the average annual per-capita rural income increased from 191 yuan to 400 yuan. With the factor of price increases deducted, the average rate of increase was 14 percent a year. By the end of November 1985, the total sum of urban and rural savings deposits amounted to 158 billion yuan, a nearly 400 percent increase over that of 1980. During the 1981-85 period, 35 million urban people were newly employed. The rate of people waiting for jobs dropped from 4.9 percent in 1980 to 1.5 percent in 1985. Between 1958 and 1978, the consumption level of the Chinese people increased at an average rate of 1.8 percent a year, while during the Sixth Five-Year Plan period, if price hikes are considered, the consumption level increased at an average rate of 8 percent a year. All in all, in China people are

better fed and clothed and have more of the necessities now than they did five years ago.

Housing conditions also improved. During the 1981-85 period, 630 million square metres of new residential housing went up in the cities and towns. The per-capita housing area in 1985 was 1.8 square metres more than in 1980. The floor space of new housing in the rural areas totalled 3,170 million square metres, and the per-capita area of housing reached 15 square metres.

VI. The growth of national economy gained momentum. During the Sixth Five-Year Plan period, the investment in fixed assets in state-owned units totalled 526 billion yuan, and new fixed assets investment ran to 368 billion yuan. A total of 469 large and medium-sized projects were completed in the period. The number of projects for technical transformation in the industrial enterprises went up annually. With an investment of 105 billion yuan, 100,000 state-owned projects that had undergone technical transformations went into operation. During the 1981-85 period, because of technical transformation and the strengthening of economic management, industry's added output value made up 50 percent of the nation's total added output value of industry. The above-mentioned aspects not only contributed to the economic growth of the Sixth Five-Year Plan period, but will also play an important role in gathering more momentum for the economic growth in the Seventh Five-Year Plan period and beyond.

All these achievements were inseparable from the significant progress made in restructuring the economy in recent years. The economic structural reform, focused on the urban areas and now in full swing, has brought considerable changes in various sectors. With regard to the structure of ownership, the former structure of single public ownership, which is no longer suited to the present development of China's productive forces, is being gradually transformed into one, which is based on socialist public ownership and allows the common development of diverse economic forms and management methods. In addition, the old system characterized by centralized distribution and unified state control of revenues and expenditures, and the practice of egalitarianism metaphorically termed as "everybody eating from the same big pot" is being changed into a system under which distribution is done by different levels, remuneration is paid according to one's work, and one's responsibility, rights and interests are integrated. In circulation, the old single-channel and multi-link system is being converted into one with more channels and fewer links. In macrocosmic management, the former operational mechanism characterized mainly by direct control of the economy is being changed into one dominated by indirect control. In enterprise management, the old system under which no distinction was made between government administration and enterprise management and

rigid and excessive control was exercised over enterprises is being replaced by a system which separates government administration from enterprise management and increases the enterprise's inherent vigour and ability to develop itself. In economic relations with foreign countries, the old closed or semi-closed type of economy is evolving into an open one in which China makes effective use of international exchanges.

To sum up, China's economic structural reform is being directed towards the goal of developing a socialist planned commodity economy based on public ownership, a goal charted by the Third Plenary Session of the Party's 12th Central Committee.

Comrade Deng Xiaoping pointed out in his speech at the National Conference of the Communist Party of China that since the Third Plenary Session of the 11th Party Central Committee, we have made two important steps. First, we have set wrong things right, and second, we have launched the comprehensive reform. The tremendous economic changes brought about during the 1981-85 period can be attributed mostly to our conscientious implementation of the policy of readjustment, restructuring, consolidation and improvement of the national economy. If we want our national economy to achieve greater progress during the Seventh Five-Year Plan period we must continue with these reforms.

The Central Committee of the Chinese Communist Party said in its proposal for the Seventh Five-Year Plan that "we have basically accomplished the task of fundamentally improving China's financial and economic situation. The national economy is now developing steadily and proportionately and enjoys the prospect of a virtuous circle." This assessment amply shows that the Party Central Committee's analysis of China's current economic situation is realistic and perfectly correct. Some veteran workers have remarked on their surprise at three things that have come to pass in China. They say they are surprised at seeing the country have returned to stability so quickly after 10 years of turmoil. They also say they did not expect the economic debris of the "cultural revolution" to have been so speedily put back to order. Nor did they expect that a country with a population of 1 billion would manage to improve its people's living standards so rapidly. Their simple words vividly show how far our nation has come, and how quickly.

The second area I want to address is destabilizing factors emerged in China's economy. Have they been dealt with? And, what are the prospects for China's further economic development?

During the Sixth Five-Year Plan period, China's economic construction made considerable strides. It cannot be said, however, that all China's problems and difficulties have been eliminated. On

the contrary, our problems and difficulties are numerous. Economic work is complex, and there are many problems left over by history. And only through continued exploration can the economic reforms progress. Contradictions and difficulties can be found everywhere. Furthermore just as one contradiction has been eliminated, so another is sure to emerge. Thus, though we can enumerate a number of achievements, the list of problems is equally as long. In short, while the situation is excellent, there are, indeed, a lot of problems. Those factors that have long hindered China's development will require years of hard work before being done away with. From the fourth quarter of 1984, China's national economy began to show some destabilizing factors. Those factors include the excessive rate of industrial production growth, the overly large scale of investment in fixed assets, the sharp increase in consumption funds, too much money in circulation and precipitous drop in the state's foreign exchange reserves. Most of these problems were caused by the intemperate amount of investment in capital construction. China's massive capital construction projects required large amounts of equipment and building materials, and stipulated the high-speed development of industry, especially that of the processing industry. The result has been inflation of credit funds, soaring consumption funds, a shortage of energy and raw materials, and a strain on communication facilities. Maintaining the speed of growth has required the import of large quantities of raw materials and machine parts. In order to cut back on the money supply, more quality consumer goods have also been imported. The combination has led to an expansion of China's foreign trade deficit and a reduction of its foreign exchange reserves. The key factor behind the problems is that the amount of distribution has exceeded the allowances of the national income, and that, in general, demand has outstripped supply. If the situation were allowed to develop unchecked, the virtuous circle that had just appeared in the national economy would be undermined. The economy would once again experience disproportionate development. The result would be detrimental to society as a whole, and it would be difficult to carry on reform.

We must give these potentially destabilizing factors our full attention. We must on no account lower our guard and become careless. The current problems, however, should not be mentioned in the same breath as the "great leap forward" of 1958.

Why have these problems cropped up? Their causes can be roughly summed up in following three areas:

1) In carrying out our economic construction, which is advancing amidst our economic reforms, we have no ready patterns to follow, and therefore we can hardly avoid problems of one kind or another in practice. Furthermore, we lack experience in controlling, managing and readjusting the macroeconomy while enlivening the micro-economy.

2) In the past few years, while China's national economy has been steadily improving, such phenomena as blindly competing for high-speed development and one-sidedly pursuing high target have emerged to some extent.

3) Some unhealthy tendencies recently developed within the Party and in society have adversely affected economic development and social life.

The Party Central Committee and the State Council promptly discovered several destabilizing factors in the national economy, have since given them a great deal of attention, and have taken timely and effective policies and measures to deal with them.

The Party Central Committee and the State Council promptly discovered the destabilizing factors in the national economy, have since given them a great deal of attention, and have taken timely and effective policies and measures to deal with them. Beginning in early 1985, the State Council held four meetings for provincial governors. During the first of these, held last February, participants discussed how to solve the problems of the excessive growth rate of consumption funds and credits. During the second meeting, held last April, the officials discussed how to control the use of foreign exchange, the money supply and the speed of development. At the third and fourth meetings, held last June and September, the members discussed ways to eliminate excessive investments in fixed assets. From February to September last year, the State Council issued a series of documents, which stipulate that economic, legal and administrative measures should be taken to tighten control and management of the macroeconomy. As a result of the implementation of these measures, some of the problems mentioned above have gradually been settled, while others are being solved. For example, industry's growth rate has slowed down; in comparison with the latter half of 1984, the industrial growth rate after July went down monthly 20.2 percent, 17.4 percent, 14.5 percent, 11.7 percent, 8.8 percent, and around 8 percent in 1985. It has been estimated that the growth rate for the whole year of 1985 was 17 percent. Industrial production has been developing at a normal speed. Investment in capital construction has been brought under control. With the gradual reduction in the growth of investment in capital construction since last August, construction of 169 key state projects has been speeded up. Initial results have been made in controlling consumption funds. The amount of money in circulation last year was 26 percent less than the 1984 level. Our credits, revenues and expenditures are also now at more manageable levels. Rural and urban residents'

saving deposits increased considerably. Foreign export trade has also been developing favourably, and inappropriate importing has been curbed.

Now that a number of the destabilizing factors have been gradually eliminated, in general, the state of our economic development is quite good, and the prospect is bright. Of course, we have not solved all our problems. The remaining difficulties will require further effort. The Party Central Committee and the State Council have attached great importance to the conditions and problems arising from economic activities. After summing up past experience and lessons learnt in solving similar problems, the Party and government have adopted a series of measures to gradually solve contradictions. In so doing, we have avoided any possible heavy economic losses and social upheavals. Practice has proved the effectiveness of these measures. Judging from the current situation, however, we still face a considerable task in controlling the scale of investment in fixed assets, for the rapid growth of extra-budgetary investments in fixed assets has not yet been brought to acceptable levels. The control of consumption funds is also quite difficult. The control of growth of fixed assets investment and that of consumption funds is fundamental, but they must be kept under control if we want to consolidate and develop the favourable economic situation. As for the remaining problems, Comrade Zhao Ziyang has reminded us of the solutions of these problems. He said in his explanations on the proposal for the Seventh Five-Year Plan (1986-90). "A gradual solution of existing problems over two years or so will produce better results than concentrating our efforts in the second half of this year. . . . The drawback is that people may not pay much attention to this effort and these problems may even run out of control. Leading comrades at various levels must pay special attention to this possibility."

Third, I want to address some problems of common concern to our cadres and masses

Price and Its Reform. A rational price system is an important prerequisite for the balanced development of a national economy. Over a long period of time, China's price system has become irrational and seriously distorted partly because in its economic work the law of value and the function of the market have been ignored, in addition to various historical reasons. The reform of China's price system, therefore, represents a key to the success or failure of the nation's entire economic reform.

Since the Third Plenary Session of the 11th Party Central Committee in December 1978, we have taken various steps towards realizing a comprehensive and workable plan for price readjustment. In 1985, we adopted a number of additional measures aimed at improving our price system. For example, the government introduced

new policies for the purchase and sale of pigs and pork products, and gave localities the go-ahead to fluctuate prices on vegetables and other fresh non-staple products. We also readjusted the price for food grain in the countryside, and raised the fees on short distance railway transportation. For such major farm products as grain and cotton, we replaced the original practice of planned purchase by the state with a contract system. Under this system that portion of a farmer's output that is above the contract quota can be sold on the market at floating prices. A farmer can also sell above-quota items to the state at what is called "protective prices." As for the more important means of production, such as raw and semi-finished materials and fuel, the price for that amount required for planned distribution remains basically unchanged, while the remaining portion can be sold at market prices. The prices of small commodities are decontrolled and are subject to market regulation.

The price reform has in general proceeded smoothly and properly and has also achieved marked successes. But it will still take some time before our price system can be perfected.

The price reform has in general proceeded smoothly and properly and has also achieved marked successes. The price system as a whole, which is being steered to the right track, plays an important role in promoting our country's industrial and agricultural growth, in facilitating commodity circulation, enlivening the market and bringing about the prosperity of the economy as a whole.

The price reforms for farm products have sparked the enthusiasm of the producer and the seller, and has spurred the development of the rural commodity economy. This fact is well known. In the past because farmers considered pork production a losing business, few chose to raise pigs. When flexible purchase prices were introduced in different areas, however, pig farming picked up, making pork more available on the market.

