

北京周報

A CHINESE WEEKLY OF NEWS AND VIEWS

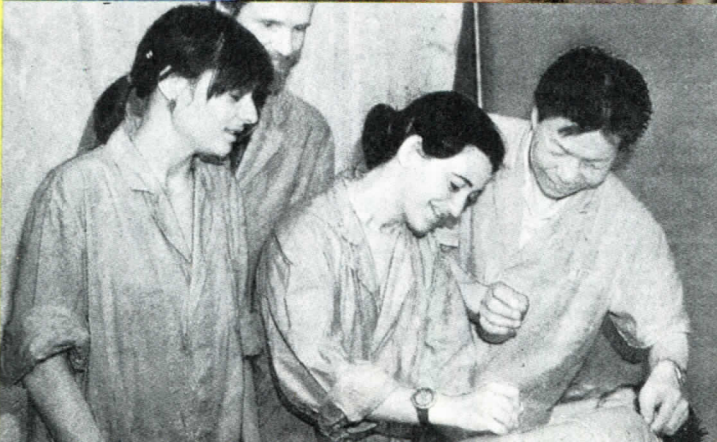
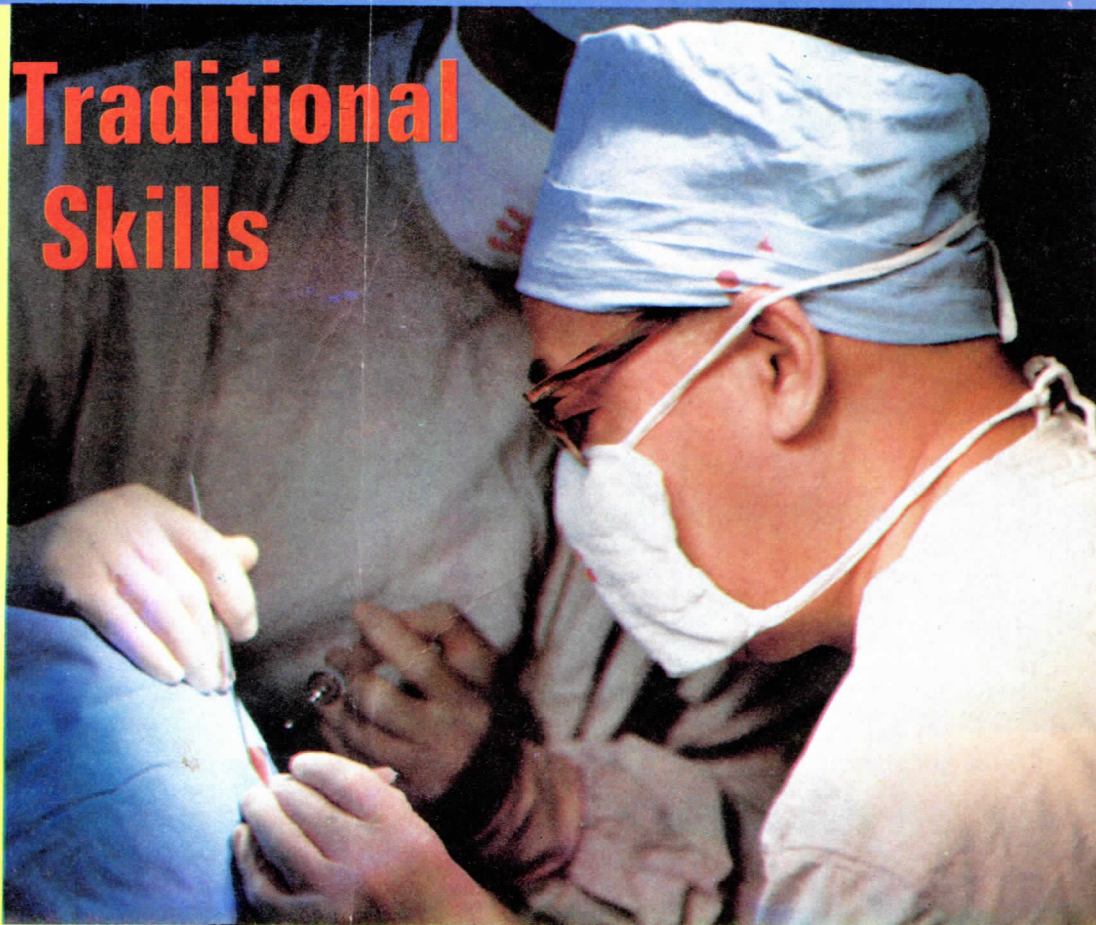
Beijing Review

Vol. 29, No. 20

May 19, 1986

REFORMS AND MARXISM-LENINISM

China's Traditional Medical Skills



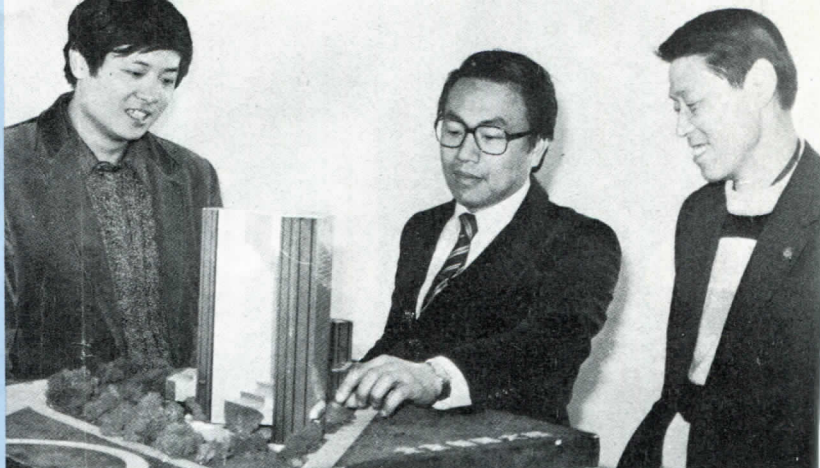
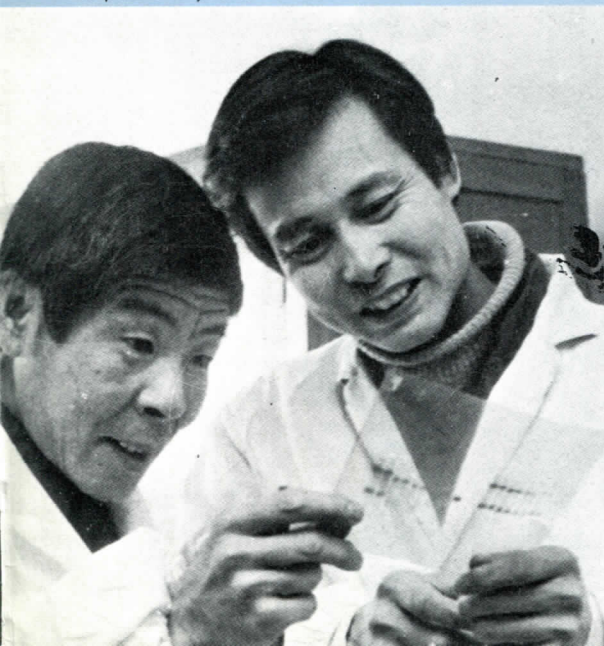
Returned Overseas Chinese at Work

SPOTLIGHT

Xu Meixiang (right), a returned overseas Chinese from Indonesia, is now an engineer in the Yanan Pharmaceutical Factory of Shanghai. She has successfully trial-produced a batch of medicine for children and has been awarded by the state for her achievements.



Associate researcher Gu Jianren (left) and assistant research fellow Chen Yuanqing of the Shanghai Municipal Institute of Oncology returned to China in 1983 after completing advanced studies abroad. Their method of diagnosing hepatitis (B) was the first created in the past two years.



Peng Peigen (middle), an overseas Chinese who returned from North America in 1981, is now an associate professor at Beijing's Qinghua University. The International Dadi Construction Business office set up under his sponsorship has netted good results in the past year.

Jiang Yingyan and his wife Huang Meiyu are returned overseas Chinese from Japan and now a research fellow and associate research fellow respectively at the Chinese Academy of Sciences. Their research on functional high polymer has been very successful.



Cai Shidong (left), a returned overseas Chinese from the United States and now a research fellow at the Chinese Academy of Sciences, has made great contributions to the study of thermonuclear fusion reaction and has trained a number of young and middle-aged research workers.





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HIGHLIGHTS OF THE WEEK

Reform and Marxism-Leninism

- In a recent speech at Hangzhou University, Chairman of the NPC Standing Committee Peng Zhen discussed the relationship between China's reform and Marxism-Leninism. While the reforms need the guidance of Marxism-Leninism, Peng said, the ideology itself will be developed and enriched as the revolution and socialist construction advances (p. 14).

Chinese Medicine Gaining Popularity

- Traditional Chinese medicine is now being studied and applied the world over. Further studies into the popularity of traditional Chinese medicine show that the field will become even more widespread in the future (p. 15). The China Academy of Traditional Chinese Medicine has achieved some notable successes in recent years in treating such illnesses as malaria, hemorrhoids and kidney stones (p. 19).

Reports on Economic and Social Development

- At the recent session of the National People's Congress, two top Chinese ministers, Song Ping and Wang Bingqian, delivered reports on the 1986 plan for national economic and social development, as well as on the implementation of the 1985 state budget and outlined the plan for the 1986 state budget. Excerpts from their reports are on the Centrefold.

China to Launch US Satellites

- China has agreed to launch two satellites for the United States. The first is expected to be launched within the next 16 months. Chinese officials have answered queries from the US side about the date of launching, costs, insurance, and the security measures to be taken while the satellites are entering China. (p. 28).

New Afghan Party Leader a Soviet Favourite

- Babrak Karmal, who had ruled Afghanistan since December 1979 when the Soviet troops invaded the country, left office on May 4 as head of the People's Democratic Party of Afghanistan and was succeeded by Mohammad Najibullah. This does not reflect a change in the Soviet policy. (p. 11).

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Balancing Foreign Currency in Enterprises

by Zhang Zeyu

A great number of foreign investors are developing a keen interest in China's market. Naturally they are most concerned with whether the products of the enterprise they invest in, and by how large a proportion, would be allowed to sell on the domestic market, and whether they could remit abroad their profits in foreign exchange. Needless to say, China, with its 1 billion people, presents a vast market. And now the Chinese government is encouraging enterprises to manufacture products for export. Why should this be so at this point of time?

The reasons are evident. First, any enterprise that wants to survive its competitors has to put its products onto the world market to stand up to the test in competition and therefore must constantly upgrade those products. Second, foreign-funded enterprises need a certain amount of foreign exchange to operate. These enterprises need to spend in foreign exchange on the import of necessary raw materials and spare parts, on the payment of dividend for the foreign investors and the wages for foreign employees. China's foreign exchange reserve primarily comes from the income of exported commodities (about 80 percent of the total), and credit and loans or securities issued by banks as well as income from non-trade businesses. But foreign exchange is needed in many areas, its shortage will continue for a fairly long period of time. Therefore, if a foreign-funded enterprise does not export most of its products, it will be unable to get foreign exchange and its entire operations will therefore be stunted.

China is able to provide part of its market for those foreign-funded enterprises as long as their

advanced technology and products are needed in China. The imbalance of foreign exchange in these enterprises can be dealt with in accordance with the Regulations on the Balance of Foreign-Exchange Income and Expenditure in Joint Ventures issued by the State Council this January. The gist of the regulations is as follows:

1. Technology- and knowledge-intensive enterprises that have the support of the Chinese government can expand their domestic sales. The shortage of foreign exchange in their operation can be made up by the designated authorities to help promote their development.

2. The products of foreign-funded enterprises can, with the government's approval, substitute such products that have to be imported otherwise over a long time.

3. Foreign investors can, with the approval of the department in charge of foreign economic relations and trade and the foreign currency control department, reinvest RMB profits in other enterprises within China that have the ability to pay in foreign currency, and therefore increase their foreign currency income by means of such an investment. Their legitimate profits can be remitted abroad and a part of their income tax already paid can be refunded as a preferential treatment. They can also purchase Chinese goods with their due profits in RMB and export those goods in return for foreign exchange. But this does not mean that the state grants these enterprises the right to operate import-export businesses. The export of commodities made by the joint ventures must be approved by the Ministry of

Foreign Economic Relations and Trade.

4. Joint ventures can, with the approval of the state foreign exchange control department, sell their products to domestic enterprises that can pay in foreign currency (excluding those in the special economic zones and the economic and technological development districts in the open coastal cities) and foreign currency can be used for quoting prices and settling accounts. With regard to joint ventures, two or more in number set up in different places and different departments in China by one and the same foreign investor, the legal share of profits in foreign currency due to them can be settled by adjusting between these ventures after being approved by the state foreign currency control department.

A satisfactory settlement of the imbalance of foreign exchange in a joint venture lies in the concerted efforts by both the Chinese and foreign partners. The first step a foreign investor should take is to screen and determine the project in which he is going to invest. Of the 6,000 foreign-invested enterprises approved by the Chinese government over the past seven years, the forms of co-operation they follow can be categorized as follows:

— Export-oriented project: All or most of its products are made for export, earning a larger foreign exchange income than it spends.

— Transfer of advanced technology project: The products are to be made to substitute the products otherwise to be imported as long as they are needed by China.

— Domestic market-oriented project: One approach is to use the price difference between the domestic and world markets to import large quantities of compo-



nents and parts to be assembled and sold on the domestic market. This type of project cannot earn foreign currency because it spends more for importing the parts and components. The other approach is to operate tourism and the tertiary industries including maintenance services. Foreign exchange is needed in some of these services to purchase some materials from abroad. Some of them may serve only foreigners while others serve only the local residents and still others serve both. The first can manage to achieve a foreign exchange balance, the second cannot for lack of any source of foreign currency, and the third also finds it hard to strike a balance.

As of today, the first category has been greatly appreciated, the second could be carried out according to one's ability, while the last is not encouraged. Moreover, a foreign investor should strictly carry out the contracted proportion of the products for export and both the Chinese and foreign partners must expand their exports through their joint efforts. As for the Chinese partners, they should assimilate the imported advanced technology and push forward the technical renovations of the contracted programmes and projects with other enterprises to gradually provide foreign-funded enterprises with components, parts and raw materials made in China, so as to reduce the expenditure on foreign exchange.

EVENTS/TRENDS

New Industries Rise in Shanghai

Shanghai, China's largest industrial city, will watch six new industrial pillars rise over the next five to 10 years, according to the overseas edition of *Renmin Ribao* (People's Daily).

The industries will span the sectors of steel and iron, petrochemicals, automobiles, civilian aircraft, power station equipment and electronics.

One of the rising pillars is the Baoshan Iron and Steel Complex, part of which went into operation last September. It will be able to produce 6.7 million tons of steel per year by 1990 when its second phase of construction is completed. Its third phase of construction, which is designed to boost its annual steel output to 10 million tons, is under consideration. Thus, together with the current annual steel output of 5 million tons, Shanghai will beat Anshan, a city in northeast China, to become China's leading steel producer.

The Jinshan General Petrochemical Plant southeast of Shanghai on the Hangzhou Bay is one more major project scheduled to get under way. It will produce 300,000 tons of ethylene each year when its third phase of construction is completed. The renewal of the existing ethylene production equipment in Shanghai will raise the annual production output from 110,000 tons to 150,000 tons. It is calculated that these 450,000 tons of ethylene, when fully used, will add at least 20 billion yuan to the city's industrial output value each year.

Yet another pride for Shanghai are Santana cars currently rolling off the assembly lines at a steady pace in the Shanghai Volkswagen Automobile Manufacturing Plant, a joint venture with the Federal Republic of Germany in the western suburbs. The plant

will expand its annual production capacity to 100,000 during the next five years. Its annual production capacity eventually will reach 300,000 to meet the growing demand for compact cars in China.

Meanwhile, Shanghai's civil aviation industry, in co-operation with McDonnell Douglas Corporation of the United States, is expecting to turn out 25 MD-82 jetliners by 1991. The first jumbo jet is scheduled to join the CAAC fleet in the autumn of 1987.

The city's power equipment industry, congregated in the Minhang Industrial District, is currently manufacturing China's first set of 300,000-kw nuclear power equipment for the Qinshan Nuclear Power Plant, which is under production in Zhejiang Province. The state will chip in 160 million yuan during the next five years to import technology for the city's power plant industry. Ultimately Shanghai will be able to produce conventional and nuclear power equipment.

In electronics industry, Shanghai will place its emphasis on microelectronics. An area of 170 hectares has been set aside in the southwestern part of the city for manufacturing computers, large-scale integrated circuits, optical fibres and laser technology. Two production lines for large-scale integrated circuits are already under construction. The city now produces 10 million integrated circuits annually, making up one-fifth of the country's total output.

Economists in Shanghai believe the emergence of these six new technology-intensive industries will help restructure the city's industrial system, which today is dominated by the light and textile industries, thus giving impetus for the metropolis' long-term development. ■

Ancient Tomb Adds New Clue to History

Coffins, chariots and many burial accessories were found inside a tomb at least 2,500 years old when Chinese archaeologists lifted the chamber lid on May 2 in Fengxiang County, Shaanxi Province.

According to *Guangming Daily*, a leading newspaper specializing in cultural affairs, the Qin tomb was found about 140 kilometres west of Xian, the provincial capital. Scholars at the site believe that the tomb probably was the burial site for Duke Jing of the State of Qin (577-537 BC) who was the ancestor of Qinshihuang (259-210 BC), the first emperor of unified China. Duke Jing ruled the State of Qin for some 40 years during the late Spring and Autumn Period (770-476 BC). "But final verification will be made after opening the coffin," said Han Wei, head of the archaeological team. "Archaeologists need three to five days to clear the top of the chamber," he added.

Some of the relics offer important evidence that the people of the State of Qin (823-207 BC) were of Han nationality and not from a minority nationality from western China, an issue that has long been disputed by Chinese historians.

A stone slate bears an inscription of 16 ancient seals describing a ruler of the Qin State as a descendant of Gao Yang, a great grandson of the Yellow Emperor. The latter was believed to be a leader of the ancient China, or the ancestor of today's Han majority.

