

A CHINESE WEEKLY OF NEWS AND VIEWS

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## Zhao Ziyang on National Unity



**INTERNATIONAL ACADEMY  
OF CHINESE CULTURE**



"Beijing Teenagers Love Beijing" was the theme of a special day for the Young Pioneers.

Above: Young reporters interview the general manager of an electronics company.

Below: Young Pioneers publicize the products of the Stone Corp.

*Zhou Weijie*



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<b>COVER:</b> Liang Shuming (top left), Feng Youlan (top centre), Zhang Dainian (top right), Ji Xianlin (bottom left) and Jin Kemu (bottom centre), teachers of the International Academy of Chinese Culture, and Tang Yijie (bottom right), the president.	
<b>Wang Wenquan</b>	

## HIGHLIGHTS OF THE WEEK

### Youth League Holds Congress

■ The Chinese Communist Youth League held its 12th Congress in Beijing May 4-8. The congress called on the nation's young people to get even more involved in the country's reform programme, as well as in the reform of their own organization (p. 5).

### Zhao Ziyang on National Unity

■ At the opening ceremony of the National Conference to Commend Contributions to National Unity and Progress (April 25-29), Zhao Ziyang spoke about the importance of nationality work, relevant Party and state policies, and the need to promote economic and cultural development in minority areas and implement the National Regional Autonomy Law (p. 14).

### Two Reports on National Economy

■ Excerpts of the Report on the Draft 1988 Plan for National Economic and Social Development by Vice-Premier Yao Yilin (p. 28); excerpts of the Report on the Implementation of the State Budget for 1987 and on the Draft State Budget for 1988 by State Councillor Wang Bingqian (p. 33).

### Nuclear Deterrence Faces New Challenge

■ The North Atlantic Treaty Organization's nuclear deterrence strategy is facing the new situation brought about by the elimination of intermediate-range nuclear missiles stipulated in the INF treaty. The organization is already feeling an urgent need to strengthen its remaining nuclear forces (p. 11).

### International Academy of Chinese Culture

■ An education and research centre for Chinese culture, the academy was set up by 100 well-known Chinese and foreign scholars to carry on the fine tradition of Chinese culture through teaching and encourage its modernization through the introduction of foreign cultures and comparative studies (p. 18).

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# Diet, National Conditions and Health

by Dai Yannian

In his recent Report on the Work of the Government delivered at the First Session of the Seventh National People's Congress, Li Peng pointed out, "For a relatively long time, because of the restrictions imposed by the average per-capita amount of grain, a major increase in supplies of meat, poultry, eggs and other animal food products will not be possible, and eating patterns will have to conform to that situation." He called attention to and study of this question.

Preliminary studies by experts and scholars indicate that the Chinese diet should consist mainly of vegetables, supplemented by meat, poultry and eggs rather than large amounts of animal food products; this type of diet both accommodates to the conditions of the country and carries on China's fine tradition of a vegetarian diet.

The reforms and construction of the last decade have made it possible for Chinese people to get enough food and clothing and achieve a comfortable standard of living. The improved living standards have brought about a change in eating patterns, notably characterized by a rapid increase in the proportion of animal food products in the diet.

Since 1984, food grain consumption in China has increased at an average annual rate of 15 billion kg, double the previous annual increase; a considerable portion of this went to meat production. Of the meat consumed in China, pork accounts for about 90 percent. In 1987 the average per-capita share of meat in China was 16.9 kg, including 14 kg of pork. Last year more than 67 billion kg of China's grain was

used as pig feed. About 4 kg of food grain is required to produce 1 kg of pork. If the demand for meat increases at the same rate as in the past few years, by the year 2000 the per-capita share of meat will have doubled and of food grain over 500 kg.

At present, China produces over 400 million tons of grain a year, but the per-capita annual amount of grain is less than 400 kg. Grain production could potentially reach 500 million tons by the year 2000. By then, even if China strictly adheres to a family planning policy, the population will have reached 1.25 billion and the per-capita grain share will be only 400 kg. It will be impossible to divert more grain to livestock production.

That China's per-capita share of grain cannot be considerably increased in the near future does not mean that the potential of the country's farmland has been fully tapped. At the moment, of China's 60 million hectares of land (over half the country's total cultivated land), low-yielding fields produce only 1,650 kg of grain per hectare. China leads the world in the number of pigs raised, but its comparative meat production is low. One pig produces an average 75 kg of pork in other parts of the world, but in China each pig produces only 50 kg. Advanced science and technology should be popularized to increase the output of grain and pork.