Similarly, over a long period, our country's coal had been in short supply, prices for above-quota coal soared. It is only recently that the imbalance between supply and demand for coal has been alleviated and that its price has begun to normalize. In addition, recently there has been an abundant supply of textile and light industrial products on the market. These and other improvements in the prices and availability of goods can be closely connected with the reform of prices, a reform that is moving gradually in the right direction.

As we have been reforming prices, it is true that prices in China have increased considerably. However, the price reform can be justified because it

has promoted economic development and the attendant increase in the people's income, which is growing at a faster rate than prices. During the Sixth Five-Year Plan period (1981-85), the price index went up by 18.7 percent, while the average wage-earner's income swelled by 68 percent. During that period, the average farmer's net income also went up by 109 percent. Though many comrades feel prices have climbed, they also acknowledge the consequent improvement in living standards.

First, our country's present price system has to be changed. If it remains as it is, the relations between various economic sectors cannot be better balanced, our economy in general cannot experience long-term, healthy development and the many contradictions in our economic life, instead of being overcome, will be aggravated. Therefore, from a long-term point of view, the present price system, if not changed, will hinder the economy from further development and the people's living standards from improvement.

Second, although problems of one kind or another do exist in our actual work, the price reform, which was conducted ever since the Third Plenary Session of the 11th Party Central Committee, has been basically successful when taken as a whole.

The above-mentioned two points are our basic understanding of the problem of price and its reform. Only when we hold on to this understanding can we reinforce our confidence in making the price reform a complete success. This is very important.

At the same time, we must realize that if the price index from 1981 to 1984 was considered to be basically normal, then the growth in 1985's price index was inordinate. According to the State Statistical Bureau, the national price index in 1985 averaged a 9 percent increase. We cannot have a true picture just from this average figure, because the price index for the cities, like Beijing, went up higher than that for the countryside. Such being the case, the increases in the people's income were partly cancelled out by price hikes. Those who were more affected by price hikes were families and individuals whose income increased only marginally. It is, therefore, completely understandable that some people complain and talk much about the reform.

Why was there a relatively large price rise last year? The reasons are diverse. The first reason was the structural readjustment of the prices. We did this on our own initiative, aiming at straightening out the entire price system.

Second was the wide range of capital construction projects, the high growth rate of industrial production, the rapid increase in consumption funds and the over-issuance of money in the fourth quarter of 1984. All resulted in less availability of some commodities and a price increase.

The third reason was that the price decontrol of

most farm and sideline produce and the increased prices for above-quota means of industrial production spurred a price rise in consumer goods.

The fourth reason was the inadequacy of our preparations for the reforms. The most striking example of such inefficiency was experienced in the vegetable market. When some big cities allowed vegetables to be sold at market-adjusted prices, they ignored what they should have done to deal with the change, and sparked an unnecessary hike in prices for some ordinary vegetables.

The fifth reason was that quite a few industrial and commercial enterprises and individual merchants pushed up their prices openly or surreptitiously in violation of the state's price policies. Though we have tried to crack down on random price increases, our efforts have proven somewhat inefficient.

Since last year the Party Central Committee and the State Council have paid much attention to the problem of inordinate price increases. They have also taken a series of measures to solve this problem. Last year we strengthened our overall control over the scope of capital construction and consumption funds. Such moves are not only important steps towards eliminating destabilizing factors from the national economy, but are also drastic measures for bringing prices under control.

To solve the problem of unduly high prices for vegetables in big and medium-sized cities, the central government has demanded that suburban areas guarantee a certain acreage for vegetable farming, and that state-owned groceries control most of the sources of ordinary vegetables in order to ensure a continuous supply and stable prices. The state-owned groceries were also instructed to introduce a ceiling price on certain vegetables. In addition, the central government also imposed a ceiling on floating prices of some major means of industrial production. At the same time, we have taken measures to strengthen the examination, management and supervision of prices.

The State Council has decided that the price reform in 1986 will aim at "digesting" and improving the measures already in force and at stabilizing prices.

We are convinced that with the strengthening and improvement of the overall control over prices and with the implementation of our specific measures, we can and will bring the price index under strict control. Of course, it will take time before we can perfect our price system.

Wage Reform. As part of the overall wage reform, in the second half of last year, the government introduced what is called the position wage system to its organizations and undertakings. Under the new system, which is still in its initial stage, everyone's wage increased, and the gaps between types of work and or positions were narrowed at different degrees. Because of the deliberation put into the wage reform programme, which considered interests of all quarters, and

because employees in these organizations considered the country's interests paramount to their own, wage reform can be said to have proceeded smoothly so far.

***U**nder the new wage system, which is still in its initial stage, everyone's wage increased and the gaps between types of work and/or positions were narrowed at different degrees.*

Despite its success, the new wage system still cannot be said without defects. We have two major problems to be solved this year. The first are the outstanding problems that involve irrationality. The second is how to establish or improve the technical position wage system. The technical position wage system, more complicated and with a poorer foundation to begin work than the administrative position wage system, requires meticulous study and a well-organized effort to work out a practical wage reform programme. The new technical position wage system will be applied wherever the conditions are ripe.

Most of the industrial enterprises still use a pay system that combines basic wages with bonuses. Such enterprises saw their total bonuses last year increase from the equivalent of two and a half months' basic wages to four months'. The increase was spurred by new stipulations that require companies and enterprises to pay bonus taxes only when their bonuses are more than four months' basic wages. As a result, after 1984 most of the workers' incomes increased. A few enterprises have followed a correct course in trial implementing the method of basing an enterprise's total payroll on its economic performance, but when seen from the past six months' practice in these pilot enterprises, the problem was more complicated than originally thought. The complications in operating a performance-based wage system are caused mainly by our country's current irrational price system, the varying conditions of enterprises, the lack of co-ordination of our reform measures and the striking difference in the economic benefits between trades and between enterprises. Without scientific and rational measures, it would be impossible to solve the problems in the original wage system, moreover, new problems would arise. Therefore, this problem must be tackled with prudence. In the meantime no more enterprises will be required to institute those reforms this year.

For various reasons, there are a lot of problems accumulated over the years in our wage system. It is, therefore, impossible to have all of them solved overnight. Because of our country's limited financial strength, overly high demands for pay raises with undue haste cannot be met. These problems can only be solved step by step and according to our economic situation. China is a vast

country with a large population but a poor foundation. While its rate of employment is high, its productivity is low: Only by making long-term joint efforts is it possible for us to increase people's wages more rapidly. This is determined by our country's basic situation. In recent years, the increases in both our country's consumption funds and its total wage allocations have surpassed the increases in our national income and productivity. Such disproportionate increases are needed for the country to repay its people for what should have been done for them. In the future, it should be taken for granted that the wages of workers and staff members will rise in consonance with the economic growth. However, the growth rate of consumption funds and of total wage allocations will no longer be higher than the growth of our national income and its productivity. To do otherwise, our national economy would drain the momentum and make itself sluggish. Our commodities would also become all the more non-competitive on the international market. Such results would, of course, be counterproductive to the people's fundamental and long-term interests. However, government departments, undertakings, enterprises and other organizations are now in heated competition for additional wage increases and bonuses regardless of their conditions, contribution and economic performance. This kind of rivalry could eventually lead to a rapid climb in wages and bonuses, an uncontrollable increase in consumption funds, and the consequent strains on our national economy. The problem could indeed be a serious one, and therefore is also in need of careful attention.

Achieving common prosperity does not mean becoming well-off simultaneously or enjoying the same level of affluence. Historical lessons tell us that seeking equal prosperity for all at the same time will only engender egalitarianism and common poverty.

Income Gap. There is now much discussion about income gaps between people of various social strata. The source of that discussion is, in the rural areas, the discrepancy in the incomes between grain growers and the rural families specializing in industry, sideline production and commerce. This discrepancy has lowered the farmers' enthusiasm for growing grain in some places. In cities, there is also a yawning gap in income among people working in different trades and units. Some households simply make too much money. A few others have reaped their exorbitant profits illegally. The masses have expressed their comments on and criticisms of all these phenomena.

How should we approach the problems? First, it should be affirmed that the principle of "to each

according to his work" should be upheld, while egalitarianist thinking, characterized by the slogan "eating from the same big pot," should be done away with. Egalitarianism is a serious obstacle to the implementation of the principle of "to each according to his work." Without its elimination, it will be impossible to spark the people's enthusiasm, rapidly develop the productive forces and gradually improve living standards.

The Party Central Committee's policy of encouraging some people to attain prosperity before others is correct. On the question of prosperity, it will not do to practise egalitarianism.

Achieving common prosperity does not mean becoming well-off simultaneously or enjoying the same level of affluence. Historical lessons tell us that seeking equal prosperity for all at the same time will only engender egalitarianism and common poverty.

However, we must guard against a spreading income gap among people of different social strata. As ours is a socialist country, distribution must be fair and reasonable. Otherwise, the overly high and unreasonable income for some people will dampen the majority's enthusiasm for production and will be detrimental to the stability of society as a whole.

People have talked much about "10,000-yuan households" (households each with an annual income of 10,000 yuan or about US\$3,125). It is necessary to make a concrete analysis of this question. First, we should note that there are only a handful of "10,000-yuan households" in rural areas. The previous publicity about them was unrealistic, giving the public the impression that such wealthy households abound. They do not. Second, these households' income is a rough estimate of the combined incomes of all the family members. Furthermore, these households face a number of business risks and do not enjoy the collective welfare and labour insurance of wage-earners because they are largely self-employed. For these reasons, it is wrong to encourage wage-earners to become "10,000-yuan households."

With regard to the difference to some extent in the income of people, the government intends to adopt measures, according to different circumstances, to gradually narrow the income gap.

Although there is a wide gap in the incomes of grain growers and those people involved in industry, sideline production and commerce, it would be impossible to raise the grain price to such a level that will enable grain growers' income to be equal to that of those engaged in industry, sidelines and commerce. At a recent national conference on rural work, the Party Central Committee decided to adopt the policy of operating rural industrial enterprises in order to support agricultural production. In addition to an appropriate increase in the amount of state investment in agricultural capital construction, the provinces, prefectures, counties and townships are required to allocate a portion of their surplus revenues and increased taxes on township enterprises to support

agricultural production, particularly grain production, pig-raising and vegetable cultivation on the outskirts of big and medium cities.

In order to address the problem of the wide income gap among wage-earners working in different trades and units, the government intends to readjust the tax and price systems in an effort to balance out the incomes of various groups.

The government's plans will include levying progressive taxes on individual incomes in order to cut down on some people's incomes. At the same time it will be necessary to improve the various systems that guarantee social welfare, to strengthen the management of industrial and commercial enterprises and to encourage urban and rural households specializing in industry and commerce to handle their business according to the state's policies.

As for those people who seek exorbitant profits through illegal means, our policy is clear. We must resolutely ban their operations, confiscate their illegal profits, and, when necessary, punish them to the full extent of the law.

Largely because of the variations in natural conditions and the uneven economic development in different places, millions of rural people in China are still without enough food and clothing. Because of the inadequacies in some places, the government and the more developed areas should support these underdeveloped areas with funds, materials, personnel and technologies. At the same time it is necessary to emphasize that we must continue to encourage some people to become prosperous earlier than others. Only by so doing can we increase the country's economic strength. Regarding the development of different areas, it is impossible to expect that they develop at the same rate and reach the same level of prosperity, for in that case, no area would actually become prosperous.