The pit of the tomb resembles an inverted pyramid measuring 59.4 metres from east to west and 38.8 metres from north to south at the top and 40 X 20 metres at the bottom. It is 24 metres deep and covers a total area of 5,334 square metres.

The tomb consists of an extremely complex coffin chamber 15 metres long, six metres wide and about three metres high. The three layers of the coffins—an outer one and two inner ones—were placed one within the other with large pieces of square wood placed between each layer.

"The excavation of the tomb, the largest ever found in China, is the second most important archaeological event after the

discovery of an underground army of terra-cotta warriors and horses guarding the mausoleum of China's first emperor Qinshihuang in 1974," according to the report in *Guangming Daily*.

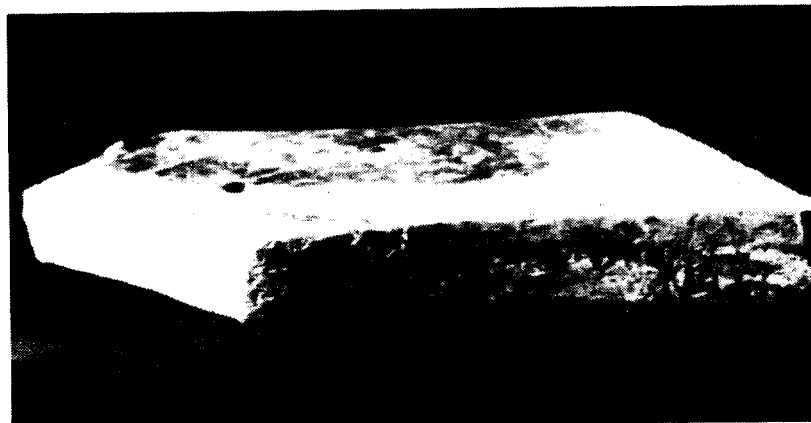
According to the Han Dynasty historian Sima Qian in his *Records of the Historian*, when Duke Mu of Qin, forefather of Duke Jing, died in 659 BC there were 177 sacrificial slaves buried together.

As the No. 1 Qin tomb was

A bird's-eye view of the No. 1 Qin tomb in Fengxiang County, Shaanxi Province.



The unearthed stone slate bears an inscription of 16 seals, revealing crucial historical insights.



opened, archaeologists saw more than 180 coffins of immolated slaves. Some of them, which have already been opened, were placed between the coffins or simply in the earth underneath. The coffin of Duke Jing was laid in a supine position, symbolizing his ascendancy to heaven where he would continue his life of pleasure, while the sacrificial remains of the male and female slaves were made to lie on their sides with tools, dyes or jewelry at hand, indicating their obedience to their master after death.

Although the tomb had been plundered by graverobbers during the Tang Dynasty (619-907) and again during the Song Dynasty (960-1279), a total of more than 2,000 articles have been unearthed. They include gold, bronze and jade ornaments and lacquerware. Some of the more valuable pieces are 60 pieces of bronze for decorating and reinforcing buildings, a porcelain model of a chariot, tiles carved with the figures of men and animals, a bronze tripod and bronze weapons. These precious funerary items created with such superb skill by the Qin people during the Spring and Autumn Period reflect the prosperity of the slave society at that time and indicates the intelligence and creativeness of the Qin people. This challenges the historical view that the feudal society succeeded the slave society in the Qin State because the slave system was weak there. It provides important information for the study of the slave society in ancient west China.

At the same time an ice cellar, with a capacity of 190 cubic metres, was also discovered, which is the first one ever to be found in China. It indicates that the inhabitants of Qin paid attention to the prevention of heatstroke and to sanitation.

The excavations, began 10 years ago, are still going on in Fengxiang County, which was the capital of Qin State for 294 years.

So far, 13 Qin tombs with 43 graves have been found there. ■

Killing Spare Time A Full-Time Problem

As night falls, the bustling, crowded Beijing streets gradually quiet down. Very few pedestrians can be seen on the dimly lit sidewalks—the metropolis has begun its rest.

Yet after a long day of work, dealing with traffic and the other hassles of urban life, Beijing residents still find the time and energy for a little fun. To be sure, most families are watching television, some are listening to the radio, reading books or magazines, while others are at the cinema, theatres or concerts.

Comparatively speaking, Beijing residents have very little spare time. According to a sample survey of about 170 people by the newspaper *Economic Daily*, each person has on the average only 2.5 hours each day to himself, and this breaks down to 3.3 hours for men and only 1.8 hours for women. People older than 18 and younger than 25 have the most spare time, about 3.6 hours; while women between 25 and 55 years old have the least, 1.2 hours.

Reasons for the shortness and the uneven distribution of spare time are many. Because of the high expense on and shortage of household help, workers often are faced with heavy housework, shopping and cooking, when they get home. Furthermore, too much time is spent on commuting to and from work. Many Beijingers have to ride a bicycle or buses for more than an hour each day to get to work.

Generally speaking, single young people have the most spare time for recreational activities. After work, some of them go to the movies, theatres, concerts, sports games or dances. Some may get together to chat, play chess or other games. But a large number

News in Brief

China faces the imposing task of creating at least 45 million urban jobs during the Seventh Five-Year Plan (1968-90), compared with 35 million jobs created throughout the past five years. In addition, an estimated 100 million rural farmers may be pursuing jobs other than farming, either in their own villages or in small towns, as the government has adopted strict measures to prevent the influx of rural labour into the cities.

During the past year, more than 40,000 of the 150,000 teams of rural film projectionists have fallen apart because of financial reasons. As a result, farmers were deprived of 5 million film shows, and the rural audience decreased by 4 million. This has caused widespread complaints among the farmers, who in 1984 had seen an average of two dozen films. At that time 95 percent of rural villages were visited regularly by travelling projectionsits.

A total of 9,196 traffic accidents occurred last month in the country, an increase of 17.6 percent over the same period last year. The accidents claimed 982 lives and left 5,821 people injured. The economic losses amounted to 6.36 million yuan. The figures are all higher than those of the previous month. Most of the accidents occurred on the roads between cities and counties where supervision was slack.



YANG PUTAO

Nearly 3 Decades With Half Brain

A woman in Shanghai whose right cerebral hemisphere was removed 28 years ago is today living a normal life. The operation was performed at the Huashan Hospital in Shanghai when Xu Huan suffered cerebral paralysis at the age of 7. Three years after the operation she began school and finished her junior middle school. Today, Xu is a worker in a Shanghai factory. She is quite fit except for a slight limp and her left hand is a little bent. She is proud of earning her own livelihood. It was reported that a German girl with one cerebral hemisphere removed had lived for 25 years before she died in 1979, the longest survival of such cases known worldwide at that time.

of them now go to night colleges, taking part in part-time classes or study on their own. On Sundays and holidays, they go to parks or exhibitions, or visit friends.

But there are some young people who find their spare time hard to kill. Take some recent university or college graduates for example. They have been assigned to organizations and institutions under the central government, and their homes are far from Beijing. They usually live very near their workplace and eat three meals in the dining room of their workplace. So while they have quite a bit of spare time, they often find it hard to while it away.

"I read almost every night," said Yu Chengtao, a 24-year-old man at a ministry under the State Council. "On Sundays I usually go to bookstores. Of course, I'd like to go to sports events or other recreational activities, but it's often difficult to get the tickets. So sometimes I just feel bored and lacking purpose," he said.

Middle-aged people, especially women, have the least spare time for leisure activities. A whole day's work in an office or factory followed by heavy housework takes away much of their time and energy.

"I'm tired out as it is by running around all day, scrambling for buses to and from work, shopping, cooking and washing after work," said Zhou Biling, a clerk at an organization under the State Council. "I just want to lie down and take a breather after all that—I have no energy for recreational activities." At most, she said, she reads some entertainment magazines in bed or watches TV if there is anything worthwhile on.

Most of Beijing residents spend their spare time indoors. Despite the fact that the parks are crowded on Sundays and holidays, most of the visitors are tourists from other parts of China or foreign countries. Most Beijingers prefer to stay at home, cooking special meals and just taking a respite

from the daily hustle and bustle. It's much better staying at home and having a good rest than struggling for buses and space, is a common response. Even if some of them do go to parks, they do so to satisfy their children's wishes rather than their own interests. The survey by the *Economic Daily* showed that each Beijing resident goes to parks only two and a half times per year. Few people go to theatres, painting exhibitions, concerts or sports competitions, partly due to the difficulties in getting tickets and partly due to the heavy traffic. The most popular activity for the Beijing residents is movie-going, but even this interest is declining. Of the 170 surveyed citizens, each person sees only 1.2 movies a month on the average, including shows organized by their workplaces.

The survey also indicated that the most popular way to while away the time in Beijing is simply by watching television. On the whole, everyone spends nearly two hours before the TV each day. While complaining about the programme quality, most viewers admit they have to make do because there is no better way to spend their time.

Money spent on recreation still accounts for a very small proportion of the Beijingers' monthly income, ranging from 1 percent to 8 percent. It is mostly spent on magazine and newspaper subscriptions, such as the *Beijing Evening News*, *Chinese TV News*, *Readers' Digest*, *World Vision* and *Household Medicine*.

With the improvement of living standards, there is a growing awareness of the importance of leisure time among the people. Some are beginning to complain more loudly that their after-hours are too dull and are calling on social services to build on the number of activities in the city, while making those activities more accessible to the people. ■

by Yan Liqun

Zhao Ziyang Meets Romanian Guest

Premier Zhao Ziyang met Ion Dinca, first vice-premier of Romania, and his party in Beijing on May 7.

Dinca arrived in Beijing on May 5 for the opening ceremony of the Romanian Industrial Exhibition on May 6. The large industrial exhibition is the second held by Romania in Beijing since 1980. Exhibits on display include complete sets of equipment for oil drilling and production, machine tools, tractors, trainer aircrafts, motor vehicles, textiles and light industrial products, animal by-products, furniture, clothing and chemical raw materials.

Zhao told Dinca that China was working hard for the implementation of the Sino-Romanian trade agreement signed during President Ceausescu's visit to China in 1985. He expressed his belief that the agreement would be reached by the joint efforts of the two countries in an energetic, frank and down-to-earth spirit.

Dinca noted that the implementation of the agreement would be assisted by the opening of new channels for co-operation. He also gave Zhao a brief account of Romanian economic construction.

Trade between Romania and China was worth 3 billion Swiss Francs last year, 14 percent more than in 1984, and bilateral trade this year is expected to be about 10 percent more than last year's figure.

On May 7, the Central Committee of the Chinese Communist Party sent a special message of congratulations to the Romanian Communist Party to mark the 65th anniversary of its founding. The message spoke highly of the enormous achievements made by the Romanian people in socialist construction under the leadership of the Romanian Communist Party and President Ceausescu.

China & the World

■ **Hu Yaobang Visits Western Europe.** CPC General Secretary Hu Yaobang is to visit four West European countries—Britain, the Federal Republic of Germany, France and Italy—from June 9 to 23, a Foreign Ministry spokesman announced recently. Hu has been invited by the leaders of the four countries. In Italy, Hu will pay a return visit to the Italian Communist Party, the spokesman said.

■ **Sino-Pakistan Border Pass Opens Further.** The Khunjerab Pass on the Sino-Pakistan border has been opened to personnel of third-party countries as of May 1. The pass is situated on the ancient "Silk Road" on the Pamirs. China and Pakistan opened it to each other on August 1982. A ceremony was held at the pass on May 1 to mark its opening to passport holders of third-party countries. After the ceremony, more than 100 foreign tourists entered the Xinjiang Uygur Autonomous Region via the pass.

■ **China, Bolivia Sign Four Agreements.** Four documents on cultural and economic co-operation between the Chinese and Bolivian governments were signed in Beijing on May 5. These documents include an agreement on cultural co-operation, an agreement on economic and technological co-operation, a protocol on projects of economic and technological co-operation and a note on the repair of the national irrigation system of Bolivia. The documents were signed by Chinese Foreign Minister Wu Xueqian and visiting Bolivian Minister of Foreign Affairs and Worship Guillermo Bedregal Gutierrez.

TOKYO

Summit Gets Mixed Reviews

Although the Tokyo summit issued weighty political and economic declarations, several sensitive economic problems went by basically unsolved.

After three days of intensive discussion wound up in Tokyo on May 6, the members of the 12th summit of the seven Western industrialized nations issued a political declaration titled "Looking Forward to a Better Future," an economic declaration that called for further co-ordination among the summit nations, a statement on anti-terrorism and another on nuclear safety. The member nations indicated that in today's complex political and economic situation, they were able to co-ordinate their policies and come to terms with their differences. However, on issues vital to their own interests they failed to keep in step and had widely divergent views.

Taking a look at the economic and political declarations, it appears the outcome of the three-day meeting was long on pledges of goodwill, but short on action that could resolve crucial problems over trade disputes, exchange rates and the debt burden of the third world countries.

During the meeting, leaders from the United States, Japan, Britain, the Federal Republic of Germany, France, Canada, Italy and the European Economic Community (EEC) showed a spirit of harmony and co-operation which they said had been rare in previous summits. This accordance stems to a large extent from the improved economic situation this year, largely a result of falling oil prices and lower interest and inflation rates. They also displayed their willingness to sustain the momentum of growth of the world economy.

As for the economic declaration, the leaders agreed to support the developing countries in their efforts to expand their economies and to improve the world monetary and trading systems.

The leaders also pledged to seek greater currency stability, attack protectionism, promote world trade and help the third world countries manage their debt with financial assistance and easier access to the world market.

The expansion of the Group of Five (G-5) was a matter of disagreement early on, but the deal went through after last-minute disputes were ironed out. Canada and Italy joined the club of finance ministers of the United States, Britain, West Germany, France and Japan to make up a group of seven, which the declaration says will work harder to prevent drastic fluctuations on the currency markets.

However, beneath this atmosphere of harmony, the summit made little headway on such key economic problems as cutting interest rates, launching a new round of global trade talks and reforming the world monetary system, which demonstrated that differences remained among the Big Seven.

On the touchy issues of agricultural subsidies and the third world debt, the summit leaders only repeated their past positions. The economic declaration made no explicit mention of the worsening farm-trade conflicts between the United States and the 12-nation EEC.

At the Bonn summit last May a bitter quarrel erupted between the United States and France over whether to set a date to start a new round of multilateral trade talks. French President Francois Mitterrand strongly opposed US President Ronald Reagan's idea of choosing a starting date for the talks before agreeing on what would be discussed.

Because of objections from France and the EEC to fix a starting date, the leaders failed again this time to come to an agreement and only promised to "make decisive progress" at the September ministerial meeting for an early launching of the new round of multilateral trade negotiations.

Although the summit agreed on measures to control exchange rates according to a set of specific indicators, West Germany argued that currency fluctuations largely reflected the economic policies of individual countries, which should not be shaped by international measures from a group of states.

Japan, whose currency jumped to another record high against the dollar during the summit, was also dissatisfied that the summit did not take joint action to check the yen's appreciation.

The general view is that the declaration was only a statement of intent with no binding force on any individual country, each with its own sovereign right to devise financial policies.

Furthermore, though summit leaders seemed to be harmonious on political issues, they did not share an identical view even on the issue of anti-terrorism.

British Prime Minister Margaret Thatcher said the declaration against international terrorism did not give the United States "carte blanche" for military action. And Italian Prime Minister Bettino Craxi said a new US air strike on Libya would violate an agreement he reached with President Reagan.

Now that the three-day show was over and the summit leaders left Tokyo in a jubilant mood, observers around the globe are still not sure to what extent

pledges of the summit will contribute to bringing about a "better future" for the world.

by Yang Shaohu

AFGHANISTAN

Replacing One Pawn With Another

The resignation of Babrak Karmal as general secretary of the People's Democratic Party of Afghanistan does not reflect a change in Soviet policy.

Babrak Karmal, who will continue as Afghan president and a member of the Politburo, stepped down on May 4 as head of the People's Democratic Party of Afghanistan (PDPA) and was succeeded by Mohammad Najibullah, former head of the secret police.

Buhran Ud Din Rabbani, spokesman of the seven-party guerrilla alliance of Afghanistan, said: "It is just a change of one Soviet pawn for another. There is no real change." "As long as Soviet forces are in Afghanistan, it hardly matters who is in power or out," he added.

Karmal, 57, had ruled the country since he was named as president and general secretary of the PDPA in the wake of the Soviet invasion of the country in December 1979.

However, in the past six years the Karmal regime could not stand on its own feet either economically or militarily. The Soviet press admitted candidly that since the establishment of the Karmal regime, "the Afghan economy" has been "cracked down mercilessly" by the Afghan guerrillas, and has suffered a heavy loss of no less than US\$1 billion.

With unusual frankness, the Soviet newspaper *Pravda* marked the "April revolution" (a reference to the date of adoption of the new flag and constitution) for Afghanistan on April 27 by expressing

dissatisfaction with the Kabul regime, noting that it had not widened its base of support and had been slow to introduce needed reforms. The report spoke of "failings which have hindered the revolutionary success."

These are indications that the Karmal regime is still politically unstable and cannot exist without the help of Soviet troops. Therefore, the Soviet troops have entrenched themselves in the Afghan war and the Soviet Union itself has become passive in international affairs. Karmal is losing favour with the Soviet leadership, apparently for failing to curb the Afghan guerrillas, and rally support for the regime. It seems to be one of the main reasons behind Karmal's resignation in addition to reported "health reasons."

Najibullah, 39, who was until last year a chief of security, replaced Karmal as head of the PDPA on May 4, on the eve of the seventh United Nations-sponsored indirect talks between Pakistan and Afghanistan.

Rabbani said in a statement that the choice of Najibullah meant an increase of military action against the guerrillas, because the new general secretary was "young, active and even efficient up to a point." Najibullah has with some success made efforts to rally certain Pashtun tribes to the regime. The widening

of the social base of the "April revolution" was one of the fundamental demands of the Soviet Union and a bone of contention with Karmal.

Najibullah was known for his close ties with the Soviet Union, and for his zealous efforts to suppress the guerrillas during his tenure as secret police chief. Western diplomats in Islamabad have said Najibullah has a strong record as a security strategist who has mixed force with some political sensitivity, and that he would try to convince influential sections of the population that they could trust Kabul.