While China is making the most of its existing arable land, it should also concentrate on developing and utilizing its land resources.

With its abundant water resources, China can develop salt and fresh-water fish breeding which would not only provide large amounts of quality animal protein, but also save on the huge

amounts of grain needed for livestock feed.

China has 220 million hectares of grassland and over 44 million hectares of hilly land. Today, meat from pasturelands satisfies less than 10 percent of the nation's meat needs. The development of herbivorous livestock could increase the potential sources of animal food products.

The nation's hilly land accounts for over 66 percent of the country's total territory, rich in plant resources potentially useful as food.

According to incomplete statistics, there are 90 kinds of edible perennial fruits and seeds containing more than 20 percent starch; of these 30 varieties contain more than 50 percent starch. Among the perennial oil-bearing crops, about 300 types of seed have an oil content of more than 20 percent and over half of them are edible.

China's agricultural concentration on grain and cash crops should be extended to include fodder. The much-discussed food shortages were not a shortage of foodgrains but rather of grain for fodder. Developing fodder crops will help ease the shortage of food grain supplies.

The study of eating patterns suited to China's conditions requires close consideration of the need to guarantee a supply of rich nutrients for the people which will be beneficial to their health. Some Western scholars point out that abnormal consumption patterns often result from a rise in living standards. Excessive eating of animal food products is an important cause of such diseases as obesity, hypertension and diabetes. Obviously, China should not adopt the abnormal consumption pattern of developed countries.

## Youth League Holds Congress

**S**ong Defu, first secretary of the Chinese Communist Youth League (CYL) Central Committee praised China's young people on May 4, Youth Day, for their contributions to the country's construction.

Speaking at the opening session of the CYL's 12th national congress, Song also expressed the hope that China's young people will try to become more innovative and culturally and scientifically aware, and to raise their ideological and moral level.

About 2,000 outstanding CYL members and leaders, representing 56 million CYL members nationwide, attended the congress.

In his report on the state of the league, Song cited facts and figures which show the important role China's young people are playing in the country's reform and opening to the outside world.

Many of the people leading China's enterprises are in their 20s and 30s, and in the past few years

young people were responsible for 1.3 million research projects and inventions, Song said.

An additional 2,300 projects, including some key state construction projects, were completed with the help of the country's youth. In rural areas, young people are active in agro-technological training and are giving impetus to the development of the market aspect of the socialist commodity economy.

It is more than nine years since China began to implement its reform and open policies. These policies, noted Song, have created an environment geared towards the young. They have opened up 70 million job opportunities for urban youth, allowed 80 million rural youth to shift to nonfarm activities, and enabled 5 million young people to obtain more education.

The CYL should try to be young people's political guide and representative, Song said. The

organization's work should always be subject to the leadership of the Communist Party of China (CPC).

The league's two major tasks are to lead young people to become productive and raise their moral, cultural and scientific levels. The CYL should help keep the government in tune with young people's ideas and should sponsor more discussions between young people and the government. It should encourage its members' initiative and their character development.

In a speech to the congress entitled "Hope Lies in the Young," Hu Qili, member of the Standing Committee of the Political Bureau of the CPC Central Committee, said the country needs its youth to get involved in the reform now more than ever.

"The Party Central Committee hopes China's young people will espouse the cause and be active in supporting and accelerating the reform," Hu said.

"Young people must follow the correct political line and set their goals high, and all the country's young people should be committed to the cause of building socialism with Chinese characteristics.

"We have to take a practical rather than an idealistic approach towards the reform," he said, adding that the reform needs not only courage and enthusiasm, but also deliberateness and action.

The Party and government need to be more scientific in decision-making, as well as prepared to solve problems which appear during the reform process, Hu said. Young people, for their part, must have a clear understanding of existing contradictions. They

A congress delegate presents a league badge to Party leader Zhao Ziyang.

LU SHUMEI



ZHANG JIE

must be flexible and even willing to make sacrifices, if necessary, for the reform to continue. As to the future of the CYL, Hu said it should seek to become a more democratic organization, while protecting young people's legal rights and interests.

The congress concluded on May 8. ■

## Climbers Break World Records

May 5 is a day to remember, a day which saw a number of world firsts. A dozen climbers—five from Japan, four from China and three from Nepal—reached the summit of the 8,848-metre-high Mount Qomolangma (Everest) to break the former record of sending nine people up to the "roof of the world" in a single day.