Opening to the World. Since the Third Plenary Session of the 11th Party Central Committee, our country has followed a policy of opening to the world, and with quite good results. In recent years, we have imported a large amount of advanced technologies and equipment, much of which is of state-of-the-art quality. By September 1985, we had attracted US\$20 billion in foreign investment. In addition, we had set up more than 1,800 joint ventures and 3,308 co-operative enterprises, as well as 109 foreign-owned enterprises. Foreign funds have played an important role in exploring and exploiting offshore oil, in developing energy and transport facilities and other major construction projects. The import of advanced technologies and the establishment of joint ventures have also improved the production and management expertise of many Chinese trades and enterprises. Isolation has been proven to be ineffective in developing the national economy and modernizing the country. Whether a nation is developed or developing, it is worth its while to take part in international exchanges and learn from others'

strong points in order to add some impetus to its further development.

The main purpose of our policy of opening to the world is to import advanced foreign technologies and managerial expertise and attract foreign funds. In doing so, our ultimate aim is to improve the quality of our own products, to increase our capacity for self-reliance and to speed up China's modernization. It should be noted that the joint ventures, co-operative enterprises and foreign-owned businesses that have been established with foreign investment account for only a small portion of our national economy. These enterprises, therefore, do not adversely affect the development of our national industries.

In order to address the problem of the wide income gap among wage-earners working in different trades and units, the government intends to readjust the tax and price systems in an effort to balance out the incomes of various groups.

Judging from our experiences in recent years, it can be predicted that as long as we continue the policy of importing, assimilating, developing and creating on the basis of upholding our independence and self-reliance, we can be assured of accelerating the technical progress of China's different economic sectors and spurring our national industries to develop faster and better.

In the past few years, however, some problems have cropped up in our practical work. For example, some departments, localities, enterprises and individuals have taken to snubbing domestic products in favour of foreign goods. There has also been a degree of redundancy in importing colour television and refrigerator production lines. We have also imported other useless technologies and equipment. And because many departments compete for such imports, prices have soared and they have suffered losses as a consequence. These problems were brought about by our lack of experience and the inefficiencies in our management. We should learn from these problems and thereby improve our management so as also to improve our foreign economic relations, trade and technical exchanges.

In the wake of the implementation of our policy of opening to the world, decadent bourgeois ideology and lifestyle will inevitably invade our society and corrupt our people's minds. This has been proven in recent years. Abominable phenomena that had been eliminated in New China since its founding in 1949 began to surface. Although these phenomena are few in number and have recurred in a few localities, they deserve our high vigilance and should be checked resolutely. Out of consideration for the development of our

national economy as a whole and for our long-term interests, we must follow an open policy; we should not refuse to eat for fear of choking. We should have faith in ourselves, and in our Party and government, both of whom have the ability to keep these side-effects to a minimum by adopting correct policies and measures. Since the policy of opening to the world was introduced in 1979, the Party Central Committee and the State Council have repeatedly stressed the need to uphold the four cardinal principles; to persist in teaching people to cultivate in themselves lofty ideals, moral integrity, education and a sense of discipline; to strengthen political and ideological work; and to persist in building material and cultural civilizations simultaneously. The purpose of all these is to steadily enhance the socialist awakening of our cadres and masses and boost their ability to fend off the decadent influence of bourgeois ideology. As long as we act conscientiously in accordance with the requirements set by the Party Central Committee, follows the dual policy of opening to the world and resisting the capitalist world's negative influences, we will be able to keep these corrosive influences under check. A handful of people have been corrupted by bourgeois ideology and have even become morally degenerate. This is inevitable and would happen even without the policy of opening to the world. This is understood by all. In short, we must resist, prevent and overcome decadent bourgeois influences and at the same time hold fast to our decision to open China to the world.

Fourth, in reviewing our economy's structural reform, I would like to talk last about a few questions of understanding concerning how to make the reform a still greater success.

Seven years have passed since we started the economic reform after the Third Plenary Session of the 11th Party Central Committee. The reform, in general, has meant significant progress. During the supersession of the old economic structure by the new, the emergence of problems of one kind or another is unavoidable. In examining our experience in the last few years, we have seen the following points more clearly.

1. It is necessary to fully understand that our reform is changing the socialist economic structure.

At the beginning of the structural reform, the Party pointed out that the aim of the reform is not in any way to negate the socialist system, or to waver from it. Instead, the intention was to perfect and develop it. Whether China's reform will lead to capitalism is a problem of concern to many people at home and friends abroad. The answer is an unequivocal no.

Our experience in the last few years has shown that our reform will not deviate from socialism provided that we persist in the following principles.

First, we must continue to regard public

ownership of the means of production as the national economy's foundation. Though the private economy, the joint Chinese-foreign economy and the solely foreign-owned economy have developed rapidly in the last few years, their combined industrial output value accounts for 0.6 percent of the nation's total. Public ownership still occupies the dominant position in the nation's economic system.

Second, we must stick to the principle of "to each according to his work," follow the road to common prosperity, and strive to prevent polarization between the poor and the rich. In the last few years, the proportion of those households with high incomes has increased in rural areas, while low-income households have become fewer. In general farmers' incomes have increased and the income gap between them and urban wage-earners has been narrowed. At the same time the income of urban workers and staff members also increased. This shows that although there is a big income gap among the people of various social strata which we have begun to consider its solution, it would be unfair to say there is an income polarization. Society as a whole is headed in the direction of eventual and common prosperity.

Third, we are developing a socialist planned commodity economy which is fundamentally different from the capitalist commodity economy. In the last few years we have adopted some flexible policies for the production, purchase and sale of a number of goods. But the production of some major commodities that have a great bearing on the national economy and the people's livelihood, and some important economic activities that affect the overall situation, must be regulated according to plan. And we must continue to do so in the future. Here we must point out that practising a planned economy does not mean that a mandatory plan must be taken as the dominant factor. The mandatory and guidance plans are both the concrete forms of the planned economy. Of course, it takes time to explore ways to improve the guidance plan in order to make it more practical.

Fourth, all reforms should be oriented to facilitate the development of the productive forces. This is one of Marxism's basic tenets and a fundamental task of the socialist system. The reform in the last few years has given a great boost to China's economy and has also further consolidated its socialist economic base.

Fifth, we must do everything according to China's needs and conditions. We should continue to learn from advanced foreign technology and management expertise, while also rejecting their decadent and reactionary influences. All in all, in doing so in the past few years, we have held tightly to our socialist road. We will persist in doing the same in the future.

2. It is necessary to correctly understand and properly handle the relationship between the economic reform and our national construction. During the Seventh Five-Year Plan period (1986-

90), we face two tasks in our economic construction — making the economic structural reform a success and developing our national economy. Which should be given precedence over the other? In its proposal for the Seventh Five-Year Plan, the Party Central Committee recommended the priority be given to the reforms during this plan period. This is a correct policy-decision. Though reform and construction should be mutually supportive, fundamentally speaking, the reform should serve the economic construction. Both reform and construction are aimed at developing social productivity and consolidating and perfecting the socialist system. At the present and in the near future, economic construction should be arranged in such a way as to facilitate the smooth progress of the reform. In order to achieve a sustained, steady and balanced economic development in next several decades, it is necessary to conduct a comprehensive reform, establish a new economic structure, improve various economic relationships and lay a solid economic foundation. These are important steps for providing a strong backing for developing our national economy and creating better conditions necessary for the sustained and steady growth of our national economy. Regarding this, we need to have a long-range view of our economic reform. We should not pursue immediate high-speed growth or inappropriately expand the scale of capital construction. Rather, we should provide a good economic and social environment for the reform.

3. It is necessary to have a clear understanding that the reform undergoes a gradual process. The economic reform is a huge project involving all of society and should be conducted without interruption and in stages. This requires us to proceed with it in a systematic and coordinated way. We must therefore brave our way forward with political fervour and high revolutionary spirit and to persist in seeking truth from facts and acting with caution while also guarding against haste. All major economic reform measures that affect the overall situation must go through experiments and gain experiences before they are popularized nationwide.

Last year we took a giant stride in our reform. What are the prospects for this year? Not long ago the State Council and the Central Financial Economic Leading Group, after making an exhaustive study, maintained that the major task for this year is to consolidate, assimilate, replenish and improve the reform measures we have already adopted and that the nation should concentrate its efforts on solving the outstanding problems, eliminating the bad and playing up the good. At the same time, they recommended that we investigate and experiment with the reform so as to ensure further progress.

It is important to note here that it will be a while before the reform's effects become self-evident. It is

impossible to gain results overnight. Because the reform progresses unevenly in different areas, some units will gain results faster than others. Some may not benefit from the reform until several years from now. Some of the reform measures we have adopted are not only for today but, more importantly, for our future economic development. We should approach matters from a long-term point of view. We must not seek quick results at every turn and gauge our success or failure by these results. At the same time we should not expect everyone to benefit from today's reform by tomorrow. On matters that affect the vital interests of the people, we must not give casual promise. We must, therefore, say less but do more, or better still say nothing. In this way, we will be better able to protect against dampening the people's initiative.

4. It is necessary to emphasize balance between control of the macroeconomy and invigoration of the microeconomy.

The reforms in the last few years have shown that there cannot be only destruction without construction; instead, the two must be organically combined in order to guarantee an orderly progress of the reform. The degree of flexibility for the microeconomy is determined by our ability to control the macroeconomy. It is not proper to employ with haste flexible policies for the microeconomy before good management measures are adopted to bring the macroeconomy under control. Were we to do otherwise, nothing would work properly. While invigorating the microeconomy it is necessary to tighten the control and improve co-ordination and management of the macroeconomy. It is incorrect to think that implementation of flexible policies is reform and strengthening management is not. Flexible microeconomic policies and control over the macroeconomy are both integral to the economic structural reform. The two complement each other and none can be dispensed with. The more we invigorate the microeconomy, the more we need to strengthen the control and management of the macroeconomy. This year we should not only shore up our macroeconomic controls, but also improve them. In our approach to the macroeconomy, we must be certain to hold it neither too tightly, nor too loosely. Only the right amount of control will help the national economy develop healthily. As the reform has progressed in depth, economic management has gone from direct control to indirect control. It is necessary to point out here that we must pay special attention to improving our economic regulative means, and to perfecting and intensifying our economic legislation and judicial work. At the same time, we must note that before the indirect control system is perfected, administrative methods are needed and direct control must not be relaxed. Even after the indirect control system is improved in the future, some government administrative interference and direct control are still indispensable.

5. It is necessary to correctly handle the contradictions and problems emerged in the reform. Various contradictions are sure to appear in the course of implementing these arduous and complicated economic reforms. These contradictions must be dealt with properly. We cannot force others change their different views on the reform, because people are allowed to come to a correct understanding of the reform or take action about it no matter whether they do this early or late. We must pay particular attention to giving positive guidance to all with good examples, as we have done so effectively in the rural reforms. The overall economic structural reform, in a sense, means readjusting both power and interests. There are a lot of problems to be solved in this area, including those between central and local authorities, among the state, collective and the individual, among different departments or regions, between the ministries and the localities and among the people. To tackle the conflicts we must consider the entire situation and take all factors into account in making our plans. Only when we properly solve these contradictions can we stimulate and protect the enthusiasm of all quarters for the reform. At the same time, we will

be able to consolidate and develop political stability and unity. It is also imperative that we severely punish those who violate the law and transgress our codes of discipline.

Though it is certain that the reform will entail economic vitality, the emergence of some negative factors in the process is unavoidable. The smoothed circulation helps enliven the commodity economy and at the same time provides chances for speculation and profiteering. We should not, however, doubt or waver from the reform just because of its potential negative side effects. Reform is highly complicated, and we have no ready-made formula to follow. Certainly we should try our best to avoid or reduce mistakes; we should and we can avoid major mistakes in particular. But it is hardly possible not to make any mistakes. We should make further effort to perfect our reform in order to solve the problems arising in the process of the reform, for there is no reason to turn back. We must stick to the principle for the reform, display our creative spirit and brave our way forward. At the same time, we should be careful in taking reform steps in order to guarantee the success of our reform.