Masood Khalili, political director of Jamiat-e-Islami, one of the seven main guerrilla groups, said: "The Soviet Union hand-picked Najibullah because he will intensify the fighting and attack us."

Soviet leader Mikhail Gorbachev has congratulated Najibullah on the occasion, praising his personal contributions to the strengthening of Soviet-Afghan friendship and the development of overall co-operation between the Soviet Union and Afghanistan.

Diplomatic circles in Islamabad believe that Najibullah is without any doubt Moscow's man. And the TASS News Agency on May 5 went out of its way to present him as "an internationalist and great friend of the Soviet Union."

Moscow's political strategy is aimed at isolating the Moslem guerrillas, who are unlikely to accept any external settlement.

The Soviet party chief Gorbachev has repeatedly professed his desire to have Soviet troops, estimated at around 115,000, withdrawn provided Afghan security can be guaranteed.

Diplomats in Islamabad said there was a clear signal in the timing of the change, only one day before the Geneva talks were to begin, in which the Pakistan and the Kabul regimes would try to agree upon conditions for a Soviet withdrawal.

The withdrawal timetable is the key point in a package of measures

to be settled through the mediation of UN Assistant Secretary General Diego Cordovez. However, there has been little progress so far in the indirect talks which began in 1982.

Though Moscow is impatient to end its costly war, it is believed that the Soviet troops will not leave without guarantees that a pro-Moscow government would survive in Afghanistan.

The Moscow-manipulated changing-of-the-guard in Afghanistan after six years of armed intervention does not result from any policy adjustment of the

Soviet Union on the Afghan issue, nor does it indicate Soviet willingness to withdraw its troops from the Islamic state. Such being the case, the seventh round of indirect talks on the Afghan issue in Geneva cannot possibly achieve any substantial progress—a swift Soviet pullout—a key link in a comprehensive solution to the Afghan problem. The Afghan people will not halt their resistance to the Soviet occupation of their country until the last Soviet soldier is gone. ■

by Xu Yuenai

US-USSR

Increasingly Cold Relations

While formal dialogue continues between the two superpowers, their clashes over arms reductions and nuclear testing steadily mount.

The balmy temperature of US-Soviet relations, created after last November's summit meeting between United States President Ronald Reagan and Soviet leader Mikhail Gorbachev, has been turning progressively colder since the beginning of this year.

First, the two countries continue to clash over how to cut down on weapons, with their arms reduction proposals put forward between last January and February having quite different focuses. The Soviet leader suggested nuclear weapons be removed completely from the world by the end of the century, putting particular stress on halting space weapons research and nuclear testing. Reagan, on the other hand, wanted to concentrate on reaching an agreement on medium-range missiles, emphasizing the elimination of all such missiles within three years.

Intense disagreements exist between the United States and the Soviet Union on the question of stopping nuclear testing. Moscow

declared unilateral suspension of nuclear testing as early as last August and has asked Washington to follow in its footsteps. Having turned down the request, the United States went ahead with its testing three times in March and April in defiance of Moscow's statement expressing its willingness to prolong the cease on January 15 and again on March 31 this year.

The most practical road to curbing the arms race, in the view of the Soviet Union, is to sign an agreement that calls for the halt of nuclear testing which would in the long run solve the current dilemma surrounding nuclear arms reductions. But Washington has protested, claiming such a ban would not be consistent with the security interests of the United States and its allies, for the Soviet Union enjoys certain advantages in nuclear arms. Washington regards it necessary to maintain its nuclear deterrent by continuing certain nuclear tests which are also

essential to Reagan's prized strategic defence—or Star Wars—research.

The quibbling over nuclear testing brings to light one of the significant aspects of the struggle for military superiority between the two superpowers. On April 11 Moscow cancelled its unilateral ban on nuclear testing due to Washington's stiff refusal to follow suit.

Furthermore, the White House and the Kremlin also disagree on the date for their summit meeting. Although Reagan and Gorbachev agreed during last November's meeting to meet again this year during Gorbachev's visit to Washington, they have not yet settled on the date because of their differences concerning arms reductions. Last February the Soviet leader suggested the summit meeting be postponed until actual progress could be registered in terms of substantial, verifiable arms reductions, or, in the very least, an understanding could be reached concerning nuclear testing bans and the elimination of the US and Soviet medium-range missiles in Europe.

Arms reduction, as put forward by the Soviet Union as a prerequisite to the summit meeting, will only continue to hinder an early meeting between the two world leaders. The Americans have called the Soviet connection between the meeting and arms reduction an excuse, stating that immediate arms reductions have nothing to do with a summit.

US-Soviet relations fell under further strain last March when the United States demanded that the number of Soviet employees in the United Nations be cut back from 275 to 170. The US State Department maintained that the large group of Soviet employees in the United Nations posed a threat to the security of the United States and that some of the Soviets were engaged in activities irrelevant to UN affairs, such as spying. The Soviet Union responded in fierce protest, describing the US move as

peremptory, invalid and one that would further strain relations between the two countries. On March 13, two US military ships deliberately entered Soviet waters south of the Crimea peninsula to investigate the Soviet defence capability in the area.

And yet another element to the stalemate is regional conflicts. The US air attack against Libya on April 15 hit a Soviet missile base in the country and set off a storm of denouncements from the Kremlin. Furthermore, the United States continues to equip

Angola and Afghanistan guerrillas with advanced missiles, while escalating its military aid to the anti-Nicaraguan rebels.

Arms reduction proposals, the call for cutting back on conventional forces and for the dissolution of the North Atlantic Treaty Organization and the Warsaw Pact were all put forward this year by the Soviet Union in an effort to gather international support and force the White House to give up its space defence programme. ■

by Zhang Liang

UNCTAD

Raw Materials Market Faces Slump

The international raw materials market is fairly shaky at the moment, and it appears it will remain so until the emergence of a new international economic order.

The petroleum exporting countries will lose billions of US dollars due to the current slump in oil prices. But what is in store for the countries that produce other primary products and raw materials?

Statistics gathered by the United Nations Commission on Trade and Development (UNCTAD) show that, taking the average price of primary products exported by the developing countries in 1979 to 1981 as 100, it was 84 in 1984, and less than 80 in 1985. In other words, the price fell by over 20 percent during the first half of the 1980s. An article in the February 27 issue of *Young African Economy* said the price of primary products fell by 30 percent between 1980 and 1985. Though somewhat different, the statistics from both sources clearly indicate that the prices of primary products in the 1980s are in a serious slump.

The emergence of the Organization of Petroleum Exporting Countries (OPEC) in the 1960s and its successful struggle to defend oil exporting nations'

rights and interests have given much encouragement to the other raw materials producing countries. These countries set up a series of organizations representing the coffee, cocoa, aluminium oxide, phosphate and copper industries, but have thus far failed to control prices as steadily as OPEC. What they have been able to do, however, is to hold talks with consumer countries in an effort to unify and stabilize market prices and improve trade conditions. As a result, agreements have been reached in some industries such as the coffee, cocoa, tin and rubber industries.

Nevertheless, the producing countries' influence on the prices have been weakened in recent years, and there is a growing tendency towards complete disintegration. For example, the average price of cocoa set in the agreement has never been officially observed. Outside of the original coffee agreement, there now stands a parallel market and in February this year, the exporting quota was called off because of confusion caused by

speculation. The Dominican Republic, the main aluminium oxide producing country, withdrew from the aluminium oxide agreement, and the leading producers of tin—Malaysia, Thailand and Indonesia—recently gave up their efforts to maintain an agreement regarding tin production and export.

Relations between supply and demand on the world market for primary products have changed significantly over the last 20 years. The raw materials producing countries have stepped up production to increase their export incomes, which has in turn led to a huge increase of primary products on the world market. The world output of coffee in 1985 had increased by 15 percent since 1980. The output of cotton in 10 French-speaking African countries has skyrocketed by 40 percent in the last 10 years.

The countries producing raw materials have been forced to break through limitations on export quotas as a result of increased production. This has pushed some countries to withdraw from agreements, shake off quotas, or to sell their products to consumer countries not involved in original agreements, causing the emergence of a parallel market.

The consumer countries, taking advantage of the producing countries' vulnerable position and dependence on the world market, have adopted aggressive trade policies. Some have gone back on their original commitments, or have held prices down, making it difficult to reach new agreements and impossible to implement the old ones.

Most Western economists have declared the markets for primary products has been shaken beyond the necessary limits. A critical task now is to stabilize the market. But before the market can be put on an even keel, North-South relations must improve and a new international economic order must be established. ■

by Dan Lin

Reform Conforms to Marxist Principles

Peng Zhen, chairman of the Standing Committee of the National People's Congress, made a speech at Zhejiang University on January 28 this year. Part of his speech, as printed below, deals with the relationship between the ongoing reforms in China and the tenets of Marxism-Leninism.

Currently, there seems to be a way of thinking which suggests that if somebody stresses Marxism-Leninism and proposes the study of the basic theories of Marxism-Leninism, that person is considered conservative and an opponent of reform. Such a judgment shows a misunderstanding, to say the least. If we hadn't used Marxism-Leninism to analyse our problems, how could we have proposed the reform of our economic structure? Without the guidance of Marxism-Leninism, how, and in what direction, would we carry out the reform?

At the National Party Conference held last year, Comrade Deng Xiaoping said: "The reform is part of the self-perfecting process of the socialist system." Our reform needs the guidance of Marxism-Leninism, and many problems in the reform need to be studied and solved by applying the basic principles and methods of Marxism-Leninism. How can our reform be set against Marxism-Leninism?

Describing Marxism-Leninism as conservative can also be considered a view based on a misunderstanding. Marxism is essentially critical and revolutionary. Marx's materialist dialectics holds that a movement of opposites exists in every thing; this movement will not stop even for a second, and without this movement nothing would exist. An ancient Greek philosopher said no one can step into the same river twice, because the river is always flowing and also ever-changing. In affirming some thing, materialist dialectics is also simultaneously negating it. Therefore, according to materialist dialectics,

it is not only the capitalist system and the capitalist class that will perish, but the proletarian state and the proletariat itself will also wither away with society's transition from socialism to communism. Furthermore, after society enters communism it will continue moving forward. How can Marxism be described as conservative and against reform? Only

Our reform needs the guidance of Marxism-Leninism, and many problems in the reform need to be studied and solved by applying the basic principles and approaches of Marxism-Leninism.

those Communists who have mastered Marxism can thoroughly understand that society must advance constantly with continual reforms, and that the ultimate aim of establishing a proletarian party and a proletarian state is to abolish the party and state and create a classless communist society.

Marx held that in changing the objective world, people were reforming their own subjective worlds at the same time; and that it was only in the practice of changing the objective world that people's subjective world could be thoroughly transformed. In this regard, the founders of Marxism set a good example, for they never stopped enriching their works and correcting their errors, if any, in the process of social development.

The Manifesto of the Communist Party, for example, has many prefaces that propose amendments and improvements. The Preface to German Edition of 1872 says, "However much things may have changed in the last 25 years, the general principles in this *Manifesto* are, on the whole, as correct today as ever. Here and there some detail might be improved. The practical application of the principles will depend, as the *Manifesto* itself states, everywhere and at all times, on the historical conditions for the existing time. And, for that reason, no special stress is laid on the revolutionary measures proposed at the end of Section II. That passage would, in many respects, be very differently worded today."

The most important fact is that the Paris Commune proved "the working class cannot simply take hold of the ready-made state machinery, and wield it for its own purposes." Therefore it is not enough for the proletariat to seize political power as the *Manifesto* directs. Instead, the proletariat must smash the old political power and establish a proletarian state. This is, in the words of Lenin, the only amendment in principle to the *Manifesto*.

In inheriting and developing Marxist theories, Lenin discovered that after capitalism had entered the stage of imperialism, the functions of the law governing the uneven development of capitalism grew stronger. Basing himself on this discovery, Lenin negated Marx's claim that a proletarian revolution could only succeed simultaneously in the

(Continued on p. 23)

Traditional Chinese Medicine Making Its Mark on the World

Traditional Chinese medicine, having spread to many countries more than 1,000 years ago, is now being studied and applied the world over, especially in industrially developed nations.

by Hou Zhaotang

The current worldwide upsurge in the popularity of Chinese medicine began in the early 1970s and continues today. According to a 1982 survey in Japan, more than 40 percent of the Western-trained physicians there were practising *Kampo*, a Japanese version of Chinese medicine, and 20 percent more were expected to follow suit.

In the United States, traditional Chinese medicine, which was virtually unheard of only a decade ago, is now being practised, taught and researched in a number of states. Some American universities have also established master's and doctoral programmes in traditional Chinese medicine.

In recent years, many traditional Chinese medicine specialists have been invited by other countries to lecture, treat patients and participate in academic exchanges. In return, many foreign scholars have also come to China for advanced study in traditional Chinese medicine. Of the foreign students studying natural sciences in China, those majoring in traditional Chinese medicine make up the highest percentage.

The Chinese Ministry of Public Health has trained more than 1,200 acupuncturists from 116 countries and regions. Of these, 99 have been from the United States, 49 from Australia, 44 from Great Britain, 38 from Japan and 23 from the Federal Republic of

Germany. And the number of applicants for acupuncture training from developed nations is increasing.

Qigong, or breathing exercises, is a part of traditional Chinese therapy and has also drawn worldwide attention. In the United States, 100,000 people are said to practise the relaxation therapy, developed from the Chinese breathing exercises. Since 1983, study groups from Harvard University's medical school, the American Life Essence Research Institute and the Body and Intelligence Study Group have visited China for educational exchanges. *Qigong* has also attracted a considerable following in Japan, where centres, organizations and books devoted to the therapy have begun appearing. Last year, Chinese specialists were invited to Japan to help train personnel in medical research, treatment and data processing at its new China *Qigong* Recuperation Research Institute.

Since 1977, the World Health Organization (WHO) has also supported the development of traditional Chinese medicine by helping popularize Chinese acupuncture in various countries and acknowledging acupuncture therapy as "a new internationally applicable medical discipline." So far, WHO has set up six traditional Chinese medicine co-operation centres in China. Last year in Guangzhou it sponsored a regional symposium on the role of traditional Chinese medicine in



The current worldwide upsurge in the popularity of traditional Chinese medicine started in the early 1970s and continues unabated today.... Over the years China has trained more than 1,200 acupuncturists from 116 countries.

primary medical treatment and health care. During the symposium, representatives from more than 20 countries were introduced to the curative effects of traditional Chinese medicine. WHO's support not only attests to the mounting enthusiasm for traditional Chinese medicine

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round the world, but also helps to promote its proper application.

In recent years, many academic organizations specializing in traditional Chinese medical research have opened in different parts of the world. At international and regional conferences on traditional Chinese medicine the number of participants, academic papers given and countries represented has climbed every year. For example, at the second symposium on acupuncture anaesthesia held in August, 1984 in China, 425 scholars from more than 50 countries and regions presented more than 700 papers on the subject.

Acupuncture is acknowledged as "a new internationally applicable medical discipline."

WHO's support not only attests to the mounting enthusiasm for traditional Chinese medicine but also helps to promote its proper application.

Shi Dianbang (second, left), president of the China Academy of Traditional Chinese Medicine, meeting with Dr. J. Needham (first, left), noted British historian of science and technology.



While rejuvenating and developing its own *Kampo*, Japan has paid considerable attention to the theory and application of China's traditional medicine and to the combined use of both its traditional and Western medical technologies. China's prescription for blood clotting diseases, particularly those relating to the heart, has a great impact on Japanese medicine. In the early 1980s a Japanese physician in Beijing published 16 articles in Japan telling of China's achievements in treating blood clotting.

Preparation No. 2 prescribed by the Academy of Traditional Chinese Medicine created a huge stir in Japanese medical circles because of its efficiency in treating cardiovascular disease and chest pains. Since 1980 the Japanese government has allocated considerable funds for research into blood clotting. Japanese physicians have also applauded Chinese treatment for chronic kidney failure, which doctors of Western medicine have preferred to treat with artificial kidneys or kidney transplants. However, Chinese doctors of traditional Chinese medicine confirmed as early as the 1950s the effectiveness of medicinal herbs such as rhubarb, ginseng, licorice root, ginger and

monkshood, and the combined use of both traditional Chinese and Western therapies in treating this virtually incurable disease. Upon learning of the Chinese approach last year, Japanese scientists immediately began researching the treatment and corroborated its effectiveness.

In diagnosis and treatment, the theoretical foundation of traditional Chinese therapy has been the contradictory balance of the *Yin* and the *Yang*, vital energy and blood. Employing this integral facet of traditional Chinese medicine, Japanese researchers achieved almost the same research results as Chinese medical specialists. The paper in which the Japanese team announced its findings was cited as one of the three best papers at the 17th International Medical Conference held last year.

In acupuncture and moxibustion research, many countries have spent years trying to confirm the existence of the body's channels and collaterals, or pathways, through which the vital energy, or *qi*, circulates. Their efforts were unsuccessful until recently when Chinese specialists showed how pricking points on the body would stimulate other areas through certain channels and collaterals. This discovery, medically termed "stimulation transmission through channels and collaterals," will no doubt prove very important for the further development of acupuncture and traditional Chinese medicine.

In addition to its research into traditional Chinese medicine, Japan has also established a number of academic societies and groups to translate ancient and recent works on the subject. In some of Japan's medical journals almost 80 percent of the articles are translations of Chinese books or papers. Some Japanese doctors have set up offices for the practice of traditional Chinese therapy in Japan.



Deng Liangyue, director of the Institute of Acupuncture and Moxibustion, conducting a course for foreign students.

Although traditional Chinese medicine appeared only recently in the United States, it has become extremely popular in certain parts of the country. The Americans who use traditional medicine from China have also incorporated its various theories and practice into their application of the medicine. For example, American acupuncturists often follow pricking with Chinese herbal broth. At the core of the spread of traditional Chinese medicine in America are its Chinese-American communities.