China's Cering Doje, 30, set a world record by staying at the summit for 99 minutes, passing the previous mark of 70 minutes, set by some Chinese in 1975. Cering did it without oxygen.

The three-nation expedition started the final assault from both the north and south ridges of the world's highest peak. Six of the conquerors, instead of descending by the same route which led them to the top, went down the opposite side—the first time—this has been attempted.

The final victory could not be declared until the climbers reached their advance base camps on both sides. But spectators at the scene, who watched China Central Television's live telecast of the eight-hour final assault, set off firecrackers to celebrate.

China's veteran leader Deng Xiaoping called the headquarters of the expedition in Beijing to congratulate the climbers on their "great achievements."



Climbers from the north and south slopes meet at the summit

Nepal's King Birendra also congratulated the 250 members of the world's largest expedition for their "pioneering feat."

Climbers started their final assault on the morning of May 5, with the three-member south group leaving the 8,500-metre Camp 5 at 8:20, and the north squad, with the same number of climbers, leaving the 8,600-metre Camp 7 at 8:43 against 25-metre gusts of wind.

To get into position for the final assault, the south group, which failed to get to Camp 4 on May 3 because of bad weather, had to advance more than 1,000 metres the next day to get to Camp 5.

It took Cering, a Tibetan, more than four hours to cover the 168 metres from Camp 7 to the summit. He was followed by Ang Lhakba, 27, of Nepal and Noboru Yamada, 38, of Japan. It was the third time Yamada has reached the world's highest peak. His previous climbs were in 1983 and 1985.

"I am totally exhausted," Cering said after he reached the summit.

From expedition headquarters

in Beijing, Shi Zhanchun, chief commander of the expedition, ordered Cering and his two teammates to wait on the summit for the climbers from the south.

The three became nervous after being on the summit for half an hour and asked to descend by the south side. Shi, team leader of China's expeditions in 1960 and 1975, ordered them to stay.

"Wait for another 10 minutes or 15 minutes or half an hour. The higher the price we pay, the bigger will be the gain," he told them by radio.

Only after he learned that the southern climbers were hampered by waist-high snow and could not reach the summit in an hour, and that the hands of the three on top were turning black—a sign of frostbite—did he give the order to descend.

China's Li Zhixin, 25, got to the summit at 2:20 pm, offered his oxygen to the three northern climbers, and promised to wait for the southern climbers.

Cering and his teammates left the summit three minutes later. After staying on the top for 65 minutes, Li was ordered to

withdraw by the route he had ascended.

The first climber from the south, China's Da Cering, 35, reached the summit at 3:53 pm. He was followed by Nepal's Ang Phurba and another Chinese, Renqing Pingcuo.

They were met on the summit by three television people from Japan—Syoji Nakamura, Teruo Saegusa and Susumu Nakamura. All three are former mountaineers. Saegusa conquered Qomolangma in 1985. Another Japanese, Yamamoto Munehiko, reached the peak from the north at 4:05 pm. Lhakpa Sonam of Nepal also conquered the mountain from the north ridge.

It was the first time that climbers from different sides of the mountain have met on the summit, and the first live telecast of the final assault.

There was a short celebration ceremony. The climbers hugged each other, the journalists interviewed the climbers; national flags were raised and photographs were taken. Then the three climbers from the south joined the four Japanese in a descent from the north side. ■

## PLA Establishes Civilian Posts

China has issued regulations governing nonmilitary personnel serving in the People's Liberation Army (PLA). The move represents a major reform in the army's personnel system.

Deng Xiaoping, chairman of the Central Military Commission, signed an order on April 27 putting into effect the provisional rules.

The set of regulations, which contains 27 articles, will allow the army's nonmilitary personnel to continue their service as civilian cadres without military ranks. The

establishment of the system is considered to be of far-reaching significance in modernizing and regularizing China's armed forces.

The regulations define the nature and status of nonmilitary personnel, and set out guidelines for their training, appointment and removal, promotion, rights and duties, wages and benefits, minimum term of service and retirement.

Nonmilitary officials fall into two categories. One consists of people engaged in scientific research, engineering, medical services, teaching, the publication of books and periodicals, and the artistic and sports fields. The other involves administrative personnel in charge of various institutions, military academies and hospitals.

The PLA's nonmilitary staff will be increased progressively. The first groups will have changed to nonmilitary status by the end of July.

According to the regulations, those in civilian posts in the army will have much the same obligations as military officers and enjoy the same political rights and material benefits including wages, housing, medical services and vacations.