Yanan: A Great Attraction to Visitors

Yanan was a major base of the Chinese revolution in the 1930s and 1940s. Because its contributions to the revolution are so remarkable that many people, both Chinese and foreign, overlook its scenic spots, its rich cultural offerings and its abundant raw materials. I hope the following diaries, which I wrote during a recent visit to the historic Yanan, will contribute to a better understanding of the multi-faceted city that Yanan is.

by Our Correspondent Yang Xiaobing

October 2, 1985

It was 3 o'clock pm when our airplane landed at the Yanan airport, about a 50-minute flight from Xian, the site of "world's No. 8 wonder"—the life-sized terra-cotta soldiers and horses that date back to the Qin Dynasty (221-206 BC). Yanan has its own

wonders and attractions that make it quite different from Xian.

Yanan Prefecture, comprising Yanan City and 12 counties, covers an area of 36,000 square kilometres and has a population of 1.55 million. It was in Yanan's caves during World War II that Mao Zedong and his comrades-in-arms commanded the communist army and the people in their

tenacious struggle against the Japanese aggressors. Because of such a distinction, Yanan's appeal has long been linked with the revolution.

Though proud of their association with the revolution, Yanan officials have recently expressed an interest in showcasing their home city for its other attractions.

"This time," said Liu Xiang-

example, a handsome young man, taller than 1.75 metres, with a college education registers in a marriage service, he will be immediately introduced to the single acquaintances of the service's staff.

Society's help does do some good in solving the problem of unmarried youth. In practice, however, the young have had to put more emphasis on looks, jobs, family and social status, rather than on one's personality or the content of their heart. Because of this some people have come to ask themselves if indeed love has been forgotten.

True Love Means A Happy Marriage

Zhang Yonggang and Sun Kunquan, both 34, married a year ago in Tianjin. Though they had different experiences, they both discovered that finding a marriage

partner was quite difficult.

After spending a few years in the countryside, in 1976 Sun entered the Laiyang Health School in Shandong Province. When she returned to her hometown, Tianjin, Sun was already 29. It was then that she began to consider her "personal problem." After dating a number of men, she met Zhang through an old woman.

Zhang, who had been jobless after graduation from middle school, first became a carpenter apprentice to his grandfather. In 1976, he found a job as a porter with a transportation company. His work, however, was looked down on by young women. Later Zhang became a water quality tester. Still he found it difficult in finding a woman to love.

"I was not so choosy," Zhang said. "What I wanted was just a good-looking woman who was also mild tempered and younger than me." His wife was the eighth woman to whom he had been

introduced. The only original drawback was that his bride was a few months older than him.

Although they had both had negative experiences while dating others it did not affect the quality of their marriage. On the contrary, after all the misfortunes they experienced, they now treasure their hard-earned happiness more than many young people.

Since their wedding day the couple has never had a quarrel. The husband said, "We are not children now, we must try to understand and respect each other." They are now looking forward to the birth of their baby.

Though the marriage rate of these unmarried youth is not high, once married, their divorce rate is low. According to the women's federation of Tianjin, of 100 divorces surveyed, only one involved a couple who married in their 30s.

long, director of the Yanan Prefecture Foreign Affairs Office, "we invited a group of reporters from Beijing to Yanan, not to visit sacred revolutionary places, but to experience instead Yanan's scenic spots, historic sites, natural resources and the simple and honest character of its local people."

The evening of our arrival, our group was hosted at a welcome dinner, during which we were also treated to liquor, fruit juice and bottled mineral water, all of which had been made in Yanan. According to Liu, there are mineral springs in Ganquan County, 30 km south of Yanan. With its sweet taste, the water was specially offered to emperors a

visit to Yanan, that the mineral spring in Yanan is as good as Vichy, a spring in France famous for its water. They also said they intended to invest in Yanan in order to develop the production of its mineral spring.

October 3, 1985

After breakfast, we drove down to an area south of Yanan. Through the car windows I saw the loess bluffs and the winding loess gullies that running water has eroded over time, and which now form both large and small plateau pockets, called "yuan" in Chinese. The plateaus, or highlands, are covered with loess,

of key cultural relics under the state's protection.

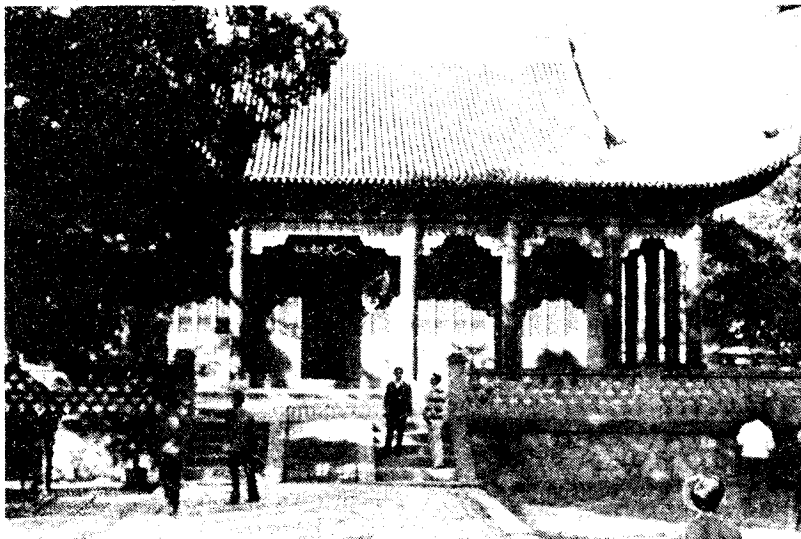
Born 5,000 years ago, the emperor whose family name was Ji, was initially the head of his tribe, and later became a leader of the united tribes. It was said that China's sericulture, vehicles, characters, medicine and arithmetic started during the reign of *Huangdi*, the emperor. Because of such a legacy, the emperor is regarded as an ancestor common to all Chinese people.

In the temple court, there are many old cypress trees shooting towards the sky. One of the trees, which measures 20 metres high, and 10 metres in circumference at the trunk, was allegedly planted by the emperor himself. The tree is known as the oldest in China. To show their reverence for the emperor, local officials of following dynasties did as the emperor and planted pines and cypresses on the Qiaoshan Mountain, which is now covered with a luxuriant forest that includes 100,000 cypresses.

The emperor's tomb, which is in the shape of an arch and is 3.6 metres high and 40 metres in circumference, attracts a number of visitors each year. In a documentary shown in the Huangling County Cultural Centre, I watched a throng of people surge towards the temple before and after the Qingming Festival, (which falls on April 5 each lunar year, on that day, people offer sacrifices to their ancestors). Amid the sound of bugles, a group of elders offered wine to the emperor. Some overseas Chinese who were also visiting the temple, picked up handfuls of earth to keep as a token of their motherland.

When I climbed down the mountain, I found a 3-metre-high loess section, which to my surprise was covered with a number of pieces of pottery. I was told later that the pottery was of the same quality, design and colour as that discovered in the Banpo ruins in Xian. According to staff workers at the county's cultural centre,

The Emperor Temple.



thousand years ago. The water from the springs has an unusually high volume of free monosilicic acid and is one of the world's rarest waters. The water's contents are said to help improve circulation and hair pigment. The water has also been touted as an energy booster and a key to longevity.

Several months ago, Bernard Chabert, president of the Montjoie Resources Development Corp. and Pierre Benard, president of the Society of Engineers and Technicians, said after their

which is a fine yellowish soil, about 150 metres deep on the average and 200 metres at the deepest point.

On the trip, our guide, Zhang Dexiang, delighted us by singing *xintianyou*, the melodious and touching love songs of the local people.

After three hours of driving we arrived at the Emperor Temple at the foot of the Qiaoshan Mountain. On the mountain is the Emperor's mausoleum, which was proclaimed by the State Council as the No. 1 ancient tomb on the list

these relics may date far back to the New Stone Age (5000-3000 BC).

October 4, 1985

Today I was in Luochuan County. In my room I found on the tea table a large plate of delicious apples, two of which I tasted. They were crisp, mellow and sweet. Nowadays, Luochuan County has 700 apple orchards and produces 10,000 tons of quality apples, about 400 tons of which are exported.

In addition to the apples, Luochuan is also famous for its folk arts, especially its leather-silhouette shows, which have a history of about 1,000 years.

A leather-silhouette show is one in which artists use lights to cast shadows of moving models onto a white background. Hao Changhe, head of the county's cultural centre, said the Luochuan Amateur Leather-Silhouette Troupe visited France last April and that their performances were warmly welcomed by the French audiences. In only one month and



Woolen embroidery. (Children setting off firecrackers, and a snowman on the right and lower corner.)

a half, the troupe gave 38 shows in 28 cities and towns.

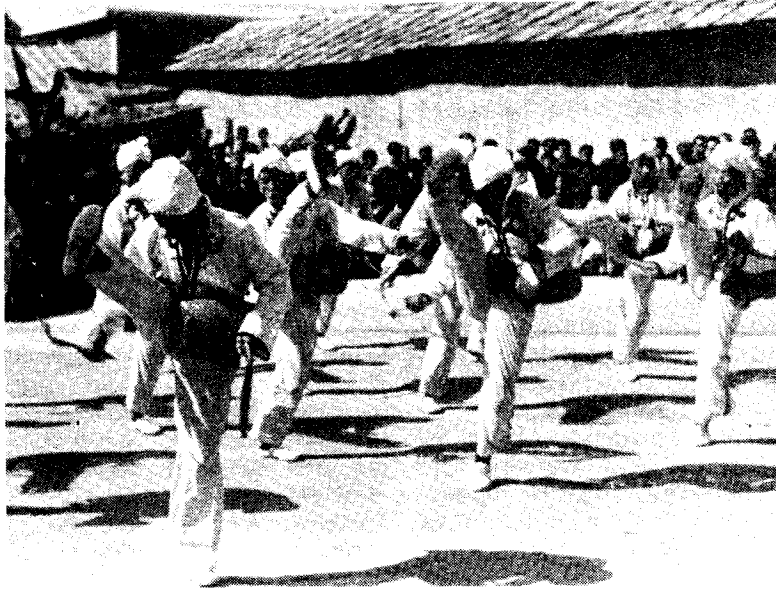
"Luochuan also has developed new varieties of handicrafts, such as woolen embroidery, within the last five years," said Manager Wang Shengyi of the county's Arts and Crafts Company. Wang showed us some of the embroidery works done by his company. The

pieces were made of gunny cloth, onto which were embroidered designs of small animals and geometric figures of different colours and textures. The designs somewhat resembled shapes found in Pablo Picasso's later paintings.

Many peasant artists have emerged from Luochuan. Their paintings have been selected as part of Chinese peasants' paintings exhibited recently in the Federal Republic of Germany, France, Sweden and Norway.

A scene from the waist drum dance in Ansai County.

YANG XIAOBING



October 5, 1985

At noon, we were taken by bus to Yichuan County to see a waterfall on the Huanghe (Yellow) River at Hukou. Though I expected to see more of the loess plateau and yellow earth, to my surprise a mountain covered in greenery met my eyes instead.

Upon seeing our astonished expressions, our guide explained that the Yanan area is about 38 percent forest. In ancient times, he

Prisoner Reform Turns Towards Education

by Our Correspondent Wu Naitao

An enormous gate guarded by heavily armed police separates it from the outside world. On one facade of the prison an inscription reads, "Our prison is a school, unlike itself in the past." It is not an ordinary reform prison, but one specially for women prisoners.

The prison, Seventh Detachment by name, affiliated with the Reform-Through-Labour Bureau of Jiangxi Province, on the outskirts of the provincial capital city of Nanchang, holds 963 women prisoners between the ages of 17 and 69. The prison's political commissioner said that 98.4 percent of them had committed such crimes as murder and adultery, prostitution and bigamy.