Traditional Chinese medicine has also become popular and useful in other countries. For example, the Soviets, who took up Chinese acupuncture in the late 1950s, established their own "reflex therapy." The Moscow Central Reflex Therapy Research Institute is famous worldwide not only because I.P. Pavlov (1849-1936) developed the theory of "conditioned reflex" there, but also for its "reflex therapy." The Soviets have also conducted some of the most advanced research into *ginseng* and *civujia*, traditional Chinese medicinal herbs. Acupuncture has also secured a firm foothold in France, Federal Germany and Britain. These countries, too, have a number of world famous Chinese medical scholars, including J. Needham of Britain and M. Porkert and U. Unschuld of Federal Germany, and de Tymowski of France.

People have begun to re-evaluate traditional Chinese and Western medicines. However, it is generally acknowledged that both medicines work well, and as each has its own strengths and weaknesses, their integration leads to better treatment.

Why has ancient Chinese medicine aroused so much interest in the world today? It is mainly because people have begun to re-evaluate not only traditional Chinese medicine but Western medicines as well. Chinese medicine's popularity was sparked, at least in part, by a change in people's view of the two medicines. In the past, people tended to think of Western medicine as scientific and perfect and traditional Chinese medicine as primitive and inexact. However, it is now generally acknowledged that both medicines work well; and as each has its own strengths and weaknesses, their integration leads to better treatment.

The change in people's under-

standing of traditional Chinese and Western medicines stems from the successes and failures of both. Western medicine is far from perfect. First, it has only limited success in a number of complicated diseases, such as cancer and hepatitis, and it is almost powerless in treating Acquired Immune Deficiency Syndrome (AIDS). Second, many Western medicinal prescriptions such as steroid and anti-cancer drugs have very serious side effects. For example, overdose of the medicine *chinfoform* will cause SMON, or Subacute Myelo-Optics Neurosis. Third, Western medicine is limited in some of its theories and methods. For example, some Western physicians overemphasize clinical examinations and test results and neglect the subjective and objective factors of the patient. Sometimes, they manage to treat and cure the symptoms, but fail to cure the cause of the illness and help the patient fend off further attacks. As a result, the illness is not cured and leaves a patient with mental and physical pain.

As the reputation of Western medicine has suffered setbacks, traditional Chinese medicine has become more popular. Traditional Chinese medicine stresses that illness is not only the result of localized problems, but the result of an imbalance in one's physical conditions as well. In checkups and treatment, doctors of traditional Chinese medicine emphasize not only local treatment but treatment of the whole body. Moreover, the herbal medicines that China has been using for more than 2,000 years have no significant side effects. Increasingly, people throughout the world are recognizing the efficacy and safety of acupuncture, massage, Chinese bone fracture treatment and *qigong*. Traditional Chinese medicine often yields satisfactory results when applied to complicated cases, thanks to its attention to a patient's entire body, to the environment's impact

Report on the 1986 Plan for National Economic and Social Development

(Excerpted from a report delivered on March 26, 1986 at the Fourth Session of the Sixth National People's Congress)

Song Ping, State Councillor and Minister in Charge of the State Planning Commission



I. Tasks and Objectives

Nineteen eighty-six is the first year of the Seventh Five-Year Plan. We shall work hard to consolidate, assimilate, supplement and improve the reforms in the economic structure. At the same time we should undertake in-depth investigation and study, draw up plans and try to lay the groundwork for further advance in the reform over the next two years. In economic construction, we shall continue to keep investment in fixed assets and funds for consumption from growing too fast. Meanwhile, we shall try to improve market supply, to further invigorate all aspects of commodity production and circulation and to achieve a general balance between demand and supply, so that the

national economy can develop in a steady and balanced way.

The specific tasks and major objectives of the 1986 plan are as follows:

1. To develop a diversified rural economy in accordance with local conditions, while ensuring the steady growth of grain output.

As projected in the plan, total agricultural output value for 1986 will increase by 3 percent over that of last year (or 6 percent if village-run industries are included), and grain output will reach at least 400 million tons. To ensure the steady growth of grain production, the state plans a moderate increase in agricultural capital investment and will adopt economic policies to offer favourable terms to grain growers and grain-growing areas. Capital investment is to be used mainly for key water conservancy projects, for the building of areas specialized in the production of commodity grain or of farm and sideline products for export, and for the promotion of scientific research in agriculture and the wide application of technologies.

Acting on the principle that we must never relax our efforts to increase grain production and to develop a diversified rural economy, we shall steadily readjust the structure of rural undertakings so as to create balanced multi-sector rural economy. Such readjustment should be predicated upon ongoing efforts to ensure grain production by increasing per-unit yields, improving strains and raising quality. Under these conditions and with careful planning, we shall promote increased production of various cash crops and the development of forestry, animal husbandry, sideline occupations, fishery, processing of farm and sideline products, mining, building trade, etc. In the course of restructuring rural undertakings it is imperative to severely restrict the use of arable land for non-agricultural construction purposes,

and to ensure conservation of water and soil and protection of the environment.

Priority should be given to the preliminary processing of farm produce and the improvement of services before and after the production process. In places where conditions permit, we should encourage other types of development as well, always in accordance with the state's relevant regulations and with the need to conserve resources. These include the construction of small mining projects and small hydroelectric power stations, the development of building materials industries, processing industries that supply large industrial enterprises with parts and auxiliary equipment, and industries that process export commodities and the production of small items of daily use. In launching township-run enterprises, localities should rely mainly on their own accumulated funds, acting within the limits of their own capabilities. A certain portion of the profits accumulated from such enterprises should be used to assist crop farming, forestry, animal husbandry and fishery. This is conducive both to the rational distribution of economic benefits and to the complementary and balanced development of various economic sectors in rural areas.

All localities and departments should regard helping poor areas to overcome backwardness as an important item on their agenda. At present, they should give priority to helping the most poverty-stricken areas, where people still lack adequate food and clothing. Following investigation and overall planning, they should take measures to help people in those areas expand production and gradually improve their lives through their own efforts by using locally available resources. The old revolutionary base areas, the frontier areas, the poverty-stricken areas and areas inhabited by minority nationalities should take the initiative in establishing lateral ties with economically and technologically advanced areas and regions, so as to import financial and human resources from other areas to develop their own. According to the 1986 plan, state expenditure to aid the underdeveloped areas comes to 800 million yuan. The state will continue to provide, as scheduled, some grain, cotton and cloth in exchange for equivalent labour on road construction and water conservancy projects.

2. In industrial production, to give high priority to manufacturing products of better quality and properties and to reducing consumption of energy and raw and semi-finished materials, while at the same time maintaining an appropriate growth rate.

As projected in the plan for 1986, total industrial output value will increase by 8.8 percent over last year (or 8 percent if village-run industries

are excluded), that is, by 9.7 percent for light industry and 7.8 percent for heavy industry. The total output of non-renewable energy resources (coal, petroleum, natural gas and hydroelectric power) is expected to reach the equivalent of 858.5 million tons of standard coal, an increase of 19.5 million tons over last year; the output of rolled steel will be 37.6 to 38.4 million tons, an increase of 810,000 to 1,610,000 tons. As the demand for oil products, electric power and rolled steel grows rapidly, great efforts should be made to increase their production, and supply should be planned on a priority basis.

According to the 1986 plan, total rail freight volume for the year is expected to reach 1,320 million tons, up 3.5 percent from 1985. Of this total, coal to be transported out of Shanxi Province accounts for 136 to 139 million tons, a rise of 7.7 to 10 percent. We should tap the potential of the transportation system by increasing railway freight capacity, making more use of highway transport and increasing the handling capacity of harbour facilities. This last can be accomplished by moving more off-loaded goods out by trucks and barges, so that harbours can accommodate larger vessels. These measures will increase overall freight capacity and take some of the strain off the transportation system.

3. While strictly controlling overall investment in fixed assets, to adjust the pattern of investment, emphasizing construction projects for such basic industries and infrastructure as energy, transport, communications and raw and semi-finished materials.

The scale of investment in fixed assets in the first two years of the Seventh Five-Year Plan should remain more or less at the 1985 level so as to ensure steady economic development. Accordingly, the 1986 plan provides that the total investment in fixed assets for state enterprises shall be 157 billion yuan. Of this, capital construction accounts for 95 billion yuan, investment for equipment renewal and technological transformation will be 42.1 billion yuan, investment for the purchase of rolling stock, ships and airplanes will be 2.9 billion yuan and investment in other fixed assets will be 17 billion yuan. If investment in construction of primary and secondary schools is included, the total investment in fixed assets in all state enterprises and institutions will be roughly the same in 1986 as in 1985.

Of the total investment of 95 billion yuan in capital construction for state enterprises and institutions, 40 billion yuan (including an investment of 2 billion yuan from local financial resources) comes from state budgetary appropriations — representing an increase of nearly 4 billion yuan over last year. This increase is earmarked mainly for the energy, transport, and

raw and semi-finished materials industries, for agriculture and for intellectual development. On the other hand, in order to control the level of total investment, the proportion of investment financed by enterprises themselves is somewhat reduced, as compared with the preceding year. At present, the key to controlling investment and sustaining future economic development is a rational readjustment of the investment pattern. During the past few years, investment in ordinary processing industries has grown out of proportion. In 1986, such investment should be cut down so as to provide more funds for construction projects in basic industries and infrastructure and, at the same time, to ease strains on the supply of energy, transport and raw and semi-finished materials. According to the plan, this year's investment in these areas will be 51.4 percent of the total in capital construction for state enterprises and institutions as against 46.8 percent last year. Investment in non-productive projects will also be scaled down proportionately. All departments and local authorities are therefore required to reduce their investment in non-productive projects by 10 to 20 percent from the level of 1985. They will thus have more funds available for constructing productive projects and setting up facilities for teaching and research work, and the same amount of investment will yield greater capacity for production and expansion.

Effective control over the scale of investment, readjustment of the investment pattern and increased returns on investment all result from rational planning of various construction projects. Therefore, we must make determined efforts to take stock of projects now under construction and strictly control the number of those to be newly launched. A total of 681 large and medium-sized projects are scheduled for construction under the state plan this year, of which 597 are continuing projects and 84 are new. Of the new projects, 45 are for construction starting from scratch and 39 are for reconstruction and expansion of existing facilities. Beginning from this year, departments that are in charge of newly launched large and medium-sized projects must see to it that necessary funds, materials and equipment are available and that construction proceeds according to schedule. Furthermore, it is necessary to stop or suspend construction of those projects that do not satisfy construction and operational requirements, so as to ensure that over the next two or three years construction of the remaining ones will proceed according to schedule.

4. To ensure an adequate supply of goods for the market and keep prices basically stable, so as to improve the people's living standards.

According to the plan, the total payroll for workers and other employees in 1986 will increase

by 14 billion yuan over last year, of which 10 billion yuan will go to those working in state enterprises and institutions. In 1986 the average monetary wages for workers and other employees will increase by 7 percent over 1985. As the rural economy develops, the peasants' income will continue to grow considerably. In 1986 the average per-capita net income in rural areas is expected to be up 7 percent over last year.

To continue improving the people's living standards in both urban and rural areas, we must work hard to ensure an adequate supply of goods for the market. The total value of retail sales in 1986, as envisaged in the plan, will reach 482 billion yuan, showing an increase of 12 percent over the preceding year.

In order to keep prices basically stable, we must pay special attention to prices of vegetables and other major commodities in big and medium-sized cities and other key localities, while maintaining a balance between market supply and demand. State-owned grocery corporations must control major sources of supply of ordinary vegetables and serve to guarantee supplies and keep the prices stable. Supervision over small retailers should be improved and random jacking-up of prices and profiteering must be prohibited.

5. To greatly increase exports and broaden trade and technological exchange with foreign countries.

In view of the changes in the current international markets and proceeding from the principle of tying imports to exports, we set the total volume of imports and exports for 1986 at US\$ 56.8 billion in the plan. Compared with last year, the total volume of exports this year will be increased and that of imports will be reduced. To maintain a basic balance of foreign exchange, measures should be taken to ensure an adequate supply of readily marketable export commodities. It is essential to improve the management system, to exercise strict control over export licensing and over exports to Hong Kong and Macao. We should take a flexible approach to trade, promoting a variety of forms such as barter trade, import-based export, *entrepôt* trade, multilateral trade and frontier trade. Efforts should be made to establish bases for production of export commodities and to gradually build an integrated system for production of such commodities.

To keep strict control over the volume of imports, it is indispensable to retain approval procedures for imports. While ensuring the planned import of materials vital to the national economy and the people's daily life, we should ban the import of those that are domestically available. As for optional materials, we should impose strict control,

allowing few or none to be imported. We should introduce, through various means, certain key new technologies that we badly need, avoid duplication of imports, stop the import of low-quality items and prevent competitive purchases at high prices.

Efforts should be made to increase non-trade foreign exchange earnings and reduce non-trade foreign exchange payments. We should do all we can to increase foreign exchange earnings through tourism by attracting a growing number of foreign tourists to China.

6. To further develop education, science, culture, public health and physical culture and other related undertakings, so as to build a socialist society with an advanced culture and ideology.

We shall gradually introduce the nine-year compulsory education system in keeping with the conditions prevailing in different localities and continue to restructure secondary education and develop vocational and technical education. The plan for 1986 sets the total enrolment of polytechnic school students at 710,000, an increase of 6.3 percent over last year. Efforts should be continued to readjust faculties and disciplines of higher education, with emphasis on the development of faculties and disciplines which we lack or are weak in. These include finance and economics, political science, law, economic management and education. In 1985, the enrolment of undergraduates and postgraduates was a little too high in relation to the capacity of regular universities and colleges. In order to guarantee teaching quality and raise the level of education, the 1986 plan calls for enrolling no more than 600,000 undergraduates and 45,000 postgraduates. Radio and TV universities should mainly enrol fresh graduates from high schools and young people in general.

We should encourage scientific and technological research institutes and enterprises to establish relations with each other and give full play to the technology market. We should undertake a number of key industrial pilot projects and projects for technological development, dissemination and demonstration, so as to accelerate the transformation of research results into productive forces. We should continue to attach great importance to basic research, complete the planned key laboratory projects on schedule and start new ones.

Progress should be made in all cultural undertakings such as literature, art, broadcasting, the cinema, television, the press and publication, and in public health and physical culture. We should do our best to raise the ideological and artistic standards of all cultural undertakings, to contribute to scientific and general knowledge and to enrich the cultural lives of the people. This will help to promote the economic structural reform, to

build a socialist culture and ideology and to improve Party conduct and general social conduct.

We should continue our good work in family planning. While encouraging the people to practise family planning, we should help them to solve their problems in that connection and disseminate health and hygiene information.

II. Strengthening and Improving Macro-Management to Ensure Fulfilment of the 1986 Plan

To achieve a general balance between supply and demand and ensure steady economic growth in 1986, it is essential to strengthen and improve macro-management and to check the excessive expansion of demand while increasing industrial and agricultural production and improving supply.

First, we must continue to exercise strict control over the scale of investment in fixed assets. Excessive growth of investment in fixed assets, especially in capital construction, was an important factor contributing to excessive distribution of national income, shortage of materials, precipitous increases in consumption funds and jacked-up commodity prices in the past two years. To stabilize the economy, it is necessary to firmly control the scale of investment in fixed assets. The solution is to establish effective control over the investment funds raised by local authorities, departments and enterprises themselves and over bank loans for investment in fixed assets.

Second, we must continue to prevent any sharp increase in consumption funds. In addition to checking enormous growth of investment in fixed assets, we have to prevent a sharp increase in consumption funds in order to control total social demand. The peasants will get more income chiefly by increasing production. The purchase prices for farm and sideline products will generally remain unchanged this year, except that some irrational price ratios need to be readjusted. We will continue to fix staff size and total payrolls for state enterprises and institutions, and banks will be responsible for controlling such funds in accordance with state plans and relevant regulations. Bonus taxes and wage regulation taxes will be levied strictly in accordance with relevant regulations on those state enterprises and institutions that pay extra-high bonuses and wages. Investigations will be conducted with regard to the extent of tax reductions or remissions on products of collective and township enterprises and readjustments will be made as appropriate.

The Implementation of the State Budget For 1985 and the State Budget for 1986

(Excerpted from a report delivered at the Fourth Session of the Sixth National People's Congress on March 26, 1986)

Wang Bingqian, State Councillor and Minister of Finance



I. Implementation of the State Budget for 1985

According to present estimates, state revenues in 1985 totalled 185.411 billion yuan (including

domestic receipts of 182.9 billion yuan), or 120.8 percent of the budgeted figure. State expenditures amounted to 182.594 billion yuan, or 116.7 percent of the budgeted figure. The balance showed a surplus of 2.817 billion yuan.

Of revenues for 1985, tax receipts amounted to 201.082 billion yuan; funds collected for construction of key energy and transport projects came to 14.273 billion yuan; receipts from state treasury bonds totalled 6.04 billion yuan; receipts from foreign loans came to 2.5 billion yuan; and receipts from other sources amounted to 9.541 billion yuan. Apart from this, subsidies for losses by enterprises and for price rises came to 48.025 billion yuan. These were deducted from the total state revenues as they had been in the previous year's budget.

For total state expenditures in 1985, the essential breakdown is as follows: Budgetary appropriations for capital construction totalled 56.973 billion yuan. Funds expended to tap the potential of existing enterprises, finance their technological transformation and subsidize the trial

Third, we must effectively manage the granting of credit. In order to hold prices stable, efforts should be made to get more people to deposit their savings in banks, to tap all available sources for funds, and to keep a tight grip on the issuing of currency. Priority for loans to be used for circulating funds should go to those enterprises that turn out high-quality products, products that are badly needed by the community or that are intended for export. In deciding to whom to grant loans and in what amount, all specialized banks should adhere to overall state policy decisions and act in accordance with state credit plans and plans covering investment in fixed assets.

Fourth, we must tighten control over foreign

exchange. Use of foreign exchange should be under centralized control. An increasing proportion of foreign exchange is to be retained by local authorities and by departments, and the system governing their expenditure for imports should be reformed in consequence. The amount to be allocated to them by the central authorities will be reduced, now that they will have more funds at their own disposal for importing raw and semi-finished materials, farm equipment and other materials.