Senior technical personnel will retire at the same age as government employees. This means they will be able to serve longer in the army.

The new provisions are in line with the needs of the army's modernization programme. They will allow nonmilitary officials with specialized technical skills to provide more regular and better service in the army.

The regulations are transitional. With further reforms in the personnel system of the government and army, the provisional regulations will be perfected in a way that reflects the characteristics of China's armed forces. ■

## Technology Zone To Get Support

Favourable tax and financing terms will be granted to the enterprises in the newly designated Zhongguancun technology development zone. The terms will go into effect as soon as rules can be formulated by the Beijing municipal government, Beijing deputy mayor Lu Yucheng said at a recent meeting.

The regulations will be based on the experience of the country's special economic zones, including the newly formed Hainan special economic zone at the southern tip of China.

The Zhongguancun area, already known as "electronics street," is located in the northern suburb of Beijing. It consists of an F-shaped strip involving Baishi-qiao, Haidian and Zhongguancun roads.

The 100-square-kilometre intellectual-intensive area has 50 universities and colleges with a total of 100,000 students and post graduates, as well as 138 scientific research institutions with more than 80,000 scientists and technicians. It is the largest such concentration in China and among the largest in the world.

Since the founding of the People's Republic in 1949, China has invested more than 10 billion yuan (about US\$2.7 billion) in the zone to develop high technology. The world's most advanced equipment has been introduced into various research laboratories. About 1,000 scientific discoveries are made in the area every year, many of which break new ground in their fields.

In 1980, a group of scientists including Chen Chuanxian, a senior research fellow of the Physics Research Institute of the Chinese Academy of Sciences, set up the area's first advanced technological development service

company. The move was the start of an attempt to build a Chinese-style "Silicon Valley."

In 1983, 11 new technological enterprises set up a shop in the area. By the end of 1987, the number had jumped to 148, of which 33 are run by the state, 111 by collectives, two by individuals and two by joint ventures. Of the 3,800 people working for the enterprises, 46 percent are scientists and technicians.

A total of 97 or 65.5 percent of the enterprises make electronic devices and computers. The others provide consulting services and manufacture a wide range of devices including meters, instruments and products for the biological engineering, new materials and chemical industries.

Many of the enterprises have made striking achievements. For example, a company run by the Computer Research Institute under the Chinese Academy of Sciences, which started in 1985 with a capital of only 200,000 yuan, posted a 1987 sales volume of more than 70 million yuan.

A survey of 43 companies in the zone shows that the average business volume per employee was 217,000 yuan in 1987. At the Xin Tong Co., the average business volume was 800,000 yuan and the average profit 52,000 yuan per employee. The average sales figure for the Stone Corp. was 760,000 yuan and the average profit 60,000 yuan per employee.

Last year's sales for all of the technological companies in the area totalled 900 million yuan, and a profit of 100 million yuan was turned over to the state.

Most of the zone's companies are aiming for the world market. To date, they have sold about 46 kinds of products abroad.

by Wei Liming

## Shanghai Elects New Mayor

Former vice-minister of the State Economic Commission, Zhu Rongji, was elected mayor of Shanghai on April 25 at the annual session of the Shanghai Municipal People's Congress.

Zhu, 59, had been transferred to Shanghai three months earlier to serve as deputy secretary of the Municipal Committee of the Chinese Communist Party (CPC).

Shanghai's former mayor, Jiang Zemin, has become the secretary of the Party's Shanghai Municipal Committee.

Zhu pledged to run a government "of honesty and efficiency," and to serve the people wholeheartedly.

He said that while the new government must be "innovative and do pioneering work," a city such as Shanghai, the largest industrial city in China, needs long-term planning.

Zhu takes up his new position at a time when Shanghai has been given greater say over its finances by the central government. The city will retain all money earned after handing over a fixed sum to the state. The new policy is designed to spur the expansion of production and encourage the development of an export-oriented economy.

Zhu was born in 1928 in Changsha, Hunan Province, and completed his secondary education there. In 1947, he entered Qinghua University in Beijing where he studied electrical engineering. Since graduating in 1951 he has spent more than 30 years working for the state planning and economic commissions.

He was denounced as a "rightist" in 1957, leading to some "painful experiences." He was rehabilitated in 1979.

## Industrial Pollution Poses Big Problem

China's current level of industrial pollution poses as serious a problem as that faced by developed countries in the 1950s and 1960s, says Qu Geping, director of the State Environmental Protection Agency.