According to government policy, the commissioner said,

prisons were not merely places to punish criminals, but rather should be places in which criminals are reformed and trained to go back into society and do something good for that society. In short, he said, the prison creed is to make the area behind the bars a special kind of school.

The commissioner said that in order to reach this goal, the prisoners were required to study as well as perform some physical labour. The government has made it clear that when prisoners are released they should have three certificates: a certificate of release, one for cultural study and another demonstrating that she has learnt a trade. The prisoners are required to raise their cultural level and master some technical skills so that they will be employed after their term is up. Every day the

prisoners work eight hours and attend two hours of cultural study.

Learning Production Skills

In the reception room where prisoners are allowed to meet relatives and family members, there is a showcase containing rayon all made by the women prisoners.

The prison's factory is known to the outside as the Nanchang Synthetic Fabric Mill. It has a machine-weaving workshop and a print and dye workshop, where the prisoners and more than 300 other workers without any criminal record produce fabrics and linens.

There is no superintendent at the factory, except for a criminal-turned-group leader in charge of the workshops. Each prisoner attends two looms, and is required to produce the same numbers under certain quotas and is given the same work subsidies as

said, the area was blanketed with primeval forests. The change of the earth's crusts later, however, ended in burying the forests and turning the earth into rich wells of coal and petroleum deposits. Yanan now has a reserve of 7,000 million tons of quality coal. Apart from the Yanchang Oilfield, which has been under exploitation for many years, there are also more than 200 million tons of petroleum in the area to be tapped.

The Yanan area also has an abundant supply of wild plants, called sea buckthorns. On the side of the highway where we stopped briefly, our driver plucked a piece of plant, which grows in clusters of apricot-coloured fruits. The fruit, which is 3-5 mm in diameter and which tastes sour, is considered a

good condiment and ingredient for drinks. Sea buckthorn juice contains 860 milligrammes of vitamin C per 100 grammes, 100 times more than orange juice. The fruit gathered from one hectare of sea buckthorn bushes is expected to produce 1 to 1.5 tons of sea buckthorn juice. It is estimated that the Yanan area has 10,000 hectares of the wild plant.

At 4 pm we arrived at a spot along the Huanghe River where it was flanked with high mountains, and before we actually saw the waterfall, we could hear its tremendous roar. As we approached the bank, we saw the yellowish water as it rushed through the 1,000-metre section of the river bed, violently crashing rocks on both banks and then

ascended down the cliff that was several dozen metres wide. The falls seethed with foaming waves and mist as high as 10 metres.

The Huanghe River, which is 5,464 km long, is the sixth longest river in the world. The place where we watched the waterfall is called Hukou (the mouth of teapot), because the river suddenly narrows here from 300 metres across to only 50 metres. The scene reminds one of pouring water from a teapot. The amount of water released at this spot averages 700 cubic metres per second. During the flood season, the amount can increase more than tenfold, reaching 8,000 cubic metres per second. The best view of the waterfall is presented during the dry season, not in the flood

workers in other textile mills. As seen from the progress sheet on the wall of the workshop, the bonus is closely connected with one's performance. In addition, each prisoner is given two yuan every month as pocket money.

A prison official said the factory paid the prison for their workers 50 yuan per person. The prison spends about 70 yuan on each criminal to cover her food, clothing, linens, and medical care. The 20 yuan difference is covered by the government.

Ni Huihua, 30, has been serving a life term since she was arrested in 1978 on charges of adultery and murder. With a smile rarely seen on the face of a prisoner once destined to spend her life in prison, Ni said, "I have learnt how to weave a quilt cover. I more than fulfil my quota every month and every year, and always get first-class bonuses." She said she had saved all the money and had sent it to her mother.

Participation in labour has not only enabled many prisoners to restore their faith in existence, but



The political commissioner talks with women prisoners.

it also has built their confidence in the future. In 1985 alone, 79 criminals had their sentences reduced because of good behaviour, positive work records and by demonstrating that they regretted their crimes. Ni already has had her term reduced twice

and she now has only six years before she is set free to begin a new life.

Cultural Training

Shi Fangcha, a 35-year-old peasant woman, is serving a 16-

season. The falls in the dry season have a drop of 40 metres, with foaming waves and water mist higher than that of the flood season. During the day, the sound of waterfall can be heard five km away.

October 6, 1985

In the morning, we arrived at Ansai County, north of Yanan. Ansai County is famous for its peasants' papercuts, "the waist drum" dance, and peasant paintings. On the occasion of the Spring Festival, almost every family follows the tradition of displaying new papercuts on their windows and on the edge of a *kang* (a heated brick bed). During the festival the whole village is decorated as colourful as a papercut exhibition.

At the county cultural centre, we saw many papercuts in a wide range of theme. The papercuts depicted life in both real and abstract terms, and conjured up feelings of simplicity and optimism in me.

Gao Rulan, a 45-year-old papercut artist, cut out a picture of a boy with hair worn in two buns. The boy is holding a bird in his right hand and a white rabbit in his left hand. The design, according to Chinese specialists, dates back to the Shang Dynasty (1600-1100 BC) and resembles in shape the jade pendant made in the Shang Dynasty for women and kept in the Beijing Palace Museum. Specialists said that in ancient China, birds were symbolic of the *yang* (or that which is masculine in nature), while rabbits

meant *yin* (referring to that which is feminine). *Yin* and *yang* together make life. The design is thought to be the symbol of procreation.

Another piece, entitled *Farm Cattle*, by Bai Fenglan, was cut in the variant form of an antler of the Longshan Culture (2800-2300 BC).

The waist drum dance is traditionally performed to celebrate festivals or other special occasions. In a small square, dozens of young peasants dance joyously demonstrating their skill in leaping, kicking and twirling, while also beating a drum attached to their waist. When I watched, the dance was also accompanied by other Chinese musical instruments such as big drums, cymbals, gongs and the *suona* (woodwind instrument).

year term after having committed an unpremeditated murder. When she was jailed in 1974, she did not even know how to write her own name. Today she can write letters to her family and read newspapers.

Shi learnt to read and write at the "cultural school" run by the prison. With classrooms similar to those of an ordinary primary or middle school, the school has several grades in literacy and classes teaching primary and

established feudal practice that has regarded men as superior to women, many girls in rural China have been forced to stay home and denied any access to education. Ignorance is an unfortunate factor behind many of their crimes. Therefore, giving the prisoners cultural and legal instruction is not only helpful for their future employment, but a method to prevent them from repeating their offences. Prisoners who have been freed from the prison in recent

progress of education on the outside.

"Culturally, I am not illiterate," Yi said. "But when it comes to law, I am. I began studying law after I was jailed. I thank the government for having saved me."

Ideological Education

As this correspondent was touring the prison, a 25-year-old could be seen with tears running down her cheeks. Pan Xiang had just been sentenced to life in prison for the murder of her husband's child from the first marriage. She pleaded "not guilty," but once she was convicted, she lost the desire to live on. Such is the case of most criminals who have just arrived to serve long terms. Prison officials are working on ways to help the women understand that they can change the course of their stay in prison if they face up to their crimes, get involved in re-education, and prove to the officials that they have become better people able to go back into society.

Liu Zengmei, deputy political instructor, is responsible for 310 prisoners. When these prisoners are first jailed, she said, they have no sense of law and usually give no indication of their guilt for the crimes they have committed. Some simply blame their crime on objective reasons, some believe they have been too harshly punished, yet others even believe their crimes were not harmful to society. Apart from instructing them in legal affairs, Liu said, "we often talk with them, one by one, trying to rid them of their psychological burdens. If we failed once, we will try twice, three times, or as many times as necessary."

Being young women, wives or mothers, Liu said, these prisoners have peculiar concerns. The young women worry they will not be able to find husbands when they are free. Elderly women wonder whether they will be discriminated against by their relatives once they



The woman official (right) teaching a prisoner how to piece yarn.

junior middle school courses. All the courses were established according to the Ministry of Education's spare-time educational programme for workers and staff members. The teachers are, for the most part, prisoners with senior middle school educations. Zhao, the principal, said the government made such an effort to educate the women so that they would be better able to get a job after they left the prison—an outcome that would benefit all sides.

Most of the criminals are peasants, and 70 percent are illiterate. Because of the long-

years are at least able to read newspapers and write letters.

In an office six prisoners could be found preparing lessons for their classes. Yi Haiyan, who teaches the Chinese language in the junior middle school class, used to be a middle school teacher before she was arrested and sentenced to a term of six years in prison as a gang member. She said she thought prisoners would be forced to work under the gun. The opposite was true, however, and she was surprised when the prison officials asked her to teach. In doing so, she said, not only could her skills be fully used, but she was also able to keep up with the

return to their families. Needless to say, mothers worry about their children, how they will fare while their mothers are behind bars, and what their children will think of having an ex-convict for a mother, when she returns home. Women prisoners are emotional and often lose confidence in life and themselves. Some refuse education and discipline and have attempted escape or suicide. There is a prison rule against corporal punishment. "So we cannot resort to a stick, even when some prisoners refuse to be disciplined," Liu said. "We can only rely on persuasion and education, cultivating in them the desire to remould themselves and mend their ways."

In a writing exercise about the most respected person in their lives, many prisoners wrote about Liu and other prison officials. In and out of prison, many of these blue-uniformed jailers are affectionately known as "special teachers" who must have more patience and an understanding of psychology than an average teacher.

Support of the Society

These prisoners, though physically separated from the outside world, actually have close connections with society. All 963 prisoners are somehow connected with their own families. Prison authorities pay special attention to the positive influence close family members and relatives can exert on the prisoners. Apart from allowing family members to visit

Women prisoners checking out new materials in their reading room.



LIU JIWU



Prisoners working at a workshop.

the prisoners regularly, the authorities organize family members and relatives to meet with prison officials to discuss the situation of each individual prisoner. When family members and relatives familiarize themselves with the situation, they can work together with the prison authorities to persuade the prisoners to change their attitudes and put themselves on their best behaviour.

Lu Yanjun, a Chinese language teacher at the prison's cultural school, is serving a seven-year term for sending confidential information to Taiwan. She has four sons, all of whom live and work on the mainland. She was deeply concerned that her crime would adversely affect her sons' careers—a phenomenon commonly seen during the "cultural revolution," in which family background could determine a young person's future. She was particularly worried about her third son who wanted to go to college. One day not too long ago her third son came and showed her an admission statement to the university. The prison authorities

also wrote letters to the university, asking the university officials not to discriminate against the son just because of his mother's crime. Lu recently said she was no longer worried about her sons' careers. "They hope that I will remould myself earnestly so that I will be released as soon as possible, to attend my son's wedding," Lu said. One year already has been taken off her term and Lu only has two more years before she is able to join her family.

In the reception room where prisoners are allowed to see visitors, there is an adage that hangs on the wall: "Farewell to yesterday—take on a new life," written two years ago by Wan secretary of the Jiangxi provincial Party committee. Her successor, when she came to visit the prison. Wan has now been promoted to be secretary of the Jiangxi Provincial Party Committee. Her successor, Duan Damei, continues her traditional visits to the prison during holidays. These practices help the prisoners realize that society has not abandoned them, but rather, welcomes them in a new light.

China Launches Attack on Cancer

"RENMIN RIBAO"

(People's Daily)

Cancer now claims 4.3 million lives worldwide every year, according to the United Nations World Health Organization (WHO). The figure is expected to climb to 8 million by the year 2000.

In China, every year about 1 million cases of cancer are reported, 800,000 people die of cancer, and an additional 1.5 million await treatment.