We should tighten centralized control over foreign loans too. The Bank of China will have chief responsibility for contracting foreign commercial loans in conformity with the plan approved by the state. Loans procured by local authorities and by departments must be kept under the ceilings set by

manufacture of new products totalled 10.05 billion yuan. Aid to rural production and other operating expenses for agriculture came to 10.156 billion yuan. Operating expenses for culture, education, science and public health services totalled 31.716 billion yuan. Expenditures for national defence accounted for 19.148 billion yuan. Administrative expenses amounted to 13.296 billion yuan. And expenditures for repaying principal and interest on foreign loans totalled 3.255 billion yuan.

As the figures for 1985 show, gratifying changes have taken place in our financial situation. These were due to the fact that we increased overall control of the national economy while continuing to uphold the principles of invigorating the domestic economy, opening to the outside world and carrying out economic structural reform.

(1) The position of state finances has changed from one of small deficits to one of balance. In 1979 and 1980, deficits arose because large state appropriations were made for readjusting the national economy and for solving problems in people's daily life which had accumulated over the years. Starting in 1982, with steady improvements in the financial situation, state revenues reversed their downward trend and a basic balance was maintained for the next several years. In the state budget for 1985, a deficit of 3 billion yuan was listed owing to difficulties in balancing revenues and expenditures. To eliminate the deficit and stabilize the economy in the course of implementing the budget, the state adopted a series of measures to expand production, develop financial resources, increase revenues and restrict expenditures. As a result, we achieved a balance of revenues and expenditures, when both grew considerably.

the state and must be repaid by themselves.

Fifth, we must continue to improve the planning system. Although the State Planning Commission has reduced the amount of mandatory planning, local authorities and government departments are still issuing too many mandatory plans. Their number should be appropriately reduced. When it is necessary for those authorities and departments to issue mandatory plans, they should organize major factors of production in a co-ordinated way so as to stimulate enterprises.

All enterprises whose products are covered by mandatory state plans for distribution must take

(2) State revenues have entered a period of steady growth. For many years, China's revenues hovered around 100 billion yuan, with an annual increase of 5 to 6 billion. Since 1983, state revenues have grown steadily. In 1983 and 1984, they went up by 12.7 billion and 25.5 billion yuan respectively over the previous year, and in 1985 by 36.2 billion yuan, which was 24.7 percent more than the 1984 figure. However, it must be pointed out that this growth was attributable to some special factors, including the extra-high industrial growth rate in the first half of 1985, price rises for some commodities and increased revenues from customs duties due to increases in imported consumer goods. After allowing for these incomparable factors, revenues in 1985 still rose by about 16 percent, which is a fairly high growth rate.

(3) Funds have been rationally allocated and utilized, ensuring the construction of key state projects and the development of intellectual resources. In 1985, domestic expenditures rose by 28.9 billion yuan, 19 percent more than the 1984 figure. Of this, appropriations for capital construction went up by 9.06 billion yuan, or 20 percent over 1984. Operating expenses for culture, education, science and public health services were 5,399 billion yuan, or 20.5 percent, more than the previous year. The rate of increase for these areas exceeded that for total state expenditures. Further progress has been made in capital construction and an accelerated pace of construction of key projects was reported last year, with 97 large and medium-sized projects and 134 single projects completed or commissioned. Of these, energy and transport projects constituted 35 percent of the former and 72 percent of the latter. Because a number of energy and transport projects have been built over the past few years, and existing

their orders for goods strictly in accordance with those plans and make products of the varieties required and to the specifications indicated.

Efforts should be made to establish inter-trade and trans-regional economic ties. Local authorities and departments responsible for the work will allot production assignments to the principal factory of the economic association, which will then divide these assignments among all the member factories.

We should exercise better control over economic information, calculations and statistics. These are essential for framing plans and making policy decisions and for better overall management of the economy.

enterprises have been technologically transformed and revitalized, the output of coal in 1985 reached 850 million tons; crude oil 125 million tons, and electricity 407.3 billion kwh. Also, a number of new railways and highways have been built and communications facilities installed. In the same year, rapid development was also achieved in cultural, educational, scientific and public health undertakings. New enrolments for regular and special courses in colleges and universities totalled 619,000, an increase of 30 percent over 1984. There was rapid growth in all types of adult higher education, new progress was made in universal primary education, and the nine-year compulsory education system was initiated. New achievements were scored in scientific research, and public health and medical facilities were improved. Physical culture and sports, cultural work, the press, and broadcasting and television contributed to economic structural reform and to the building of a socialist civilization that is culturally and ideologically advanced.

(4) The people's living standards have improved markedly with the growth of production. In 1985, we took a major step forward in wage reform. By and large, wage reform has progressed fairly smoothly. In addition, in the pricing reform last year, the state raised the retail price of pork. To ensure that this would not affect people's living standards, it allocated 3.1 billion yuan to subsidize urban residents. The average per-capita income of urban and rural residents in 1985 rose by 10.6 percent and 8.4 percent respectively, after allowing for price rises. Generally speaking, the people's income level is low, and there are many problems yet to be solved in the course of economic development and reform.

(5) Through comprehensive check-up on taxation, finance and prices, initial results have been achieved in strengthening fiscal and economic discipline. Since the beginning of last year, we have stressed the need for strict control over expenditures and have adopted such measures as setting ceilings on administrative expenses, group purchases and other unproductive expenditures, with a view to curtailing expenditures. We have thus put to rights the abnormal situation which prevailed in the fourth quarter of 1984 when expenditures increased sharply. At the same time, a nationwide check-up on taxation, finance and prices was launched. Many cases of violations of fiscal and economic discipline were dealt with, which not only led to an increase in revenues and contributed to balancing revenues and expenditures, but also helped improve Party conduct, raise the standards

of social conduct and enhance the cadres' and the masses' sense of policy and law and their understanding of the need to give first priority to the general interest.

The 1985 state budget was implemented satisfactorily. But there still remain quite a number of problems. On the one hand, some destabilizing factors in the economy have not been eliminated. For example, the scale of investment in fixed assets was excessive and funds for consumption were increasing too fast. Many enterprises failed to reach high standards in terms of management and technology and to improve their low economic returns fundamentally. Consequently, state enterprises suffered considerable losses in 1985. All this has directly or indirectly affected state finance, upsetting its stability and balance. There also remain quite a few problems in financial work itself. It is therefore necessary for us to strengthen fiscal control and supervision and continue to combat unhealthy practices in the economic field and violations of discipline and law.

II. The State Budget for 1986

The 1986 state budget was drawn up according to the following major principles:

1) We should implement financial policies correctly and, on the basis of increased production and better economic performance, maintain the steady growth of state revenues.

2) In light of the need for consolidation, assimilation, supplementation and improvement in our economic structural reform, we should improve measures for the reform of all financial and taxation systems and continue, in a planned and selective way, to enhance the ability of enterprises to upgrade their technology and expand production, so as to promote technological progress.

3) While giving priority to controlling the overall scale of expenditure and of investment in fixed assets, we must rationalize the investment structure by making more investment in such basic industrial and infrastructural projects as energy, transport, communications and raw and semi-finished materials production, increasing the investment in agriculture, giving further support to the development of culture, education, science and public health services, continuing to raise the living standards of urban and rural people and ensuring a balance between state revenue and expenditure.

The State Budget for 1986 has the total state revenues and expenditures in balance at 214.147 billion yuan.

Of the total revenues in the 1986 state budget, domestic receipts will account for 208.647 billion yuan and foreign loans for 5.5 billion yuan. The essential breakdown for domestic receipts is as

follows. Tax receipts: 205.651 billion yuan; construction funds collected for key energy and transport projects: 15 billion yuan; receipts from state treasury bonds: 6 billion yuan; and income from other sources: 9.617 billion yuan. Subsidies for anticipated losses of enterprises are 27.621 billion yuan which is already deducted from the budgetary state revenue as was the case in the previous year.

The essential breakdown for 1986 expenditures is as follows. Budgetary appropriations for capital construction: 56.78 billion yuan; funds to tap the potential of existing enterprises, finance their technological transformation and subsidize trial manufacture of new products: 6.24 billion yuan; aid to rural production and other operating expenses for agriculture: 11.79 billion yuan; operating expenses for culture, education, science and public health services: 35.7 billion yuan; expenditures for national defence: 20.02 billion yuan; administrative expenses: 14.375 billion yuan; expenditures for payment of principal and interest on state treasury bonds: 1.152 billion yuan; expenditures for payment of principal and interest on foreign loans: 4.1 billion yuan; and expenditures for price subsidies: 27.715 billion yuan. In addition, allocations for the general reserve fund total 3 billion yuan, of which half is at the disposal of the central authorities and half is available to local authorities.

In light of the changed economic situation and the need to reform the budget control system, when we drafted the State Budget for 1986 we made some changes in the structure of state revenues and expenditures and the method by which they are listed, and we drew up certain policy measures:

(1) The need to change the way of listing price subsidies in the budget. For the time being, price subsidies that cover such items as grain, cotton, edible oil and other farm and sideline products as well as marketable coal and leather products made from pigskin, are provided by the state out of policy considerations. In previous years, we used to deduct these subsidies from budgetary revenues. The budget for this year lists these subsidies as an item of expenditure instead of being deducted from state revenues. This represents a reform in our control of budgetary system. The major price subsidies being no longer deducted from budgetary revenues but listed as an item of expenditure, the 1986 budget will show an increase of more than 20 billion yuan both in revenues and in expenditures. At the same time, when calculating 1986 state budgetary revenues, we have taken into consideration other policy measures adopted by the state. These include reducing regulatory taxes for large and medium-sized enterprises, raising the depreciation rates for fixed assets of enterprises and reducing the volume of high-grade consumer goods to be imported. They also include factors which add

to production costs while reducing income this year, such as the wage reform carried out in enterprises last year and the upgrading of welfare and material benefits for retired workers and administrative staff. Allowing for the above incomparable factors, the 1986 budgetary revenues from domestic sources are estimated to exceed the previous year's by about 8 percent — an increase corresponding to this year's 7.4 percent growth rate for total industrial and agricultural output value.

(2) The need to continue issuing state treasury bonds in order to concentrate a portion of the funds now dispersed in society. It has been five years since the state began to issue treasury bonds for the purpose of concentrating funds and expediting economic development. In recent years, the extra-budgetary funds of various local authorities, of departments and of units have increased rapidly, and they are expected to reach 140 billion yuan or more for 1985. There have also been marked increases in the savings deposits of both city and country dwellers; last year these amounted to more than 160 billion yuan. In view of the above, to issue a certain amount of state treasury bonds annually will not overtax institutions or people. It is in the national interest to do so, because concentrating funds for national construction and for other urgent needs will accelerate the construction of key projects and other production and construction undertakings. No more state treasury bonds are to be issued this year than last, but the interest rate is higher.

(3) Further reinvigorating large and medium-sized enterprises in order to enhance their ability to transform themselves technologically and expand. According to the 1986 State Budget, the state is to appropriate 3 billion yuan to make up for the gradual reduction of the regulatory tax for those large and medium-sized key enterprises that are confronted with formidable tasks of transforming themselves technologically and of providing large quantities of products for export, but pay a higher rate of regulatory tax. This 3 billion will also serve to gradually raise the depreciation rate for fixed assets of certain enterprises. The national average depreciation rate of fixed assets for industrial enterprises used to be 4.2 percent. The depreciation rate will gradually be raised. It is estimated that the average depreciation rate will reach 5.5 percent by 1990, the last year of the Seventh Five-Year Plan. Our state enterprises have switched to the substitution of tax payments for profit delivery, but some, for one reason or another, are required to pay a certain amount of regulatory tax. This portion of the regulatory tax will gradually be reduced in the light of economic development, progress in the reform of the pricing system and the needs for technological

transformation of enterprises. This will stimulate competition among those enterprises operating under similar conditions. Last year, we reduced the regulating tax by 200 million yuan and we will make a further reduction of 2,000 million yuan this year.

(4) Budgetary investment in capital construction. The state will allocate a total of 56.78 billion yuan for capital construction in the 1986 budget, equaling the figure of last year. Of this total, 38 billion yuan will be allocated in the form of state loans rather than of appropriations and 5.5 billion yuan in the form of foreign loans. These figures represent an increase over last year of 3.9 billion yuan and 3 billion yuan respectively. The capital investment from local reserve funds comes to 5.4 billion yuan, 7 billion yuan less than last year. The increased investment in the form of state loans is to be used mainly for the development of the infrastructure and basic industries such as energy, transport, communications and raw and semi-finished materials. Our purpose is to alleviate the acute shortages of energy, materials and transport services.

(5) The need to allocate additional funds for agriculture and for the development of underdeveloped areas. To maintain a harmonious development of industry and agriculture, as of 1986 the state will increase by appropriate amounts investment in rural capital construction and other agricultural undertakings. A portion of the increase in the income tax and industrial and commercial tax levied by the state on township enterprises will be used to speed up agricultural growth. The 1986 budgeted expenditure for aiding rural production and for other operating expenses in agriculture totals 11.79 billion yuan, an increase of 1.634 billion yuan, or 16.1 percent over the estimated figure for last year. This represents a substantial increase. These funds will be used mainly to improve conditions for agricultural production, disseminate agricultural science and technology, and ensure the steady growth of grain production, thus accelerating the growth of the rural commodity economy. Moreover, since 1980 in order to expedite production and construction and to help eliminate poverty and backwardness in the old revolutionary base areas, areas inhabited by minority nationalities, frontier areas and poverty-stricken areas, the state has set aside funds for aid to such areas. The annual amount has been 500 to 600 million yuan totalling more than 3.2 billion yuan by the end of last year. The budgeted figure for this year is 800 million yuan, an increase of 20.1 percent over last year's estimated figure. According to initial statistics, the state will appropriate a total of about 3 billion yuan this year to aid those four types of areas. This includes expenses for construction and other undertakings in frontier areas; for grain,

cotton and cloth to be supplied to poverty-stricken areas in exchange for work; for development of the three poorest areas (Dingxi and Hexi in Gansu Province and the Xijie-Haiyuan-Guyuan sector of the Ningxia Hui Autonomous Region); and for preferential treatment to minority nationality regions. Governments at all levels in affected areas should use these funds first of all in places where they are most needed, places where even today people do not have sufficient food and clothing, to enable them to increase production and raise their living standards through their own efforts.

(6) The need to increase allocation for culture, education, science, public health and other undertakings. During the Sixth Five-Year Plan period, operating expenses for culture, education, science and public health totalled 117.2 billion yuan. This represents an average annual growth rate of 15.2 percent and exceeds the rates of increase for domestic revenues and expenditures, which were 11.9 percent and 9.6 percent respectively. Operating expenses budgeted for these areas in 1986 come to 35.7 billion yuan, a rise of 3.98 billion yuan, up 12.6 percent over the estimated figure for last year. The growth rate is higher than that for revenues from regular items in 1986. We should allocate more funds for the development of culture, education, science and public health, as the growth of production and steady increases in state revenues permit.

(7) The need to allocate funds for wage reform. Allocations for wage reform in government departments and institutions in 1986 come to 3.2 billion yuan. These funds will chiefly be used for solving certain outstanding problems that cropped up in the wage reform of 1985, and for readjusting the wage categories of some regions. When the additional expenditure of state enterprises resulting from readjustment of the wage scale being incorporated into their production costs is also included, the total figure exceeds 5 billion yuan.

III. Execution of the State Budget for 1986

In order to execute the state budget for 1986, maintain balance between revenues and expenditures and carry out the economic and financial tasks set for the first year of the Seventh Five-Year Plan, we will do the following:

We must do our utmost to increase production, practise economy and improve economic performance so as to achieve a steady growth in state revenues. We should be aware that poor product quality, high consumption of materials, slow capital turnover and long construction cycles are ubiquitous in production, construction and commodity circulation. Some production and

construction units, in particular, set no store by science, pay no attention to business accounting and have no sense of responsibility at all. As a consequence, they cause damage to construction projects, turn out worthless products and let their materials deteriorate. In this way, they squander enormous amounts of money. Therefore, it is essential to make strict demands for bettering economic performance, increasing revenues, practising economy and combating waste. At the same time, in order to attain the greatest possible economic results at the lowest possible cost, enterprises should be operated and managed more effectively, that they practise careful accounting and work hard to improve the quality of their products, and that they turn out more marketable goods, reduce costs and consumption of materials, speed up capital turnover, and shorten the constructions cycles. Those enterprises that are operating at a loss must do all they can to reverse that situation, and those that suffer heavy losses and cannot repay their debts through sale of their products must convert to the manufacture of other products. Financial departments and banks should refuse to provide funds for projects that were undertaken without state approval and the state will not subsidize those that are operating at a loss even if they were commissioned.

We should increase and improve macro-economic control. Proceeding from the need to maintain a basic balance of overall supply and demand, we should bring the amount of expenditure and expenses on major items under the strict control of the state plan and budget. Last year, a considerable sum was invested in capital construction of state enterprises: 106.1 billion yuan, or 42.8 percent more than the preceding year. The government sets the ceiling of investment at 95 billion yuan for 1986. If we are to achieve steady economic growth, it is crucial to keep the scale of investment to this level. Moreover, in accordance with the requirements of state plans, we should readjust the pattern of investment. We should reduce the amount for non-productive projects and the processing industries and increase that for the energy, transport and communications, raw and semi-finished materials industries. This will create conditions favourable for the smooth growth of the national economy. In recent years, consumption funds increased too fast, faster than the growth rate of the economy. Last year, total wages of workers and other employees throughout the country increased by 20.9 percent over 1984, representing a rapid rise. In order to keep consumption funds to a reasonable rate of growth, financial departments should exercise effective control over expenditure

on consumption and, in particular, they should continue to strictly control administrative expenses and institutional purchases and set ceilings for expenses in these two areas.

In line with the requirements of consolidation, assimilation, supplementation and improvement, we should continue to improve our financial and taxation systems and perfect the industrial and commercial taxation systems. In light of the new developments following readjustment of the prices of some commodities, certain taxes for existing products should be raised or lowered as the case may be. The value-added tax should be applied to a wider range of products, the rates for such taxes should be appropriately readjusted and the methods of calculation improved. Where conditions permit, taxes should be imposed on mineral resources according to the amount extracted. Regulations on land use taxes, housing taxes, and vehicle- and ship-utilization taxes should be worked out as soon as possible and promulgated for trial implementation.