A recently conducted national survey on the sources of industrial pollution shows that about 250,000 of China's 400,000 enterprises are serious polluters, Qu told a news conference. A total of 168,000 enterprises surveyed discharge a total of 29.18 billion tons of waste water, 716 million cubic metres of air pollutants and 302 million tons of solid wastes a year.

The major air pollutants are smoke and sulphur dioxide. The polluters surveyed discharge 12.04 million tons of smoke and 9.74 million tons of sulphur dioxide annually, resulting in serious air pollution in many cities.

Organic substances and metallic waste are the major water pollutants. They have polluted a total of more than 47,000 kilometres of rivers, Qu said.

The survey also found that 280,000 of 530,000 sources of industrial noise had surpassed state limits and were disturbing nearby residential areas.

The major cause of pollution is the concentration of 80 percent of China's industrial enterprises in cities.

The irrational distribution of industry must be adjusted gradually, he said. Enterprises which have serious pollution problems that they cannot resolve must be moved, merged with other enterprises or even closed to curb pollution. Technologically backward enterprises must revamp their technology to eliminate as much waste as possible during the production process.



## Biweekly Chronicle (April 25-May 8)

### POLITICAL

May 2

■ Visiting Chinese Vice-Premier Tian Jiyun holds talks with Mexican Foreign Minister Bernardo Sepulveda Amor in Mexico City. Both sides agree that China and Mexico should strengthen their friendship and cooperation in the political, technological and cultural fields, and increase their trade and economic ties.

Tian arrived in Mexico on May 1 for a six-day visit, to be followed by visits to the United States and Canada.

May 4

■ At a meeting with visiting Japanese Foreign Minister Sosuke Uno in Beijing, Chinese Premier Li Peng says that all far-sighted Chinese and Japanese leaders should take the countries' overall interests into account and treat Sino-Japanese friendship as a long-term project. Only in this way can problems between the two countries be solved easily.

### ECONOMIC

April 26

■ A Sino-Canadian joint venture, with the capacity to produce 1 million cases of champagne, whisky and other alcohol annually, will be set up in the Shanghai Minhang economic and technological development zone.

The venture is in the planning stage. Construction is to start in about six months.

May 4

■ The State Council has

adopted new regulations to encourage investment in Hainan Province—the country's largest special economic zone.

Under the regulations, which come into effect today, the right to use state-owned land on the island will be permitted for a maximum of 70 years under one contract. The rules also provide preferential treatment for foreign-funded businesses.

May 5

■ Record-breaking export sales worth US\$5 billion were made at the 63rd Guangzhou Export Commodities Fair, which closes today.

About 35,000 business people from 111 countries and regions attended the 20-day fair, in addition to 400 from China's Taiwan Province, the organizers say.

### CULTURAL

April 29

■ China will host the 1988 international congress on forensic science on September 4-7 in Beijing, the Forensic Medicine Association of China says.

More than 140 forensic experts and scholars from 32 countries have already applied to participate in the congress, which will be the first of its kind sponsored by China.

April 30

■ The Chinese Communist Party Central Committee has mandated the Central Party School to publish a new theoretical journal, *Qiushi* (Seeking Truth). The journal, which will be launched on July 1, will replace the *Red Flag*, which will cease publication on June 16.

Su Xing, vice-president of the school and deputy editor-in-chief of *Red Flag*, says the new journal

will serve as a forum for discussion of the theory and practice of the primary stage of socialism.

May 4

■ More than 25,000 people attend the celebration to mark the 90th anniversary of the founding of Beijing University.

At the celebration, Li Tieying, minister in charge of the State Education Commission, says Chinese university students should broaden their horizons, seek truth from facts, be creative and think independently.

The university has 1,100 professors and associate professors and more than 20,700 students, including 2,670 post-graduates and about 500 students from 58 countries and regions.

### SOCIAL

May 2

■ A circular issued by the State Education Commission and 16 mass organizations urges that more attention be paid to protecting the rights of children and helping them develop intellectually and morally as well as physically.

It also proposes that parks, zoos, museums, stadiums and other public places of entertainment admit children free of charge on June 1 — International Children's Day.

May 6

■ Professor Hamid Rushwan, chairman of the International Council on Population Programme Management, honours China's State Family Planning Commission with the council's 1988 population award.

The award is presented at the last session of the council's four-day international conference on the strategic management of population programme, held in Beijing.