According to statistics collected in 1984, malignant tumours became the No.3 killer in China. In Shanghai, Nanjing, Guangzhou, Dalian, Hangzhou and other major cities, and among the middle-aged population (from 35 years to 45 years), cancer became the most frequent cause of death.

Cancer, which still remains a mystery to modern medicine, is not incurable. Many kinds of cancer can be cured if they are discovered in time. Because cancer poses a serious threat to the lives and health of the people, many countries, including China, have made the study and prevention of cancer a key aspect of their scientific research.

China's cancer research began later than many countries, but has made rapid progress. In its treatment of some major cancers, China has approached or surpassed the advanced world levels. Over the last 10 years, both the total number of cancer patients treated and the five-year survival rate of liver cancer patients reached 20 percent, a 10-fold increase. The progress shows that in the treatment of liver cancer, China has squeezed into the world's front ranks. The nation has also made great headway in the treatment of many other

cancers, including the cancers of the esophagus, stomach, intestines, cervix and breast. Early diagnosis and treatment can prevent these cancers from endangering the patients' lives.

Early diagnosis and treatment are not, however, so easy, for China is poorly equipped to prevent and treat many cancers. China's cancer research still centres around the major cities, making it difficult for many to get timely treatment. Of the approximately 1 million cancer patients diagnosed every year in China, only a small number receive proper treatment. For a country the size of China, 21 tumour hospitals are far from enough. The nation's medical inadequacies, however, can be changed if the society is mobilized to effect that change. Moreover, because China is a socialist country, it could manage better in this field if the advantages of the socialist system were brought into full play, and of the nation's traditional medicine was also taken advantage of.

At present, China has limited financial resources, and it is impossible for it to set aside large amounts of money to establish cancer hospitals and research institutions. The state has, there-

fore, adopted a policy of encouraging society to raise funds through various channels for this purpose. One hospital set up in this way is the Yishou Hospital in Guangzhou.

To win the battle against cancer, public health departments in the country should concentrate on the following: (1) They should establish a three-level cancer prevention and treatment network throughout the country as quickly as possible. (2) The task should not be restricted to specialized tumour hospitals. Medical workers in various hospitals should be trained in cancer diagnosis. (3) Departments concerned should publicize information on cancer prevention and detection.

Although early diagnosis and treatment are important in fighting cancer, the focus should remain on prevention. There are many factors contributing to the development of cancer. Some are not yet known. A few, however, have been ascertained. They include smoking, air pollution and improper diet. If the nation steps up its preventive measures, the incidence of cancer in China is sure to be reduced.

Reform & Misconduct: No Direct Link

"GUANGMING RIBAO"

(Guangming Daily)

Since the urban economic reform entered full swing, some unhealthy tendencies have cropped up within the Party and in society. Although their appearance has coincided with the

reform, it would be wrong to say they have been caused by the reform. Malpractices and transgressions existed long before the reform and therefore should not be attributed to the reform.

The causes of these unhealthy tendencies lie in the outdated ideology, the remnants of the old society and the influence of

external bourgeois ideology. The appearance of the misconducts can be traced to the influence of reactionary ideology and the habitual force of small production. They are the result of the old factors of the outside world. Our current reforms aim to rid society of its former flaws and to prevent or wipe out unfavourable influences. As the reform can only be carried out step by step, it will need time to overcome these drawbacks and to establish and perfect the new system. Unhealthy tendencies run rampant because some people have taken advantage of the opportunity. Their actions are not, however, the result of the reform itself.

In an effort to find the reasons for the unhealthy tendencies, a great many people have blamed the commodity economy. This is nothing new. In China's feudal society, which lasted for more than 2,000 years, agriculture was given priority over commerce. People may still remember the unfair criticism during the "cultural revolution" (1966-76) of commodity production and commodity exchange through money. The Third Plenary Session of the 12th Party Central Committee in 1984 affirmed that a socialist economy is a planned commodity economy on the basis of public ownership. The affirmation added new content to the treasure-house of Marxism. This important view, however, has not been accepted by all people. Some people still worry about the development of commodity production and exchange and have linked it with recent problems in society and within the Party. Such fear, which is based on the mentality that springs from small-scale production of the natural economy, is just one of the things that should be discarded in the course of reform.

Rather than blame the commodity economy for current problems, the unhealthy tendencies can be attributed to the underdevelopment of it. As

production lags and the channels of commodity exchange remain blocked, some people, even some enterprises, are forced to buy their way with money. Hence, bribery and corruption.

Reforms and the efforts to check the unhealthy tendencies are two sides of a coin.

Shanghai Plans Scenic Area

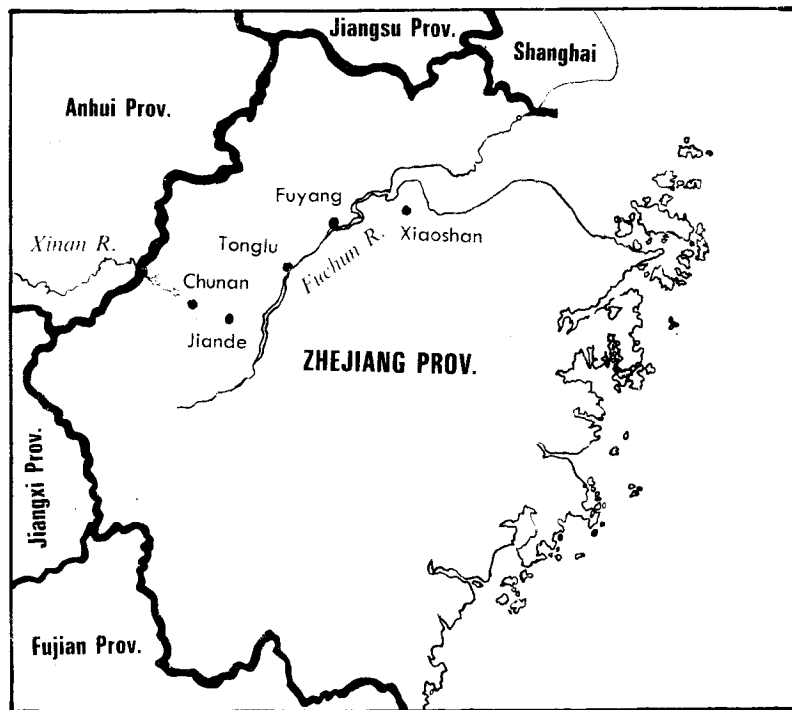
"WEN HUI BAO"

(Wen Hui Daily)

The Shanghai Economic Zone will begin development of a large scenic area around the Fuchun and Xinan rivers, and the Qiandao Lake. The first stage of the project is expected to be completed in 1990.

The area, which will cover more than 1,100 square km across Zhejiang Province's five counties, Xiaoshan, Fuyang, Tonglu, Jiande and Chunan, will be composed of sections of the Fuchun and Xinan rivers, Qiandao Lake and the more pristine Yaolin and Lingqi regions. In addition to the rivers and lakes, the area abounds in picturesque mountains and fantastic caves.

The area's development programme will be divided into three stages. During the first stage (1986-90) efforts will be devoted to renovating individual scenic areas and improving access for tourists; planting trees along the rivers and around the lakes; opening such tourist activities as fishing and boating; building more tourist facilities to expand the area's annual accommodation capacity to more than 4 million tourists; and constructing a new highway to link the area with Huangshan Mountain, a famous tourist resort in Anhui Province.



Key Projects Encourage Investment

In the past two years, the volume of direct foreign investment in China has increased markedly; 1984's investment volume was equivalent to that of the previous four years, and the 1985 investment volume equalled that of the past five years. Despite the growth, however, no major breakthroughs have been made in key industrial and advanced technological fields, said Huang Wenjun, spokesman for the Ministry of Foreign Economic Relations and Trade, at a news briefing in Beijing on January 29.

Huang said Chinese officials have said it is hoped that more foreign business people will invest in China's technology- and knowledge-intensive industries. Since China implemented the open policy in 1979, it has carried out the policy of effectively absorbing foreign capital. It also has opened special economic zones and a number of coastal cities, adopted more flexible measures and improved the investment climate and legislative work. All this has helped China absorb more foreign capital, he said (see Table I).

Foreign loans, Huang said, were mainly used in the weaker sectors of the national economy, especially in such key projects as

energy, railways, harbours, and raw and semi-finished materials.

In the past two years, along with its volume of direct foreign investment, China's number of joint ventures and exclusively foreign-owned and co-operative businesses has increased rapidly (see Table II).

involve the textile and light industries. Limited investment has gone into energy and transportation projects, which are badly needed by the state. The state has adopted measures for achieving a foreign exchange balance and will encourage investment in the areas of energy and transportation.

Table II

	Number of such businesses opened in 1985	Total number of such businesses in China
Joint ventures	1,300	2,300
Co-operative enterprises	1,500	3,700
Solely foreign-owned enterprises	46	120
Co-operative offshore oil exploitation projects	4	35

Chu Baotai, deputy director of the Foreign Investment Administrative Bureau, also said at the news briefing that 30 percent of these businesses have begun operation and that the proportion of shares between China and foreign businesses in these enterprises is 60 percent to 40 percent. While 72 percent of such enterprises are industrial, the rest are in the service sector, he said. Of the industrial projects, most

Chu also said most of the joint ventures that have gone into operation have chalked up good economic results. Some, he said, registered profits in the first year in operation. Work has also begun on a number of large projects involving considerable investment and new technologies, such as the Pingshu Opencut Coal Mine in Shanxi Province, the Shanghai Volkswagen Automobile Co. Ltd. and the Beijing International Trading Centre. Projects for the joint exploitation and development of offshore oil reserves are similarly bright.

Chu said representatives from 28 countries and regions have made direct investments in China. About 80 percent of these have been from Hongkong, while the remaining 20 percent have been from the United States, Japan and Western Europe. Firms in the United and Western Europe have invested heavily in many key projects.

Table I

Unit: US\$100 million

Item	1985	Percentage increase over 1984	Total from 1979-1985
Volume of foreign loans	35.3	84.4%	203
Amount of loans used	24.3	89.3%	156
Contract value of direct foreign investment	58.5	120.7%	162
Amount of direct foreign investment used	15.7	25.2%	46
Amount of commercial credits	3.6	62.8%	17
Total volume used	3	88.3%	13

by Yue Haitao

Beijing Hosts Defence Fair

Sponsored by the China Promotion Co. Ltd. of Hongkong, China's first large-scale international defence exhibition was held from January 28 to February 2 at Beijing's new China International Exhibition Centre.

Defence industrial equipment and technology such as aircraft, missiles, electronic equipment and vehicles for military and other purposes from 16 countries, including the United States, Britain, France, the Federal Republic of Germany and Japan, were on display. During the fair, representatives from 160 firms also attended 40 technological symposiums.

Joe L. Miller, chairman of the board and chief director of Aeronca Inc. of the United States, said he was impressed with the exhibition. He said he hoped the astronautic and aeronautic equipment his company displayed at the fair would attract the attention of Chinese business people.

Aeronca Inc. representatives are discussing a joint venture for manufacturing aircraft seats with the Shanghai Aviation Industrial Corp.

One of China's more important international exhibitions, the fair was held with the support of corporations involved in the industrial production of national defence, as well as that of some import and export corporations.

Power Station Built for Mali

On January 29, experts from China and the Federal Republic of Germany gathered at Mali's Molodo Rice Mill to attend the opening ceremony of a 160kw rice husk gasification station, the first co-operative effort of China and the Federal Republic of

Germany in a third country.

Mali, which lacks coal resources, has traditionally relied on diesel for generating electric power. This West African nation, however, abounds in rice, and the husks of which have in the past been thrown away. This resulted in the waste of resources and pollution. China, whose rice output ranks first in the world, has long used rice husks as an energy source, and its expertise in generating power with rice husks has been well received by many third world countries. In the 1970s, China already built a rice husk gasification plant for Mali gratuitously.