We must strengthen financial supervision, enforce rigorous financial discipline and work earnestly to check unhealthy tendencies.

Judging from the problems brought to light in the general examination of taxation, finance and prices in 1985, we can see that violations of financial and economic discipline are serious indeed. In addition, a small number of people have committed serious crimes, such as embezzlement and theft, accepting and offering bribes, speculating, swindling, smuggling, trafficking in smuggled goods and selling economic information. Although only a few units and a small number of cadres have been involved in such cases, they have had a severe impact and grave consequences.

We should carry out a general examination of taxation, finance and prices at a proper time annually over the next few years, seeking out in particular instances of waste and extravagance. The purpose of these investigations will be to eliminate malpractices in the economic field, to have the law and discipline abided by and strictly enforced and to ensure that law-breakers are duly punished, so that the building of a socialist society with advanced material, cultural and ethical standards will progress smoothly.

Matters went as expected in terms of the state budget in January and February this year. With the improvement in Party conduct and in standards of social conduct and with the gradual perfection of various measures in the economic structural reform, our national economy will grow in a steadier and more balanced way this year.

on his or her health and to raising his or her general resistance. It is such success that has aroused worldwide interest.

A new understanding of the role of Western and Chinese medicines has been an important influence on the worldwide interest in traditional Chinese medicine.

Further studies into the popularity of traditional Chinese medicine show that the field will in the future become even more widespread. The world scientific arena is now undergoing revolutionary changes. The basic theory behind the changes entail replacing reductionism with holism. In regard to the relations between an organism and its various parts, reductionism holds that an organic whole is the sum of its parts. However, with the discovery of the quantum theory, the theory of relativity, the Heisenberg Uncertainty Principle and other new theories, the grounds for reductionism began to waver. The upholders of the new theories maintain that understanding individual parts is not at all enough to understand the whole, for an organic whole possesses features distinct from its parts. Given this, a new scientific mode of thought—holism—has gradually taken shape. This

thought maintains that an organic whole is more than the sum of individual parts. To understand the special features of an organic whole one must observe the dynamic interrelations (organic ties and interactions) between the various parts that make up the whole.

The basic theories and experiences of traditional Chinese medicine are closely related to the progress of science. With time, they will achieve further progress, and their popularity will increase around the world.

With the development of this new approach to science, people have noticed that the theories and practices of China's ancient

medicine are based on similar premises. The basic thought behind traditional Chinese medicine—the dynamic balance of an organic whole—views the human body and its environment as an organic whole and holds that the various parts and the entire human body, and the human body and its environment as well, are inseparable and interrelated. When these interrelations are balanced, an individual is healthy, and when the balance is broken, disease occurs.

Many clinical experiences and methods accumulated in the practice of traditional Chinese medicine reflect basic holistic theories. For instance, by observing a patient's pulse and tongue, the doctor may diagnose his or her *qi* or vital energy and the state of his or her blood, and determine whether the body as a whole has been weakened by an imbalance. Again, acupuncture can also be useful in readjusting the balance of the human body and in curing diseases and preserving health.

The basic theories and experiences of traditional Chinese medicine are closely related to the advancement of science. With time, traditional Chinese medicine will develop, and thus so will its popularity around the world. ■

Traditional Medicine Works Wonders

by Our correspondent Huang Shuyun

Traditional Chinese medicine encompasses a veritable treasure-house of information. The Chinese Academy of Traditional Chinese Medicine (ATCM) has achieved some notable successes in recent years based upon its research into and development of the heritage of traditional medicine.

Vanquisher of the Malaria Parasite Malaria is one of the

serious epidemic diseases in the world. According to World Health Organization (WHO) statistics, more than 2 billion persons live in malaria infested areas; 250 million persons contract malaria and about 2.5 million die each year.

Since the early 1960s when it was discovered that the malaria parasite had developed resistance to such frequently used anti-malaria drugs as chloroquine,

there has been an urgent need to find new drugs. Since the 1960s nearly 300,000 types of chemical combinations were sifted through in the United States as part of a worldwide research effort against malaria, but satisfactory results were not achieved.

In 1971 a traditional pharmacology research group of the Academy of Traditional Chinese Medicine headed by Tu Youyou discovered that an extract of the traditional Chinese medical herb



Shi Zhaoqi (left) carrying out the "Xiaozhiling" injection treatment.

painful. When he approached a doctor to have them surgically removed, the doctor's diagnosis was that he would have to undergo three to four separate operations. However, since Xu was already 74, the doctor feared the procedure would be too much of a strain on the old man. When Xu learned that there was an ancient Chinese prescription which could cure hemorrhoids, he decided to come to Beijing to seek treatment.

Xu lay on a bed in the ATCM-affiliated Guanganmen Hospital while a doctor gave him six successive injections in the infected area and then bandaged it. The entire procedure took a mere 17 minutes. The next day he was examined and discharged from the hospital. The fourth day after the injection treatment, Xu went off on a trip to southern China. From that time on he ceased to feel pain from hemorrhoids, and was frequently heard praising the "miraculous treatment" he had received in Beijing.

Hemorrhoids are a common affliction. Surveys in China have revealed the incidence to be as high as 70 percent of adults. Clinical treatment of third degree internal hemorrhoids and mixed hemorrhoids has mainly been surgical removal; however, in many such cases patients frequently suffer extreme pain due to post-operative complications and sequelae.

Shi Zhaoqi, the director of the Department of Proctology at Guanganmen Hospital, noticed that the condition known as hemorrhoids and its etiology were mentioned 2,000 years ago in the ancient Chinese medical text *Yellow Emperor's Manual of Internal Medicine*. In the text the disease was described as being caused by "a disorder of the arteries and veins," which is not unlike the modern diagnosis of "pathogenic dilation of the blood vessels." Then, basing his research on the traditional Chinese medical theory that "acid substances can

Qinghao (*Artemisiae apiacea*) was markedly effective in treating malaria. The group succeeded in isolating the active component of the herb, which they called *Qinghaosu*. The chemical structure of this new substance was found to be completely different from any of the previously known anti-malaria drugs. Its discovery, therefore, represented the first breakthrough since the discovery of quinine-based drugs. *Qinghaosu* has been used in more than 2,000 clinical cases, and its clinical effectiveness against both tertian and sub-tertian malaria has been conclusively demonstrated. It has also proved particularly effective in treatment of the heretofore untreatable anti-chloroquine malaria. Characterized by its quick effectiveness and low toxicity, *Qinghaosu* has become a favoured drug for the treatment of severe cases of cerebral malaria, and has saved many lives. The drug has therefore attracted the attention of medical circles all over the world.

Who would have thought the herb *Qinghao* had already been known for its medical qualities

more than 2,000 years ago? Its earliest mention appeared in the ancient medical text *52 Prescriptions*, a copy of which was unearthed from the Han Dynasty (206 BC-220 AD) No.3 Mawangdui tomb at Changsha in Hunan Province.

The use of *Qinghao* in the treatment of malaria was recorded in 340 AD in the *Handbook of Prescriptions for Emergency Treatment* by Ge Hong. This knowledge was handed down over the ages, but the clinical efficacy of the herb was limited due to the traditional method of decocting medicines. Tu Yaoyao used modern scientific processes in extracting and purifying the herb's active compound, which greatly increased its effect.

The *Qinghao* plant, a biennial, grows abundantly and easily in China. Conditions for its use as a drug are therefore excellent.

17 Years and 17 Minutes Xu Yumin, an old Chinese gentleman from Singapore, suffered from hemorrhoids for 25 years; during the last 17 years his hemorrhoids were extremely ulcerated and

be used as an astringent, and puckery substances can be used to prevent prolapse." Shi conducted numerous tests and finally came up with a formula for the treatment of hemorrhoids based upon gallnut (*Galla chinensis*) and alum as active ingredients. These substances were mentioned for their clinical uses in the Tang Dynasty (618-907) pharmacopoeia *Supplement to the Canon of Herbs* and the Ming Dynasty (1368-1644) *Compendium of Materia Medica*. Shi called his prescription *Xiaozhiling* Injection.

Injection therapy for internal hemorrhoids has a history of more than 100 years, but Shi and his colleagues were the first to use an injection based on Chinese traditional medicine. Moreover, Shi devised a four-step injection method which stressed the exact positioning and ordering of the injections. This improved injection method infuses the entire infected area with the drug, causes sterile inflammation and promotes thrombosis and complete fibrosis of the hemorrhoidal blood vessels without bacteria as well as sclerosis of hemorrhoidal mesenchyme. The method thus provides favourable conditions for the permanent cure of internal hemorrhoids.

Xiaozhiling Injection is effective in the treatment of all degrees of internal hemorrhoids, especially hemorrhoids in the advanced stage or mild cases of mixed hemorrhoids with varicosity. In most cases, within three to five days after injection therapy, patients are totally cured. The low-cost treatment is simple, safe, quick, painless and involves no danger of complications or sequelae.

The Blind Regain Their Sight Li Bin was once a skilled driver, but in 1969 he began to lose his vision. By the end of 1970 he was blind in both eyes, and therefore was deprived of his livelihood. Then on April 9, 1971, Li underwent a cataract removal operation by the

couching-netting extraction procedure, performed by the famous ophthalmologist Tang Youzhi, a researcher at the ATCM. Eleven days later, the vision in Li's left and right eyes was restored to 1.0 and 1.5 respectively. A week later Li's vision in his left eye had further improved to 1.2, and he was able to drive again. Fifteen years have passed since the date of Li's operation and his vision has suffered no change.

At Guanganmen Hospital, the couching-netting extraction procedure has been used successfully to treat more than 6,000 cataract sufferers.

Cataracts are a common disease. Ophthalmologists both in China and abroad usually treat the condition through surgery involving incision at the corneoscleral limbus. However, it has always been considered a risky procedure since any injury to the pars plana can easily lead to sympathetic ophthalmitis.

Drawing on the years of experience gained by ophthalmologists in China in performing couching-needle cataract operations on the flat area of the pars plana, the Ophthalmology Department of the ATCM began in 1959, on the basis of previous findings, to carry out research on the corneoscleral limbus incision procedure and the couching-netting extraction procedure. The procedure is simple to carry out and the post-operative vision improvement is good. However, because the crystalline substance causing the cataract remains in the eye with this procedure, there may be certain long-term post-operative complications in some clinical cases. In order to reduce these incidents, in 1968 a new couching-netting extraction procedure and set of surgical instruments were devised and tested. After making a number of improvements and alterations, the procedure was used clinically in 1969. At Guanganmen Hospital alone, 1,251 cataract couching-netting extraction procedures were per-

formed. During 15 years of clinical application and long-term follow-up of post-operative patients, not a single case of sympathetic ophthalmitis was observed. The procedure is simple and does not promote bleeding; post-operative reactions are mild, and vision is noticeably improved.

Herbal Drug Treats Kidney Stones A young worker in a Beijing electric tube factory was found to have a 1.7 by 1.0 mm stone in his right ureter which had not moved in over two years. This had caused a severe case of nephrosis in his kidney. Conventional medical doctors were worried that the kidney was damaged and urged him several times to have an operation. However, the worker refused, being concerned that the large incision necessary for the operation would later negatively affect his performance at work. In 1972 he came to Guanganmen Hospital.

After Liu Youfang head researcher at the Department of Urology, examined the patient, he knew that such a large stone, having not moved in more than two years, was likely to have caused local tissue inflammation and adhesion. He decided to use a traditional Chinese drug that would "activate the blood and disperse stagnation," to improve the situation of inflammation and adhesion around the stone. Ten days later the stone worked itself loose and began to move downward. Liu then had the patient take a decoction of Chinese herbs called *Huayu* Decoction, and the patient at last was able to pass the stone. After the patient left the hospital, his case was followed up for five years; tests showed that his intravenous pyelogram had returned to normal.

For many years it has been common both in China and abroad for doctors to encourage their patients with urinary tract stones to drink more water to

promote diuresis, exercise more and wait for the stone to be passed naturally. Surgery is almost always recommended in cases of kidney stones larger than 0.5 mm in diameter and ureteral stones larger than 0.6 mm in diameter, especially in cases where there has been no movement of the stone in a month or more, and in cases where there are complications of obstruction and hydronephrosis.

whose main function is to disperse blood stagnation while also increasing ureter muscular contractions. The medicine is also available in granulated form to be mixed with water or as a concentrate. The medicine is convenient for patients to take, highly effective, and renders unnecessary what is for many patients an often risky and painful operation.

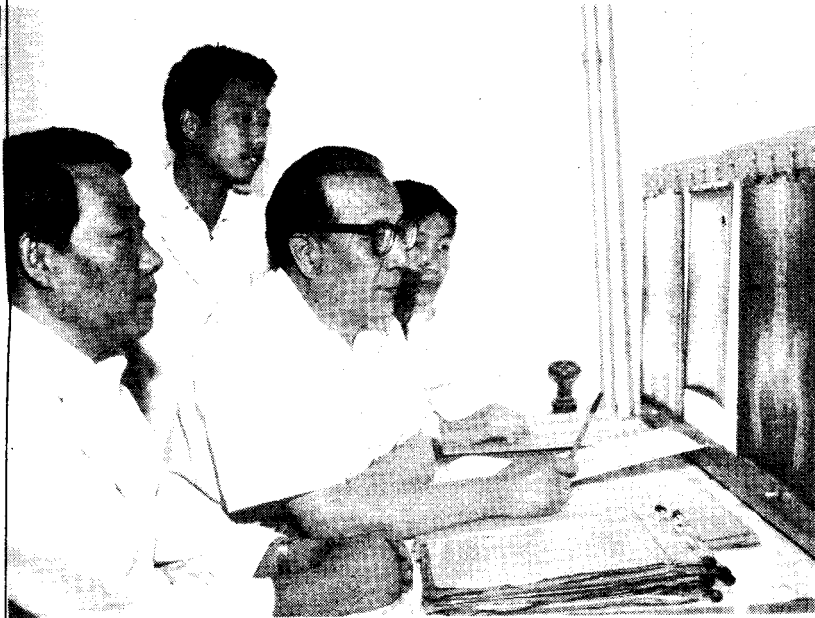
Orthopedics and Traumatology, Institute of Medical History and Literature, Institute of Basic Theory of Traditional Chinese Medicine, and a Centre for Medical Books and Information. In the 30-odd years since its establishment, 302 successful research projects have been carried out at the academy, of which 59 were given awards by the Ministry of Public Health. Aside from the four research successes described in this article, there have been research projects using traditional Chinese medicine or combining western and Chinese traditional medicine in the treatment of or research into malignant tumours, cardiovascular disease, gynecology, orthopedics, tracheitis, geriatrics, hepatitis, dermatology, pediatrics, acupuncture meridians and Chinese traditional medical theory, in all of which fields great contributions have been made.

Traditional Characteristics and Modern Procedures

Traditional Chinese medicine represents the culmination of the experience of the Chinese people since antiquity in fighting disease. It has its own entire set of medical theories and unique diagnostic techniques and treatments. The ATCM not only preserves and develops the ancient medical heritage, but also makes use of modern scientific and technological procedures.

For example, traditional Chinese doctors will diagnose an illness by using two fingers to feel the patient's pulse at the wrist, and by examining facial colour, the condition of the skin, and the surface of the tongue. The doctor listens to the patient's cough and breathing, as well as asking the patient in detail about his symptoms.

In recent years a device has been developed at the academy which visually records the fluctuations of the pulse on a fluorescent screen and can replace the measuring of the pulse by hand. The fur on the tongue is now analysed by using



Liu Youfang and his assistants studying results after "Huayu" Decoction treatment.

However, since the etiology of renal stones is not fully understood, the post-operative recurrence rate for urinary tract stones is as high as 80 percent. Effective preventative measures have yet to be developed.

Traditional Chinese medical theory states that long-term tenacious kidney stones which lead to the retention of water are mainly due to the condition of "obstruction of the impulse function and stagnation of the blood." Researchers at the Department of Urology experimented with ten kinds of medicinal herbs before finally formulating a prescription named *Huayu* Urolithiasis Decoction

The Chinese Academy of Traditional Chinese Medicine was established in December, 1955. Staff at the academy has grown from 424 in the year of its founding to the present-day total of 3,400. Of this, 310 are senior researchers and 424 are assistant researchers.

The academy comprises two separate comprehensive clinical research institutes with which two hospitals Xiyuan Hospital and Guanganmen Hospital are affiliated. As the national centre for the study of traditional medicine, the academy also includes the Institute of Chinese Materia Medica, Institute of Acupuncture and Moxibustion, Institute of

biochemistry, microbiology and cytology. Diagnostic tools and devices used in Western medicine have also been adapted for use in Chinese medicine.

The human body is covered with acupuncture points which are lined up on meridians. Recently a device to measure imbalances along these meridians has been developed which can be used to pinpoint the location of diseases within the body. There is also a diagnostic device which measures electrical impedance between the acupuncture points on the ear to determine the locus of infection.

Most recently, a tumour detector has been developed which

can locate primary-stage tumours by analyzing differences in temperature along the acupuncture meridians. It is very accurate, convenient to use, and is well-suited for tumour screening.

Traditional herbal decoctions, boluses, plasters and powders continue to be used in great quantities. However, as is true of many homeopathic medicines, Chinese herbal remedies are used in large amounts in the large dosages that are normally prescribed. Therefore, nowadays many prescriptions are being refined and made into pills or injections which in volume and size resemble Western medicines.

Due to its fame as a research institution and the high reputation of its doctors, the academy is overwhelmed with requests from patients seeking treatment. To deal with the demand, the academy is not only concentrating its efforts on instructing younger doctors, but also has begun storing the systematized results of research in a computer, which is set up to issue prescriptions based on individual patients' cases. With this service, senior doctors and researchers do not have to spend so much of their time seeing patients, diagnosing illnesses and making out prescriptions. They are now free to carry on with their important research.

International Exchange

Since its establishment, the Chinese Academy of Traditional Chinese Medicine has been involved in numerous international academic exchanges. Since the Chinese government introduced the open policy, academic exchanges with countries worldwide have become even more varied and numerous. The academy and WHO have set up co-operative centres for the study of traditional medicine, acupuncture and moxibustion, and Chinese herbal pharmacology. Since the end of 1975 the academy has held 20 international acupuncture training courses and 4 Chinese traditional orthopedics training courses, involving more than 400 trainees from 80 countries. Since their return home many of the participants of these courses have successfully set up their own practices which have been well received by their countrymen. Such efforts have advanced the cause of promoting acupuncture and Chinese traditional ortho-



The official emblem of the Academy.

pedics world-wide.