EC-ASEAN

## Blocs Pledge to Strengthen Ties

*The seventh meeting of West European and Southeast Asian foreign ministers ended with a joint declaration calling for closer political and economic links between the two groups.*

The recent gathering of foreign ministers from the European Community (EC) and the Association of Southeast Asian Nations (ASEAN) focused on the topics of economic co-operation and regional conflicts. Both sides expressed confidence about their future co-operation and satisfaction with the results of the meeting, which took place in Dusseldorf, Federal Germany, May 2-3.

ASEAN, which groups Thailand, the Philippines, Singapore, Malaysia, Indonesia and Brunei, was set up in 1967. It has enjoyed EC support from the beginning. The EC sees ASEAN as an important factor in regional economic development and the maintenance of regional stability.

ASEAN and the EC established ties at ambassadorial level in 1977. The first meeting attended by foreign ministers from both sides was held in 1978. Since then, relations have developed rapidly. In 1980 the two blocs signed a co-operation agreement which was the first of its kind in the world. The pact has played an important role in promoting political dialogue and trade relations between the regions.

The EC is ASEAN's third-largest trading partner after Japan and the United States. From 1973 to 1984, ASEAN-EC trade volume increased fivefold, and it reached US\$17.3 billion in 1986. From 1980 to 1985, EC exports to ASEAN increased 72 percent, while EC imports from ASEAN increased 81 percent.

ASEAN has benefited greatly

from EC trade preferences. Currently, 46.2 percent of ASEAN exports to the EC enter the community duty-free.

The structure of ASEAN exports to the EC has changed markedly in recent years. The proportion of primary products has been steadily reduced, while the proportion of manufactured goods increased from 28.7 percent in 1980 to 49.3 percent in 1986.

EC investment in ASEAN countries has also been increasing. In Singapore and Malaysia, the EC is the biggest foreign investor, followed by Japan and the United States. The EC has investment advisers and joint investment committees in every ASEAN nation to provide advice to European companies and help them find ASEAN partners.

At the latest foreign ministers' meeting, the EC reaffirmed its willingness to help ASEAN

countries transform their economic structure through industrialization. EC ministers pledged to support ASEAN members' efforts to deal with their debt problem. The ministers also said they would further open their countries' markets to ASEAN products and would work with ASEAN to boost European investment in the region and resolve investment problems.

Along with the rapid development of economic relations has come stronger political ties. ASEAN supports the EC's efforts to unify its internal market while the EC backs ASEAN's attempt to end Viet Nam's nine-year occupation of Kampuchea. The foreign ministers, after a thorough discussion of the Kampuchean problem, jointly declared, "Peace and stability in Southeast Asia can be restored only through the cessation of hostilities and of foreign military occupation of Kampuchea." They reaffirmed their stand that "no assistance should be given to Viet Nam if it maintains its occupation of Kampuchea."

On the basis of the meeting, co-operation between the EC and ASEAN can be expected to grow even closer.

by Hu Yongzhen

## SOUTHERN AFRICA

### London Talks Yield Few Results

*The only agreement reached at the recent talks between Angola, Cuba, South Africa and the United States appears to be an accord to meet again.*

Two days of closed talks in London between Angola, Cuba, South Africa and the United States ended on May 4 with hopes raised for independence for Namibia and an end to the Angolan conflict. But despite a joint statement saying the meeting took place in a

"constructive atmosphere and progress was made," there was little sign of concrete results.

Speaking at a press conference shortly after the talks at the US embassy in London, US Assistant Secretary of State Chester Crocker, who presided at the meetings, said they focused on an Angolan

proposal put forward in March.

Reports say that Angola has offered to withdraw the estimated 40,000 Cuban troops from its soil over a period of four years. In return, it wants independence for Namibia, the withdrawal of South African troops from its southern provinces and an end to US and South African support for UNITA (National Union for the Total Independence of Angola), the anti-government guerrilla movement.

Asked to specify the "progress" mentioned in the joint statement, Crocker said: "While some progress has been made and an important step has been taken, there are big issues—tough issues—that lie ahead and gaps that need to be bridged."

The talks represented a "re-engagement in diplomacy but not a settlement," he said.

The meeting was attended by Angolan Foreign Minister Afonso Van-Dunem; Jorge Risquest, a member of the Political Bureau of the Cuban Communist Party; and South African Deputy Foreign Minister Neil van Heerden. The talks marked the first time Angola, Cuba, the United States and South Africa have met to negotiate ways of bringing an end to conflicts in southern Africa. Angolan Radio said that if the United States and South Africa are sincere about wanting to resolve the conflicts, the London talks would help the four nations settle the issues.