In 1984, when Mali received a grant from the Federal Republic of Germany, officials of Mali expressed their desire to use the funds to produce a Chinese rice husk gasification station. That same year, representatives from China and the Federal Republic of Germany signed a contract that stipulated that China would provide Mali with complete sets of equipment worth 440,000 D-marks and technical services. The power station began trial production in June 1985, and has since been functioning normally.

Fang Zhiying, an official of the Ministry of Commerce, told *Beijing Review* that China and the Federal Republic of Germany are discussing plans for a second rice husk gasification plant for Mali. Fang said economic co-operation between China and the Federal Republic of Germany and a third country is expected to make further progress in the future.

Crackdown on Illegal Silk Sales

A number of silk dealers on the mainland and in Hongkong and Macao have recently been operating under invalid export licences and have been illegally

selling large quantities of filature silk, an official of the China Silk Corp. said recently.

Shen Ruifei, a spokesman for the China Silk Corp., which controls China's silk exports, told *Beijing Review* that these businesses, many of which have had their licences revoked, have made sales of silk goods through fraud and deception. The China Silk Corp., Shen said, is the only organization in China with the right to engage in exporting filature silk. No other business, she said, is allowed to export silk from China.

Shen said some of the illegal silk exporters have claims to have obtained licences to export silk from the Ministry of Foreign Economic Relations and Trade, as well as from the China Silk Corp. itself. These claims, Shen said, are false.

She said customs officials throughout the country have recently caught up with some of the smuggled filature silk.

In the past two years, filature silk exports from Sichuan Province have disrupted normal trade and have resulted in economic losses for the state. The illegal exports have also affected the interests of the legitimate silk exporters. In order to combat the irregular export of filature silk, the Ministry of Foreign Economic Relations and Trade in 1985 adopted strict controls on export licences and stipulated that silk goods are not to be used for compensatory or barter trade.

With the support and co-operation of various departments and customs houses in the country, the irregular export of filature silk has been somewhat curbed. Many firms and business people in West European countries—China's major market of filature silk exports—have signed contracts on the delivery of goods for the first half of 1986. Despite the losses, however, China's filature silk exports in 1985 rose 14 percent over that of the year before.

New Film Sparks Controversy and Acclaim

The Yellow Earth, a new film with a rather common and unattractive-sounding title, has been making waves since last year when it first came out on screen. In 1985 it won several international prizes, including the "Silver Leopard Award" at the Locarno Film Festival, the "Most Original and Creative Film" at the London Film Festival, the "Third World Cinematography Award" at the Nantes Film Festival, and the "East-West Award" and the "Cinematography Award" at the Hawaii Film Festival.

Joris Ivens, a world-renowned Dutch film director, said after seeing the picture, "I think *The Yellow Earth* is the most outstanding film ever made in China. It helps viewers to learn about China."

Plot and Theme

The film is set in a poor mountain village in northern Shaanxi Province during the War of Resistance Against Japan

(1937-1945). Gu Qin, a literary worker in the 8th Route Army, comes to the village to collect folk songs. He lives in the home of a poor farmer who has a daughter, Cui Qiao, and a son, Han Han. Cui Qiao is forced to accept betrothal gifts from her would-be husband who is much older than she, because the family needs money for her mother's funeral and her brother's impending engagement. Gu's arrival brings a ray of light to the dark cave dwellings and sparks hope in Cui Qiao for a new life. She expresses her wish to join the army. Gu, however, refuses, saying he must first ask for permission before he can take her to the army. After Gu leaves, Cui Qiao is forced to get married. One night, having made up her mind to go in search of the 8th Route Army herself, Cui Qiao escapes from her husband's home. Bidding farewell to her brother by the Yellow River, she sets off in a small boat. However, Cui Qiao drowns before she is halfway across the river. Shortly there-

after, Gu Qin returns to the village to fetch Cui Qiao. What he sees on arrival at the village is the area's farmers all prostrate on the ground praying in desperation for rain. He is noticed only by Han Han, the representative of a social awakening, who breaks through the crowd of ignorant farmers to embrace the soldier.

In this tragic story, the director and the scenarist attempt to present rural life from a social and historical standpoint. The general tone is heavy and depressing. Its subject is not only a peasant's family, but a composite of men, women, children who have been living for generations on a poverty-stricken loess plateau, the vast yellow land and the great Yellow River, as well as the dark cave dwellings. The thousands years of semi-feudal and semi-colonial society has rendered the peasants on the loess plateau ignorant and apathetic, yet hidden in them is a strong desire for new life.

Some critics highly praise *The Yellow Earth* for probing both the positive and negative sides of the Chinese national character and artistically exploring the history of Chinese civilization and development. China has enjoyed a reputation for its fine traditions of diligence, courage and initiative. Unfortunately, isolation from the outside world and the dominance of the feudal system over politics, economy and culture over the ages has resulted in the conservatism, narrow-mindedness and ignorance of the peasants. They are tolerant and tough in the face of hardships and miseries, though this can be negatively seen in the traditional susceptibility to fatalism in their approach to life. The Great Wall, the Grand Canal, magnificent palaces and tombs, and many other examples from

Director Chen Kaige (left) and photographer Zhang Yimou.



Chinese age-old cultural heritage were all built by mental slavery and physical exploitation of labouring people.

China has ushered in a new historical era. In order to realize the "four modernizations," China



Principal characters in "The Yellow Earth" — Gu Qin, Han Han, the old peasant and Cui Qiao (from left).

must raise the consciousness of the people, so that they will adapt to the new situation. And it is necessary to make an appraisal of the past. It is against this background that the film tries to enlighten the audience.

Originality and Controversy

When it was first released, *The Yellow Earth* provoked a heated dispute: supporters praised the film as "a milestone in Chinese movie history" while critics said it was "glorifying the ignorance and poverty in Chinese rural areas." Other critics said the film was unsuitable for most Chinese viewers, especially in rural areas.

An extensive discussion among movie-goers on the film, sponsored by the press and film circles, brought forth a variety of responses. Some said the movie was innovative in its deliberation about the destiny of the nation and in expressing screen images. They gave it credit for being a

refreshing departure from China's other films. Others said the film turned off most people because the director and the scenarist sought to develop a personal vision on screen, rather than merely provide entertainment. Still others appreciated that audiences are composed of people from all walks of life and it is not possible for a film to meet their different tastes. They held the gap between *The Yellow Earth* and its audiences resulted from the audiences' being used to conventional standards of what films should be like. With social progress and heightened cultural sophistication, movie-goers will and should change their standards in judging films. A sign that this is true is the great popularity of the film with many university students who saw *The Yellow Earth* as marking the end of conventional, melodramatic films and the birth of a new genre in Chinese filmmaking.

The debate reached its climax when the panel of film critics met to select the winner of the Fifth



Escorting the bride to the groom's home.

Golden Rooster Prize. Although the panel nearly failed to come to an agreement, more and more artists, critics and viewers began to say that *The Yellow Earth* was an artistic work of exceptional originality.

The skeptics who raised doubts about the film's originality said the film had broken with movie-making conventions that focus on story telling. An extremely realistic piece is the attempt by its creators to portray an imagery concept. They boldly adopt an exaggerated movie language, departing from a strict story-line to give the picture an intensely lyrical effect. Throughout the story, the audience is tightly gripped by views of the boundless yellow earth, spectacular Yellow River, and local customs and traditions that are closely tied to the characters in the movie.

Second, the film has developed an original new style in photography, use of colour and acting techniques. In conventional cinematographic theory, "action" is preferred over "stasis." *The Yellow Earth*, however, in terms of theme and conception has broken away from this stereotype by favouring "stasis." In many scenes, the camera remains fixed in one spot, rather than employing a variety of camera angles and

moving shots. But at the crucial moment, "action" is extensively used. As far as use of colour is concerned, the director lets earth-yellow almost entirely dominate the picture, a technique contrary to practice in most traditional productions.

Last July when the Ninth International Film Festival was held in Hongkong, *The Yellow Earth* created a huge stir among film critics from other countries. Enthusiastically received, it became a big item at the box office. Hundreds of articles reported its huge success and praised the picture as being "out of ordinary" and a breakthrough in Chinese cinematography. The picture began to attract attention abroad and received a string of awards in international film festivals.

Promising Future

The Yellow Earth is unusual in that it was produced mainly by young people. It was directed by Chen Kaige, 32, photographed by Zhang Yimou, 33, and the art design was done by He Qun, 28. As the first graduates of the Beijing Cinema College after the "cultural revolution" (1966-1976), the three endured miseries and hardships in the factories and countryside during the "cultural revolution." Chen's case is a typical example. During the 10-year upheaval he first worked in the rubber plantations of Xishuang Banna in Yunnan Province, far away from his hometown, Beijing. He later joined the army. Four years later, he retired from the army and became a worker. In China, people of Chen's age are commonly labelled the "lost generation." Chen, however, does not entirely agree with this designation. "If we take our miseries and hardships as normal phenomena of history," he said, "we will not exaggerate our

misfortunes and complain about the unfairness of life. Actually, twists and turns in life can make us mature and help us understand the meaning of life. If it had not been for our experiences we would never have produced a film like *The Yellow Earth*."

Rich life experience and a systematic study of movie theory helped the three produce a marvellous work. It is not surprising *The Yellow Earth* has become quite a hit in the world film arena. It exemplifies a new trend in Chinese film, the forerunners of which were a group

of films done by young filmmakers, whose works debuted before *The Yellow Earth*. These include *One and Eight*, directed by Zhang Junzhao; *Hunting Ground*, by Tian Zhuangzhuang; and *Bloody Battle in the Dark Valley*, by Wu Ziniu. These films are highly original and have been well received by foreign and domestic audiences and critics alike. Some film critics say such films represent a watershed in Chinese cinematography, and predict the year 1986 will see many more outstanding films.

by Zhang Wei

To Our Readers

China's traditional holiday, Spring Festival, falls on February 9 this year. All government offices, factories and mines will have a three-day holiday (excluding Sunday) to celebrate the occasion. During the festival, families usually gather from all parts of the country, to spend time together visiting friends and relatives and offering New Year cheer. Across the nation, Spring Festival is marked with dances, tea parties, films, exhibitions, fairs, acrobatic performances and folk art shows. To enable our staff to enjoy this most treasured traditional holiday, we have combined issues No. 6 and No. 7 into one enlarged edition. Issue No. 8 will be published two weeks later.

Issue No. 8 will include the following:

Shenzhen SEZ: changes in five years. As one of China's four special economic zones, Shenzhen has been importing foreign funds and advanced technologies since 1980. It has grown from a small border town into an industrial centre that now exports a number of goods.

The contributions of China's eight democratic parties. In an article entitled "Democratic Parties Work for a Modern China," *Beijing Review* analyses the contributions these organizations have made to the nation's revolution, liberation and consequent socialist construction.

The Chinese ballet prepares for US tour. The magazine will provide an in-depth look at one of the Chinese ballet's companies as it readies for a February tour of the United States. In the article, the author will highlight the troupe's new pieces especially choreographed for the American engagement.

—The Editor

Maestro Moves Audiences Through the Ages

The silence is touched by the slight and slow plucking of a *pipa* (a Chinese four-stringed lute), whose music develops slowly into the sounds of faint thunder, evoking images of ancient warriors mounted on horses, and wielding flashing sabres that reflect the moonlight. Suddenly, the music stops and once again there is silence. Two seconds later, drums boom and gongs besound. The battle heightens and reaches a climax as the ambush rushes onward. The scene is finally overwhelmed with soul-stirring desperation.