From 1978 to 1984, 3,211 persons in 578 groups from 63 countries and areas visited the academy. Altogether 3,566 persons from 28 countries and regions have come to the academy for treatment; 549 scholars in 135 groups from 36 countries have come to lecture or engage in academic exchanges.

The ATCM has sent numerous medical workers and researchers abroad to Asia and Africa as well as other places to develop courses of treatment and train doctors. Many heads of state have had their illnesses successfully cured by Chinese medicine. Altogether 143 groups and 214 scholars and technicians have been sent abroad to 31 countries to teach, engage in research or investigations, or to attend international conferences. The number of Chinese sent abroad by the academy in 1985 exceeded the number sent in the previous year by 40 percent. Of the 30 members of the united preparatory committee for the World Acupuncture Society, four members are from the academy—one is the administrative chairman and another is the secretary-general. The academy has set up co-operative research projects or bilateral relationships with 17 foreign research organizations. Through activities such as these, the friendship between the ATCM and medical circles of other countries has been increased and the development of world academic exchange has been promoted.

A Training Institution The ATCM's research successes are also due in great part to the importance given in the institution to training new research talent. The academy incorporates a Postgraduate Department and a School of Health. Preparation also has been begun for the establishment of a College of Acupuncture and Moxibustion. The academy thus encompasses complete facilities for the fostering of new talent among the entire staff.

After medical school, graduates are assigned to the academy as interns to spend a number of years gaining practical experience. During their first year, the new interns spend time in each of the departments in order to familiarize themselves with the various fields. It is not until their second year that they are allowed to choose a field of specialization. Graduates of schools of Western medicine must study the basics of Chinese traditional medicine, while graduates of schools of Chinese traditional medicine must



Master's degree candidates engaged in defending their theses.

master the traditional medical texts that pertain to their fields of specialization and improve their understanding of traditional medicine basic theory.

During their third year, interns continue working and studying under senior doctors and researchers in their department. At this

time, they may be sent elsewhere to study. Those who excel are encouraged to apply to the academy's postgraduate department. During the interns' fourth and fifth years, they study traditional Chinese pharmacology under senior researchers. Interns are then give titles commensurate with their experience and the quality of their research.

The postgraduate department trains students for master's and Ph.D. degrees. Students are drawn from medical school graduates or from medical staff who have already worked for several years. The postgraduate course of study is limited to three years.

Since 1978, 269 postgraduates in Chinese traditional medicine or combined Chinese and Western medicine have been accepted at the academy; 174 have already received master's degrees.

The School of Health accepts junior middle school graduates for a 3-year curriculum. Since its establishment in 1973, the school has graduated 726 nurses and laboratory technicians.

Reform & Marxism

(Continued from p. 14.)

chief capitalist countries. With the faith that proletarian revolution could first triumph in one country, he led the Russian working class in the October socialist revolution, which succeeded in establishing the world's first socialist state.

Comrade Mao Zedong proposed the theory of the new-democratic revolution. Guided by that theory, he led the Chinese people in the overthrow of the reactionary rule of imperialism, feudalism and bureaucrat-capitalism and founded the People's Republic of China. Mao's theory of the new-democratic revolution was neither

copied from Marx's works nor from Lenin's, but was an important development of Marxism-Leninism in line with China's conditions and its revolution.

These facts illustrate that Marxism-Leninism is revolutionary and not conservative, and that it can develop; it is not fossilized. If we treat Marxism-Leninism dogmatically and fail to link it with reality, and if we do not proceed from reality and study and solve our problems practically, and instead only recite Marxist verdicts and formulas, our thinking will become rigid and obsolete. The founders of Marxism-Leninism always opposed dogmatic attitudes towards their theories. It is the theories of the capitalist class and its

apologists that are conservative and ossified. Bourgeois thoughts may look very fresh and jaunty today, but they serve only to defend capitalism's status quo. Even the most outstanding figures among the early bourgeois thinkers, such as political economists Adam Smith and David Ricardo, believed that the capitalist system was eternal and unchangeable.

Marxism-Leninism should and will develop constantly, for it is revolutionary thought. It will definitely grow with the development of production, science and technology and the development of revolutionary movements and socialist construction. ■

CORRECTION: In our issue No. 19, page 19, middle column, line 5 from top should read "more than 16 million people."



Xiamen — A Garden by the Sea

by Our Correspondent Zhang Zeyu

Xiamen, which faces Taiwan Island along China's south-eastern coast, and which has a population of 330,000, covers an area of 131 square kilometres. In 1985 this medium-sized city, attracted 1.5 million tourists from at home and abroad.

Among these visitors was former US President Richard Nixon, who toured Xiamen in September 1985. After the visit, Nixon said that of all the cities he had visited in the past 38 years Xiamen was the most beautiful. He predicted that with its mild climate, beautiful beaches and friendly people, Xiamen would become one of China's major tourist attractions. Many other visitors have likened Xiamen's beauty and attractions to those of Hangzhou, one of China's most famous centres of tourism.

A Stone Isle

Xiamen, which was once an island, was connected with an embankment built in the Jimei area in 1955. Xiamen Island was formed from volcanoes and is surrounded by 116 small reef islands.

One of Xiamen's most distinguishing characteristics is its curiously-shaped granite rocks, some of which resemble bells and camels. Stone is one of the island's main construction materials, out of which roads, walls, steps and dykes have been built. As a result, Xiamen has been dubbed the "island of a thousand stones."

Its pristine water and excellent beaches also make Xiamen an ideal resort. Because Xiamen is protected by Jinmen (Quemoy) Islands in the South China Sea, the

water is free of sharks and perfect for recreational swimming.

Gulangyu

One of Xiamen's more popular attractions is Gulang Island, which is just south of metropolitan Xiamen and covers an area of 1.77 square kilometres. Known as a "garden by the sea," Gulangyu has 24,000 residents and is closed to cars, buses and animal-drawn carts. The absence of traffic has left Gulangyu with clean streets, fresh air, and flowers that bloom year round.

More than 200 of the 8,000 households in Gulangyu have pianos. In the evenings piano music wafts through the air, adding a touch of serenity to the island. Some of China's more famous musicians have been born on Gulangyu, which has thus become known as "the hometown of musicians."

The highest mountain of the isle is Longtou Mountain, whose summit is called "sunshine rock," and from which one is treated to a panoramic view of the city's many buildings that attest to the architectural influences of such countries as the United States, Japan, France, Germany, Britain, India, Pakistan and the Soviet Union.

Shuzhuang Park is the most attractive park on the island. Its founder was Lin Erjia, whose family emigrated from Longxi County, Fujian Province, to Taiwan. Though Lin spent his childhood in Danshui, Taiwan, his family returned to the mainland and settled in Xiamen in 1894 when Japan occupied Taiwan. As a result, Lin often remembered his childhood in Taiwan with

fondness and so built the park to resemble the grounds of his father's home in Taiwan.

The entrance to the park is so thick with shrubbery that the sea is not visible. About 200 metres past the gate, however, the sea leaps into view. Not far from this point there is also a bridge, under which a sluice gate channels sea water into the ponds in the park.

Shuzhuang Park was exquisitely designed, and all its pavilions, paths, bridges and pools were built in order to accommodate the ground's natural landscape. The park's stone paths are so numerous and complicated that they often make finding one's way out of the park a challenge.

To accommodate the growing number of tourists, several hotels have been built in Gulangyu recently. One such facility has 40 villas designed in the styles of various countries. Eight of these villas, totalling 88 rooms and 174 beds, have luxurious facilities, such as Chinese and Western restaurants, dance halls with sophisticated sound systems and facilities for simultaneous interpretation in four languages. To transport visitors from one villa to another, a cable car system is also under construction.

An Ancient Temple

Nanputuo Temple, built during the Tang Dynasty more than 1,000 years ago, is composed of Tianwang Hall, Daxiong Hall, Dabei Hall and a library of Buddhist scriptures.

Of the 6 million overseas Chinese whose hometowns are in Fujian Province, most set off from Xiamen. It is said that before

embarking on their journeys many of these emigrants came to Nanputuo Temple to ask the Buddha's blessing for their safety and prosperity. In return, they promised to donate money to the temple. Many of these people have kept their promises, and a number of the temple's construction projects have been financed by their donations.

Thousands of Buddhist scriptures are kept in the temple's library, which also serves as a place for keeping several hundred cultural relics, including a bronze bell, an incense burner, a miniature bronze pagoda crafted in 973 A.D., and 28 rare jade Buddhas.

Aoyuan Sculpture

The Jimei School campus faces the sea on three sides. The campus was built with money donated by Chen Jiageng, (Tan Kah Kee), a well-known overseas Chinese leader.

The Jimei campus is itself a scenic spot, but its Aoyuan Garden makes it an even more splendid site. covering an area of 9,000 square metres, Aoyuan Garden contains the Jimei Liberation Monument and Chen Jiageng's tomb, both of which were built with granite and diabase, without a single piece of wood or a nail. At the entrance to the garden is a 50-metre-long corridor with walls on both sides, in which forty reliefs of historical figures are carved in green stone. These figures, 0.33 metres high, bear expressions of happiness, anger and sorrow on their faces, which are no bigger than a thumb.

A monument bearing inscriptions from the late Chairman Mao Zedong and Chen Jiageng stands in the garden. South of the monument lies Chen's tomb, which is encircled by a small wall decorated with 15 stone reliefs depicting Chen's life.

These stone sculptures are only a small part of the park's sculpture

offerings. Others can be seen throughout the garden and can be divided into two categories: relief and inscription. The reliefs depict industrial and agricultural production, education, sports, and famous historical spots and ancient tales, and are the works of veteran stonemasons from southern Fujian Province. The inscriptions are written by Party and government leaders and other VIPs.

Fort Hulishan

Built in 1891, Fort Hulishan formerly had two cannons that were purchased with 120,000 taels of silver from Germany. Now, however, only one remains. Weighing 48,974 kg, the cannon is 11,230 mm long, 28 mm in diameter and has a shooting range of up to 6,460 metres.


Beneath the fort is the site of the barracks of the Qing Dynasty. Standing in the fort, one can easily envision Chinese soldiers battling foreign invaders. From the fort, one can also see Dadan and Erdan mountains, which are occupied by Kuomintang troops. Only several years ago, soldiers on the two sides exchanged fire. Through a telescope, one can make out the buildings, vehicles and residents on the isles.

Other scenic spots and historic sites in Xiamen include the Overseas Chinese Museum, the Museum of Anthropology at Xiamen University and the Lu Xun Museum, the ruins of a drill ground used by Zheng Chenggong, a famous general of the Ming Dynasty who recovered Taiwan Island from the Dutch in the 17th century. The Zheng Chenggong Museum, the Botanical Garden, where many rare tropical plants are exhibited, and Zhongshan Park are also worth visiting.

Many visitors have enjoyed Xiamen's beautiful natural scenery. Over the last few years, the city government there has made great efforts to build more to accommodate its increasing tourist trade. In 1984 alone, 27 hotels with about 3,000 beds went up, giving the city a total of 1,534 rooms with 3,200 beds available for foreign tourists. Yuehua Hotel, a new hotel located in the Huli Industrial District, is composed of a main building of a Chinese palace style, three guest houses and 22 Western-style villas.

Xiamen's facilities, however, are still far from enough to meet its tourism needs. Such inadequacy is a weak aspect in the city's construction and requires an urgent resolution from the local government. ■

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Tailoring Opera to the People's Taste

"WEN HUI BAO"

(Wenhui Daily)

For at least two decades, China's opera has been at a virtual standstill; few new stars have emerged and even fewer successful scripts have been written.

One of the reasons behind the opera's lack of progress in recent years, is that its writers and performers have not paid sufficient attention to creating works the people want to see. They have failed to understand that opera is a combination of many arts—music, poetry, dance and design—and that, as an art, it has its own laws. In the training of opera actors and actresses, opera experts have devoted too much attention to voice skills at the expense of acting. The overemphasis on singing and speaking has

left opera without any performers such as the popular stars Guo Lanying, Wang Yuzhen and Ren Guizhen in the 50s and early 60s, who could both sing and act.

The situation can also be attributed to the gap between the modern opera art and what the Chinese people like. Actually, since staging *The White-Haired Girl* in Yanan in the early 1940s, China's opera artists have developed a fine tradition of realism. But in recent years some people have underestimated the significance of this tradition. Some script writers have confined themselves to topics and art forms that are not popular with the majority of Chinese audiences. They think that only works which resembled European classics could be considered opera. Some have said that light operas and

musicals have no place in China's performing stage. In addition, others have neglected ideological content.

The aesthetic value of any art can only be measured by its audience's responses. The survival and development of modern opera in China, therefore, lie in gearing opera to the needs of the people. Efforts should be made to popularize opera and to improve the quality by training more opera performers.

While opera theatres and troupes in other countries invite famous opera singers from around the world to perform, China's opera troupes do not. Such isolation from the international opera community has also contributed to Chinese opera's stagnation. It is ironic that many famous Chinese singers have won prizes in international music competitions by singing scores from foreign operas, while at home they have little chance to demonstrate their skills. ■

Matriarchal Society Makes Progress

"SICHUAN HUABAO"

(Sichuan Pictorial)

Near Lake Lugu on the border between Sichuan and Yunnan provinces in southwest China, a small matriarchal society, discovered in the 1950s by Chinese sociologists, continues to thrive.

The small group of Mongolians, whom researchers have called a "living fossil of social development," has managed to retain its female-dominated family structure largely because it is virtually cut off from other areas by the mountainous, underdeveloped terrain that encloses it. Separated from outside influences, the group has been able to hold on to their *Azhu* system, a matriarchal marriage system prevalent in

ancient societies, as well as allowing women to dominate in other areas.

The major feature of the *Azhu* system is that married couples do not live together but stay with their original families, which operate as separate economic entities. The *Azhu* system requires that the man spends his nights at his wife's home, but at dawn he returns to his family for work. The couple's children belong to the woman's family and are given her family name. The man does not support them. The husband and wife call each other *Axiao*, meaning close companion or friend.

According to local custom, families are usually headed by elderly women, who are responsible for overseeing the families'

production and other activities. Family members, however, discuss family matters together, and they also make joint decisions on the use of family property. As the community's natural economy is centred around farming and hunting, the men are often away from home, leaving women with the dominant role in production and household affairs. Consequently, women are greatly respected in the society. With the development of the rural economy in recent years, however, the men's potential has been brought into fuller play, and in some families, men, usually the wives' brothers, have gradually assumed roles as family heads.

The local Mongolian people are Lamaists, who also practise animism. They consider Lion's Hill near Lake Lugu the supreme goddess who protects humans and animals.

Since the founding of the People's Republic, the local

economy has developed rapidly as has the people's scientific and cultural education. In 1984 the

people began a marriage registration system. Now, about 30 percent of their marriages are

registered with the Yanhai Mongolian Autonomous Township.

The Wishes of Suburban Beijing Youths

"BEIJING RIBAO"

(Beijing Daily)

Residents of suburban Beijing have experienced marked improvements in their diet, clothing, housing and transport, and are now seeking to improve their lives through work, study and travel outside their hometowns.

A township leader from Huairou County on the outskirts of Beijing recently said many rural youths now go to the cities to work as casual labourers, housekeepers

or to set up their own small businesses. After living in the cities for a few years, these people change their clothing, speech and living habits. When they return to their hometowns, they bring with them useful information on politics, economics and society in general, making invaluable contributions to the development of the countryside.

Villager Peng Mingjun, 24, spent six months travelling around the country. He has been to more than 20 provinces, cities and autonomous regions, including Si-

chuan, Xinjiang, Gansu, Guangdong, Hubei and Liaoning. When asked why he did it, he said, "First, I wanted to broaden my horizons. Second, I wanted to learn some of the new agricultural techniques. I don't want to be confined to my mountainous village all my life as my ancestors were."

Some people, he said, told him it wasn't worth his money to travel just for fun. Peng said he told them that it was. "Travel has taught me a lot. From it, I have seen the greatness of our country and its abundant resources. I came to understand that young people in both cities and countryside are responsible for making it more beautiful and prosperous." ■

Wang Guangmei—a Staunch Fighter

"FU NU"

(Women)

Though she is in her 70s and retired from active service, Wang Guangmei, widow of China's former president Liu Shaoqi, is still a vigorous and busy woman. As a standing member of the CPPCC National Committee, Wang continues to participate in many of its meetings and travels widely in China, gathering input from the people.

Wang, who has devoted much energy to compiling the Party history, draws large crowds of old friends, men and women alike, whenever she appears in public. She says she receives mail from foreigners, young PLA soldiers and students, and that their letters make her happy. She says although the "cultural revolution" robbed her of her beloved husband, she has numerous new friends who show real concern for the future of China.

Wang Guangmei is fond of two things: Swimming and photography. She said she began to learn how to swim in the early 1950s when Chairman Mao called on the people to brave great storms. She has her first taste of swimming in the summer of 1954. She said she was so frightened by the experience she would not enter the water without a life preserver. She learned quickly, however, and gradually developed a fondness for the sport. In 1959 she even accompanied Chairman Mao and other state leaders in swimming across the Changjiang (Yangtze) River. Now, she swims twice a week regardless of the weather.

Wang says her second hobby, photography, is an important way to observe and understand people and society. She said photography is even more useful now that so much has changed. These changes need to be recorded.