Diplomatic sources said that no agreements were reached other than the participants' accord to meet again in a few weeks in Africa.

According to press reports in London, South Africa remains unwilling to link independence for Namibia to peace in Angola, and differences remain over the timetable for the withdrawal of Cuban troops.

Van-Dunem confirmed on May

4 that Angola had offered a total withdrawal of Cuban troops, but stressed that this would depend on the departure of South African forces from Angola, an end to Pretoria's support for UNITA and implementation of United Nations Resolution 435 on Namibia.

UNITA, backed by the United States and South Africa, launched a war against the Angolan government just after the country won independence from Portugal in 1975. Last September, after South Africa sent 4,000 troops to support UNITA, the civil war intensified sharply in southern Angola.

Both South Africa and the United States have made it clear that they will go on backing UNITA. "We have no intention of ending our relationship with UNITA," Crocker said.

Most observers in London agree that three main developments made the London talks possible. First, the civil war between the Angolan government

and UNITA—backed by the Soviet Union and Cuba on the one side and South Africa and the United States on the other—is at a stalemate, with neither side being within reach of military victory. Second, the Angolan government's March proposal smoothed the way for the negotiations. And finally and most importantly, US-Soviet contacts have increased on regional issues. In January and March, representatives from Angola, Cuba and the United States held two rounds of talks in the Angolan capital of Luanda to negotiate ways to bring an end to the conflicts in southern Africa. Prior to the London talks, Crocker met Soviet Deputy Foreign Minister Vladimir Adamishin to discuss Angola. The Soviet Union, although absent from the four-way talks, said that it supported them.

Most observers share the view that the negotiating process will be long and difficult.

by Xue Yongxing

NATO

## Nuclear Deterrence Faces New Challenge

*The North Atlantic Treaty Organization (NATO) is increasingly feeling the need to strengthen its defence since the signing of the intermediate-range nuclear forces (INF) treaty.*

The spring ministerial meeting of NATO's Nuclear Planning Group (NPG) held in Brussels on April 27-28 concentrated on the question of how to improve NATO's military equipment while maintaining the credibility of nuclear deterrence, and how to counter the military superiority of the Warsaw Pact after the signing of the INF treaty.

The signing of the INF treaty, a significant breakthrough in the US-Soviet arms control talks, will certainly help ease East-West relations. But a serious military

imbalance between the West and the Eastern bloc countries after the removal of intermediate-range nuclear missiles in Europe is a major worry for Western countries. At a NATO summit held at the beginning of March this year the allies unanimously agreed that NATO can only counter the Warsaw Pact's military advantage through a credible deterrence strategy combining nuclear weaponry and conventional forces.

To strengthen the remaining nuclear forces after the elimin-

ation of intermediate-range nuclear missiles has become an urgent problem for NATO. The removal of land-based medium-range nuclear weapons—the mainstay of NATO's nuclear force—will seriously affect its strategy of flexible response which involves the use of conventional weapons, and tactical and strategic nuclear weapons.

At the same time, the Soviet Union has stepped up to adjust its nuclear force. US Defence Secretary Frank Carlucci, calling on information from the Central Intelligence Agency (CIA), pointed out at the NPG meeting that the Soviet Union has adopted a series of measures to strengthen its nuclear force. They include: shortening the range of intercontinental ballistic missiles to fill the gap left by the removal of medium-range missiles; developing air-based nuclear missiles; and raising the number and quality of dual-purpose fighter-bombers.

Faced with a new situation since the signing of the INF treaty, NATO countries are more aware of the need to strengthen their nuclear forces. At the NPG meeting, defence officials reiterated that it is necessary to strengthen military forces combining conventional and nuclear weapons, especially those stationed in Europe, to ensure the credibility of NATO's strategic deterrence; they also proposed a series of concrete plans aimed at strengthening NATO's nuclear forces. The plans include: renewing existing nuclear weapons; improving the range and accuracy of the Lance missile; developing a new type of short-range missile and a multi-warhead rocket system; renewing dual-purpose fighter-bombers; and deploying US bombers carrying nuclear weapons in Europe.

Public opinion widely maintains that the short-term measures for maintaining military balance

in Europe discussed at the NPG meeting will promote defence-strengthening measures in West European countries, and at the same time reinforce the US position in the arms control talks.