The above is a description of the classical *pipa* piece, *Ambush From All Directions*, as played by Wei Zhongle, maestro of traditional Chinese music and professor at the Shanghai Music Conservatory. The performance was given during a celebration of Wei's 60 years as a musician. At the celebration, the 77-year-old musician also played other ancient classics such as *Farewell at Yangguan* and *A Drunken Fisherman's Song*.

Fifty years ago Wei achieved his initial fame for his rendition of *Ambush From All Directions*, which is a musical tale of the life and death battle between Liu Bang, emperor of the Han Dynasty and the Xiang Yu, King of Chu in 202 BC. During the struggle the King of Chu and his army, became surrounded by the enemy and began running out of provisions. According to the tale, after a valiant effort, the King fought his way to a ferry, where, beset by the inevitability of defeat, he then committed suicide.

Wei the radiating star was born in Shanghai. One day the 8-year-old boy heard an old

minstrel playing a *dongxiao*, an upright bamboo flute. Wei was so absorbed by the sound that he bought one for himself. Since then he has been thoroughly captivated by traditional music and musical instruments. After years of painstaking study of folk music, Wei mastered almost all the major Chinese musical instruments and also the Western violin. At the beginning of one of his performances in the 1930s Wei explained his devotion to traditional music. "I want to revitalize the long-buried Chinese music," he said, "so that I might contribute to the perpetuation of this nation's innate virtues."

In his course of musical study, Wei learnt from others and also developed his own unique talents. His *Ambush From All Directions*, which is played with Wei's characteristic softness and inner strength, well represents the combination of his musical abilities.

In 1933, he gave his first solo concert of the *pipa* and the *guqin*, a seven-stringed plucked instrument. In the same year, Russian composer Aaron Avshalomov wrote an *erhu* concerto for Wei accompanied by a Western orchestra. The *erhu* is a two-stringed instrument. The event was probably the first cooperative concert between Chinese and Western musical instruments.

In 1938, Wei visited the United States as a member of an unofficial cultural delegation. His performance of Chinese music was a sensation there and the press lauded him as "China's Fritz

Kreisler." During his two-year stay in US, Wei visited more than 30 cities. An American record company recorded several of Wei's pieces.

On his return in 1940, he set up the Zhongle Music School, where he lectured on Chinese music. In 1941, Wei had co-sponsored a Chinese orchestra, which was intended not only for performances, but also as a vehicle to launch young Chinese musical talents. After liberation, Wei was invited to teach at the Shanghai Music Conservatory and was also appointed head of the conservatory's traditional music department. Wei also taught music at primary and secondary schools attached to the conservatory. Up till now, he has trained four generations of musicians.

Although Wei suffered a slight stroke six years ago, he was still able to play the *pipa* expertly at the celebration for his career contributions. During the festivities, Wei said, "In my 60-year career, I have learnt that only in New China can we revitalize our traditional music."

In the 1950s Wei suggested at a national conference setting up a nation-wide research institute for traditional Chinese music. At the celebration, he said he still hopes such a body can be set up. At the celebration hall, Wei said the key to revitalizing Chinese music lies in composing new works. "Today," he continued, "many students of Western music have begun writing traditional Chinese music. This is an encouraging phenomenon, making traditional Chinese music even more promising."

Mathematician's Life Recorded Out

A biography of Hua Luogeng, China's world renowned mathematician, is about to come off the press in a Chinese edition published and distributed by the Hebei People's Publishing House.

The introduction to the 160,000-word book, *A Biography of Hua Luogeng*, includes an excerpt of a letter to Hua from the Chinese Party General Secretary Hu Yaobang, and more than 30 photographs.

Hua, who died last year while lecturing at Tokyo University, was the first Chinese academic elected for the United States National Academy of Sciences and has received honorary degrees from universities around the world. A

self-taught scholar who came from a family too poor to send him to high school or university, Hua later devised mathematical theories for determining the most efficient organization of production and for improving management. He also taught himself English, French and German.

In 1982 Hua received a letter from Hu Yaobang, encouraging the mathematician to write his autobiography. "For decades, what you have given to nature has exceeded what nature has given to you," the letter read. "If nature could only give you more days to live, I hope you would be able to record the moving experiences of your life in scaling the heights of

science, in the form of an autobiography—especially for the young people. Its completion shall be your extra contribution to science."

Hua later asked Gu Mainan, a correspondent who had been covering Hua's activities for years for Xinhua, China's official news agency, to write the biography and he himself finalized it. Hu's letter appears here as the preface of the book. Readers, young and old, mathematically inclined or not, will find the story of a young boy who went from a poor family in China's Jiangsu Province to become one of the world's greatest minds, a pleasant, encouraging read.

Highlighting Hui Heroes

The first book about famous Huis (Chinese Moslems), *The Biographies of Hui Figures*, edited by Bai Shouyi, a noted moslem historian, is a record of Hui people famous for their endeavours in politics, economics, war, science, technology, literature, arts and religion. The book, which describes the lives of Hui heroes from as far back as 800 years, includes accounts of the lives of Sayyid Agall Shamsuddin, a governor of Yunnan Province during the Yuan Dynasty (1271-1368), statesman Hai Rui and navigator Cheng Ho of the Ming Dynasty (1368-1644), as well as of the peasant leader Du Wenxiu of the Qing Dynasty (1644-1911).

The book is divided into four volumes—the Yuan Dynasty, the Ming Dynasty, the Qing Dynasty and modern times. The first volume has been published, and

the others are expected to be available in 1986.

The four volumes also contain rare biographical data such as copies of the men's works collected and comments on them given by their contemporaries, and a list of Hui names.

The Hui, with a population of 7.2 million, are the second largest minority nationality in China.

by Zhou Shu

Recreating the Lives Of Revolutionaries

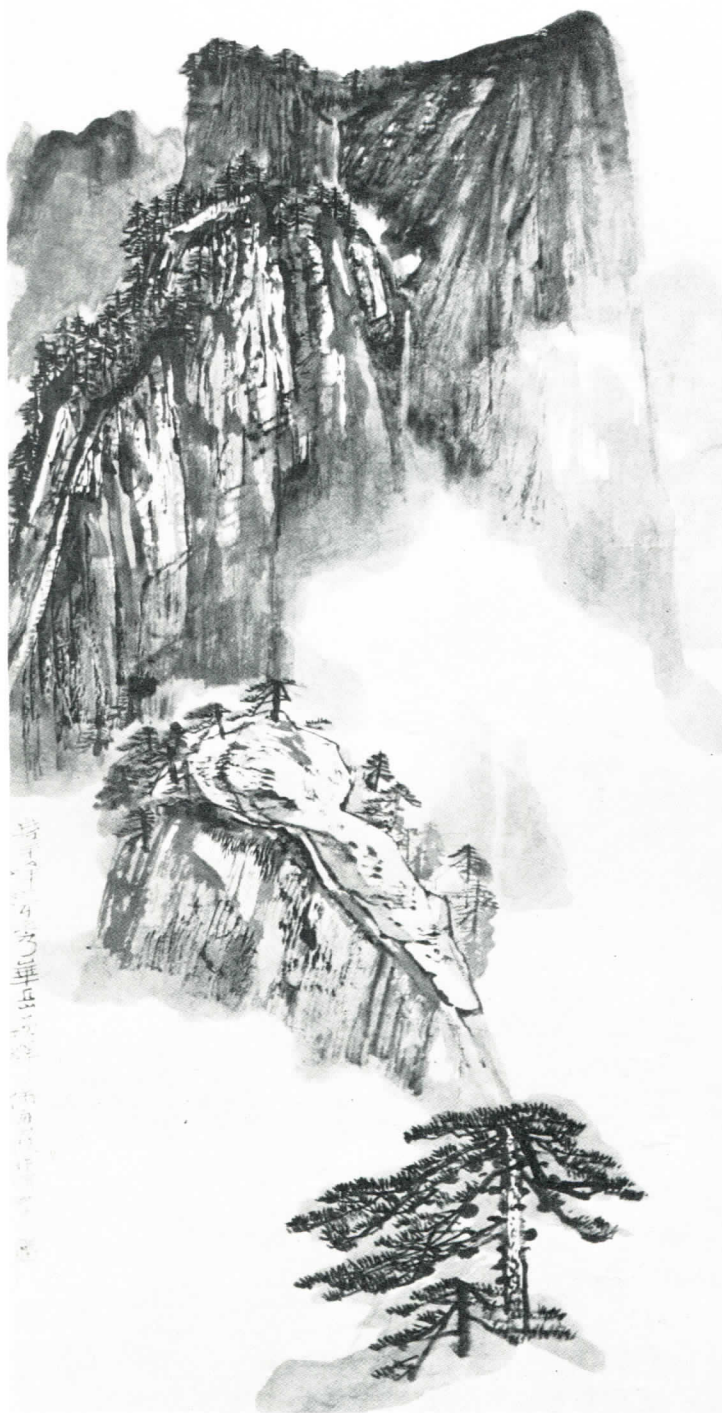
The *Shuangqing Collection*, a two-volume compilation of 864 works by revolutionary martyr Liao Zhongkai and his wife, He Xiangning, was published in Chinese recently by the People's Publication House.

The collection, which also went on display at a recent literature exhibit in Hongkong, includes a number of the couple's articles, speeches, scripts, telegrams,

poems and translations. Liao and his wife, who both made invaluable contributions to the Chinese revolution, were followers of famed leader Dr. Sun Yat-Sen during the revolution against the Qing Dynasty (1644-1911). Having taken active roles in both the old and the new democratic revolutions in 1925, Liao laid down his life for the revolution. After Liao's death, He Xiangning worked for China's socialist revolution and construction and served as a vice-chairman of the Standing Committee of the National People's Congress.

The term, *Shuangqing*, taken from the name of a building in which Liao and He once lived, is Chinese for purity and nobility and aptly describes the character of the book's two authors.

The Shuangqing Collection, whose title is handscripted by Deng Yingchao, the late Premier Zhou Enlai's widow, carries each article in its original form. Volume I is made up of Liao's works, and Volume II is devoted to those of He.

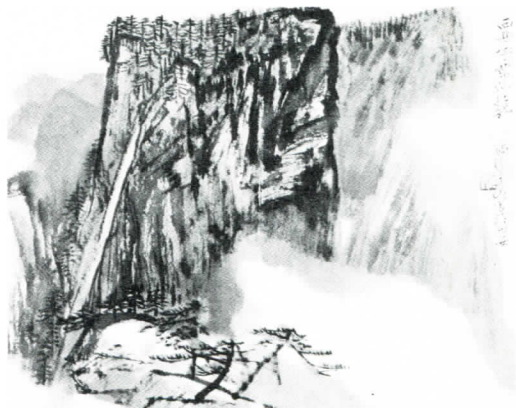


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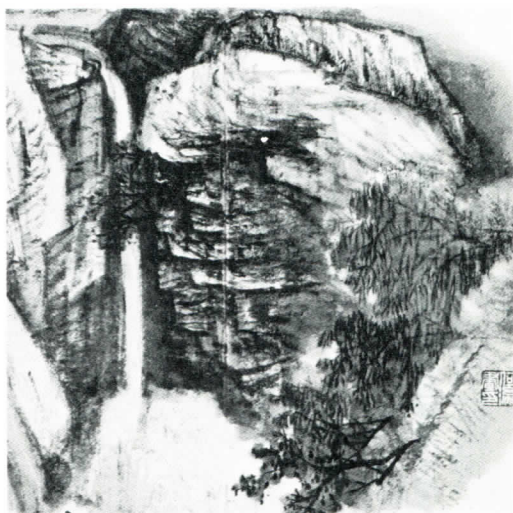
**Traditional Chinese
Paintings
by He Haixia**

Born in 1908 in Beijing, He Haixia works as an artist with the Traditional Chinese Painting Research Studio, and excels in painting landscapes that are at once powerful and lifelike.

ART PAGE



Mountain Scenery.



A Waterfall.

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