Wang Guangmei has four children. When she was persecuted during the "cultural

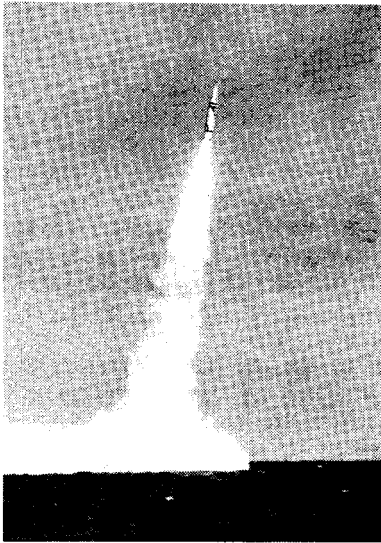
revolution," her eldest daughter was only a first-year senior middle school student, and her youngest daughter was only six years old. Although they lost their parents' care at a young age, the children did not lose hope. The eldest daughter improved her English through private study, and her three sisters all passed university entrance exams. There was an old housekeeper in Wang's home prior to the "cultural revolution." During those unfortunate years, however, the housekeeper was sent to a factory to "reform herself", and she also took great risks in bringing up Wang's youngest daughter. Wang Guangmei has since brought her back to her home where she is treated as a member of the family.

Not long ago, Wang Guangmei donated some of Liu Shaoqi's articles to a memorial hall in Ningxiang County, Hunan Province, which was Liu's native home. Her purpose in doing so, she said, was to give the people the opportunity to get a better understanding of her husband. ■

China to Launch US Satellites

According to a letter of intent signed in April by the US TERESAT Inc. and China's Ministry of Aeronautics Industry, the China Great Wall Industry Corp. will launch two communication satellites for the United

A carrier rocket launched from a Chinese submarine. QIAO TIANFU



States. The first of the two satellites, which will be a PALA-B and a WESTAR-6, will be launched before December 1987.

In May, China answered queries from the US company about the date of launching, costs, insurance, and the security measures to be taken while the satellites enter China.

Wu Keli, an official at the Great Wall Industry Corp., said recently that the Chinese side would try to meet all the requirements of the American company. He said a contract is expected to be signed later this year.

China's carrier rockets, the Long March-2 and the Long March-3, which recently entered the international market, can launch satellites for 15 percent less than the international market price. All launches carried out in

China will be insured by the People's Insurance Co. of China.

China has also initialled an agreement with Sweden on launching a Swedish communication satellite in 1988. Britain, Italy, Pakistan, Thailand, Brazil, Australia, Argentina and Canada are negotiating launch possibilities with China. China is now the third country involved in the commercial launching of satellites after the United States and France.

Since 1970, China has fired 18 earth satellites, with only one failure. The carrying capacity of Chinese rockets has reached 1.4 tons. In addition, China's monitoring and tracking technology is among the world's best.

Telephones on The Increase

During the Seventh Five-Year Plan period (1986-90), China

plans to add 3 million lines telephone exchange to its current network. Half of the new lines will be imported models. The number of telephones in China is expected to rise from 6.04 million in 1985 to 13.5 million by 1990.

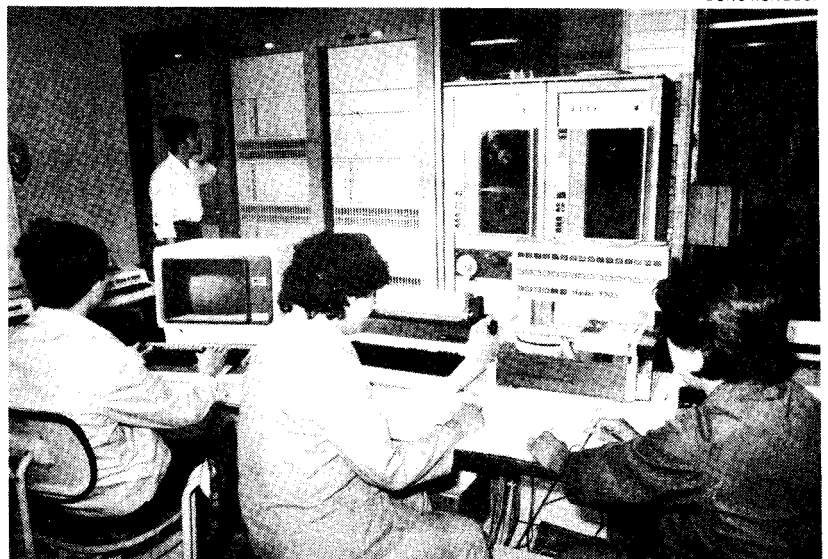
During the same period, China and the NEC Co. of Japan will work together on the construction of the Beijing-Shanghai digital microwave lines. At present, China has only 17,000 km. of analog microwave communication lines.

China will import programme controlled telephone exchanges with loans of 35 billion yen to update services in Shanghai, Guangzhou and Tianjin. The bidding for the imports was opened in March, with 11 companies from the United States, Sweden, Japan, Britain, and Belgium taking part. The bidding will close in June.

Negotiations have begun with the French CIT-ALCATEL Co. on a loan of 1 billion francs for imports of programme controlled exchanges for 200,000 phones in Beijing.

Britain, Sweden and Spain have also expressed an interest in extending loans to China for the

A Swiss-made telegraph and data exchange system in operation in Taiyuan, capital of Shanxi Province. DONG RONGGUI



development of its communications infrastructure.

The China-Belgium joint venture Shanghai Bell Telephone Equipment Manufacturing Co. Ltd. went into production at the end of 1985, and has an annual capacity of 300,000 programme controlled telephones.

The plastic cable production line from the Essex Co. of the United States has been installed in Chengdu, Sichuan Province, and is expected to turn out 2.4 million km. of cable every year.

Contracts have also been signed with the Japanese NEC Co. on importing facsimile printers and digital microwave equipment manufacturing technology, each of the projects is valued at more than US\$5 million.

Futures Market Interests China

China has begun to take an interest in spot and farm produce futures markets. On April 29, China's International Trade Research Institute, under the Ministry of Foreign Economic Relations and Trade, signed a memorandum of intent with the Chicago Board Trade, a dealer in forward trade.

According to the memorandum, the two parties will hold a delegate exchange every year for a one week visits, starting in 1986. They will discuss the US futures market and the possibility of China participating in the trade.

Though China has not traded in futures since 1949, Shanghai, China's largest city, had a futures market before the founding of New China in 1949. Because of the rapid growth of foreign trade in recent years, however, China has recognized the importance of the international futures markets. Sun Hanchao, deputy director of the International Trade Research Institute, told *Beijing Review* the memorandum will further China's understanding of the world

commodities and futures markets.

Forward trade is suited to China's grain, metals, minerals, textiles and light industrial products, Sun said.

News in Brief

■ The US Patent Office recently approved the Beijing Cigarette Factory's application of patent right for tobacco mixtures and a preparation method, making China's first patent from a foreign country since China enacted its Patent Law in 1985.

The patent covers the mixing of medicinal herbs into tobacco to cut the harmful effects of nicotine, tar and carbon monoxide. China exports the Changle, Zhongnanshai and Jinjian brands cigarettes, all of which are manufactured with this new technology, to Japan and Hong Kong.

To develop production and technical exchanges, the Beijing Cigarette Factory has also applied for patents on this technology with the Federal Republic of Germany, Switzerland, Britain, Japan and Hong Kong.

■ The Bank of China, Shanghai Branch, signed an agreement in April on a syndicated loan of US\$145 million with the CCIC Finance Ltd. of Hong Kong for the construction of the Shanghai Exhibition Centre's north complex. The project will be the largest Chinese-foreign joint real estate investment.

The north complex will occupy 180,000 square meters, and will include a 700-room hotel, a 1,000-seat theatre, a large exhibition hall, a multi-purpose building and two apartment buildings. The whole project is expected to be completed in 1989.

The loan is to be extended by 18 banks in Japan, the United States, the Netherlands, the Federal Republic of Germany, Canada, France, Australia and Hong Kong.

International Studies

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China's Foreign Relations: A Chronicle

Published by **World Affairs (Shijie Zhishi) Publishing House.**

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Annual rate: RMB 3.20 (at RMB 0.80 per copy) plus postage.

New Method Lessens Bollworm Damage

Breeding three to five times a year, with the second batch of eggs producing the fiercest and most destructive offspring, the bollworm (*heliiothis armigera*) is recognized worldwide as cotton's most serious enemy. Its larvae worm their way into cotton bolls and ruin them from the inside, making deep gashes in an area's cotton output.

For years, during July and August when bollworms go on their rampage, farmers in China have doused their ill-fated crops with gallons of insecticides in the hopes of saving their cotton. The consequence has been serious environmental pollution. Sometimes when insecticide has proven ineffective in harming the bollworms, farmers have gone to the fields to handpick the worms off their cotton.

Nature further complicates the farmers' plight. As the natural enemies of the bollworm are killed by the insecticide, the bollworms proliferate. In addition, the constant use of insecticide has also bolstered the bollworm's resistance to the poison and polluted the environment.

Naturally people turned to highly effective, low-toxic insecticides. In northern China's cotton-producing areas, however, that insecticide is not only expensive but also in short supply.

Professor Ma Shijun, one of China's premier ecologists, considers the battle against the bollworm and pollution of particular importance. Ma says the solution to the problem lies in turning away from the purely defensive tactic of simply killing the worm, to devising a comprehensive method of prevention by viewing the cotton, the bollworm and the land as an ecological cycle.

In 1981, one of Ma's students, Sheng Chengfa, who is a graduate

student working in the Institute of Zoology under the Chinese Academy of Sciences, applied the principle of economic ecology for the first time in examining the gains and losses in killing bollworms.

Based on the theory that cotton plants can easily rejuvenate once they have been attacked by pests, the 30-year-old scientist detailed a different "economic threshold" (or norm) for cotton fields of different production levels. That is to say, in fertile cotton fields, the maximum number of pest eggs is 332 on every 100 plants, nearly 20 times more than the original norm. That means that little or no insecticide should be used when the second batch of bollworms are hatched.

Another of Sheng Chengfa's ideas was that harm caused by bollworm can actually increase the yield. In order to achieve an increase, Sheng said, some buds should be artificially shed by the farmer in imitation of the harm done by bollworms, even though these buds may grow into bolls to bear cotton. Sheng said about 10 buds should be taken off each plant.

Because they so sharply contradicted the traditional theories of cotton growing, Sheng's views were opposed by both farmers and scholars long familiar with the bollworm.

Traditional cotton growing theory holds that all efforts should be tried to preserve those cotton bolls grown before July 15, because it is these bolls that will bear cotton later on. Thus, even when five bollworm eggs are found on every 100 plants, insecticide should be applied.

Sheng Chengfu explained his rebuttal to this theory with a comparison to melon growing. "Melon growers often pluck their

first small melons off the vine in order to reap more and bigger melons later on. The same strategy holds true here. If the farmer allows some early buds to be harmed by worms or if he or she picks the buds before they mature, there will be more and bigger bolls later on. Hence, the method helps increase output."

In order to apply his theory and let facts speak for themselves, Sheng gave up chances for advancing his study abroad and stayed in the countryside for several years to conduct his experiments. His efforts have paid off.

From 1980-82, Sheng used 12 different strains of cotton to conduct 194 experiments on 69 plots under different conditions in Raoyang County in north China and Suixi County in east China. The 35 million pieces of information he gained backed up his theory. With the application of his method, half of the amount of insecticide used on each *mu* (one-fifteenth of a hectare) yielded 13 to 15.5 kg more ginned cotton.

Last year, Woyang County in Anhui Province applied Sheng's method to 36.6 hectares of cotton fields. No insecticide was applied when the second batch of bollworms hatched. The result was higher output for seeded cotton and 73,000 yuan more income from the same size of cotton field.

In 1985 the second batch of bollworms plagued fields in Raoyang County, Hebei Province. The majority of the cotton growers working on the county's 150,000 *mu* cotton fields followed Sheng's method. Investigation and measurement on seven plots of cotton fields showed an average increase of 38.2 kg of seeded cotton per *mu*. The county reaped at least 3.99 million yuan more than the year

before, prompting it to accept Sheng's theory and apply it to more cotton fields.

Rough calculations show that if Sheng's method is used in all the cotton fields in north China, growers would experience better economic effects in terms of hundreds of millions of yuan. The method's ecological benefits—decreasing pollution and improving the environment—would be incalculable.

Sheng's methods have helped open people's minds. If bollworms can be dealt with in this way, how about other pests? How about other plants—rice, peanuts.... ■

More Chinese Learn Esperanto

About 200,000 Chinese are learning Esperanto, and Esperanto associations have been established in 27 provinces, municipalities and autonomous regions in China, said Zhang Qichen, secretary-general of the China Esperanto Association on its 35th anniversary.

Invented by L.L. Zamenhof from Poland, Esperanto was begun as an international supplementary language in 1887. Esperanto, though based on the Indo-European linguistic family, has simplified pronunciation, vocabulary and grammar, making it easier to learn than other languages.

Esperanto was introduced into China in the early 20th century. During the 1919 "May 4th" Movement, in which imperialism and feudalism were battled against, the language was enthusiastically advocated by a large number of radical intellectuals and became popular for some time. Until the 1930s and 1940s, China had published magazines such as *China Is Roaring* and *Cry From the East* in Esperanto, using the language as a tool to serve



The China Esperanto Association celebrating its 35th birthday.

China's national salvation. Esperanto also served as the means through which a number of literary works from smaller countries were introduced to China. Many of these works also contributed to the momentum behind China's New Culture Movement.

Since 1949 when the People's Republic was founded, Esperanto has spread rapidly. According to Zhang, the language is gaining popularity and seven Esperanto correspondence institutes have been set up. College students are also now encouraged to study Esperanto, which is taught in more than 30 universities and colleges. About 400 books on various topics have also been published in Esperanto.

China's Esperanto movement has the following three characteristics: First, most Esperanto students are youths. Second, aside from the Hans, the minorities are beginning to learn the language. And, third, Esperanto has begun to move into the fields of science and technology.

El Popola Cinio (From People's China), a monthly magazine published in Esperanto for 36 years, is read in more than 60 countries and has a solid reputation as a periodical on

Chinese construction, people's lives, Chinese history, geography and culture. Radio Beijing has also carried a radio programme in Esperanto for 22 years. The programme, which includes pieces on culture, travel in China, music and literature, is the most listened to Esperanto broadcast in the world.

Since 1978 China has sent delegates to participate in the annual Universal Congress of Esperanto. The China Esperanto Association officially joined the Universal Esperanto Association in August 1980.

At the anniversary meeting, chairman of the China Friends of Esperanto, Chu Tunan, said the 71st Universal Congress of Esperanto will be held in Beijing in late July 1986. He said more than 1,300 people from 50 countries and regions have applied for admission to the congress.



Swimmers Strain to Improve Skills

At the national springtime swimming meet held in April 1986 in Chengdu, China's swimmers logged three Asian records and broke 18 national ones, marking rare successes for China's team.

Last year the State Physical Culture and Sports Commission announced that only those times that outstripped the latest records would be counted as new records. The commission said it would no longer be enough to overtake results achieved the previous year. Even with this standard, 13 swimmers rewrote 13 national records on 16 occasions during the first quarter of 1986.

The national springtime meet is considered by many as a chance to review the strength of China's swimmers, who at present lag behind China's other athletes in their competitive abilities. China did once excel in swimming, and in the 1950s and 1960s, Mu Xiang-xiong, vice-president of Chinese Swimmers' Association and head coach of the national team, broke a series of world records on several occasions. The tumultuous years between 1966 and 1976 during which the progress of all fields was stymied also left China's swimmers paralyzed.

When Chinese athletes once again competed in world sports, they discovered they were well behind the others particularly in track-and-field and swimming. As a result, China's athletes tried to use the 1970s to recoup their strength and to regain the lost competitive edge.

After trying for several years to match the abilities of their swimming competitors abroad, China's swimmers found they were still far behind. Sports officials noticed one reason for swimming's slow development was that its coaches were using training techniques handed down

generations ago because of the minimal amount of contact they had had with the outside world.

Such being the case, the State Physical Culture and Sports Commission sent the national swimming team to be trained in Australia and America, both of which have produced team after team of strong swimmers. The commission also sent coaches to watch large-scale international competitions and invited foreign swimming experts to lecture in China.

Through learning the world's latest techniques and training methods in this field, China's coaches gradually developed a training method suited to their athletes. That method emphasizes developing strength on land and in the water and also involves considerable resistance work so that the swimmers will have strong endurance.

The results of the spring meet attested to the effectiveness of the training method. Yan Ming, 17, a swimmer from Heilongjiang Province, weighs 55.5 kg. and is 1.66 metres tall. Though her stature is seemingly ill-suited to long-distance sports, the new training method, combined with her own skill and effort has made her into a top swimmer. Last year, Yan broke four national records on the women's free-style events from 100 to 1,500 metres. At present, she holds three of Asia's records in the women's 400-metre free-style, 400-metre individual medley and 800-metre free-style. On the average, she swims around 100,000 metres a week, the most among China's women swimmers.

The records from the spring meet revealed that China's swimmers are now catching up. Apart from the recently established 50-metre free-style and the 1,500-metre free-style, the

record of which was set at the end of last year, all 14 women's records were set this year. As for the men, their five records of 1985 have not been broken. In the past, it took several years to improve on the women's 100-metre free-style by even one second. Today, the ever-improving records even leave China's top-notch swimmers last year unqualified for the finals in competitions.

Chen Yunpeng, deputy head coach of the national team, said: Our coaches have enhanced the level of training in strength and endurance, and the effectiveness of each stroke has increased. In training for strength, coaches depend more on the athletes' lactic acid count in blood and protein count in urine rather than on their impressions of the swimmers' performance.

Coach Klaus Rudolph of the Federal Republic of Germany arrived in China on February 10 to begin his six-month tenure as coach of the Chinese team. He was assigned to train 11 Chinese swimmers. At first, he said he was dissatisfied with the physical condition of the athletes. However, following some training, he said several of them had potential. He predicted that some of them might even make satisfactory results in world competition.

Although China's swimmers have made progress, their abilities are much lower than they might be. The best Chinese swimmers rank 11th or 12th in the world. Problems exist in training too, and there is a gap between the quality of swimming management in China and that of the rest of the world. In addition, the entire Chinese training regimen should be reformed from the selection of candidates to the coaching of the best swimmers.



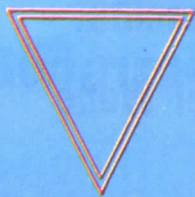
Papercuts by Wei Wene

Wei Wene was born in Fengning County, Hebei Province, in 1963. Her pieces depict China's traditional operas, legends and folk custom.



ART PAGE

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