No concrete decisions were reached during the meeting, largely because it will be difficult to implement any plans in the near future: military budgets, the US presidential election, the coming superpower summit in Moscow, as well as technical difficulties could all pose a threat. Moreover, NATO countries differ over the organization's construction of nuclear forces. The Federal Republic of Germany refused to renew the 88 short-range Lance

missiles NATO deployed in its territory. Spain demanded that the United States withdraw its 72 F-16 fighters from Spanish territory. And the Danish government recently decided to ban foreign ships carrying nuclear weapons from entering its territory. Such moves will undoubtedly affect NATO's defence in these regions and obstruct its nuclear deterrence strategy.

The signing of the INF treaty has made it imperative for NATO to strengthen its nuclear forces. But finding a way to achieve this which will not only ensure the credibility of its nuclear deterrence strategy but will also be acceptable to all allies is not an easy job.

by Liu Rongsheng

## ISRAEL

### Avenging Atrocities, Committing Others

*Jews have been centuries-long victims of oppression and persecution. But this could never justify the pain and suffering that the Israeli authorities are inflicting on the Palestinians and their other Arab neighbours.*

On April 25, while an Israeli court was sentencing Nazi "Ivan the Terrible" to death, members of the United Nations Security Council were strongly condemning "Israeli terrorism" at an emergency meeting. These events reflect the two sides of the Israeli coin.

"Ivan the Terrible," whose real name is John Demjanjuk, is a Nazi war criminal. Also known as the God of Death, he was a guard at a Nazi concentration camp in Poland during World War II and was directly involved in the gas-chamber killing of more than 800,000 European Jews. He disappeared after the war.

For more than 20 years before he was unmasked, Demjanjuk worked in a US factory. In 1986, after a 10-year legal struggle, he

was extradited to Israel for trial. After a long and careful weighing of the evidence, he was found to have committed war crimes and crimes against Jews, others and all of humanity. Hence the verdict.

Supporters of justice applauded the solemn judgement of the Israeli court. It represents a victory for human dignity and—even after 40 years—for the innocent Jewish victims of Fascist terror.

The great Jewish nation has been persecuted repeatedly throughout history, especially under Adolf Hitler's barbaric reign in Nazi Germany, during which 6 million innocent people were slaughtered for being Jews. Advocates of democracy and justice have always felt sympathy for the Jewish people.

This being the case, the Jewish people of Israel should direct their hatred against racism and Fascist terrorism, and cultivate friendship between the Jewish nation and other peoples of the world. Unfortunately, the opposite has happened. The rulers of Israel have locked the country in a prolonged conflict with its Arab neighbours, whom the Israeli authorities ridiculously regard as their arch-enemy, and collude with the racist, terrorist regime in South Africa. At the same time they employ cruel methods like those which the Nazis used against the Jews to deal with Palestinians. These Jews have gone from being the victims of terror to the authors of terror.

The most dramatic recent example of Israeli terror was the assassination on April 16 of Abu Jihad, the No. 2 leader of the Palestine Liberation Organization (PLO) next to Yasser Arafat. It has become clear that the assassination was plotted and carried out wholly by Israel.

Israel's national terrorism has been notorious since June 7, 1981, when Tel Aviv unexpectedly bombed and destroyed an Iraqi nuclear reactor which was under surveillance by the International Atomic Energy Agency. In October 1985, eight Israeli warplanes attacked the Tunis-based headquarters of the PLO in an attempt to murder Arafat. Since last December, more than 170 Palestinians have been slain in the latest uprising against Israeli occupation of the West Bank and Gaza Strip.

Israeli terrorism violates the norms of international law as well as Jewish religious and moral principles. The historic suffering of the Jews does not mitigate the seriousness of the crimes of the Israeli authorities.

by Yin Chongjing

## GHANA

### Steps Taken to Resurrect Economy

*Ghana's economic achievements in recent years have attracted a lot of international attention.*

**T**he economy of the West African country of Ghana has been plagued by repeated regime changes and inappropriate policies. For a long time after the country's independence, the economy stagnated. And from the mid-1970s to the early 1980s, it steadily deteriorated. Daily necessities were lacking; people lived in privation; and the nation verged on economic collapse.

But since Flight-Lt Jerry Rawlings took power in 1982 and launched a gradual economic reform programme, the situation has taken a favourable turn. The economy has been growing by more than 5 percent a year since 1984, compared with an average annual economic contraction of 5 percent in 1975-83. Export income reached US\$750 million in 1986, up from US\$440 million in 1983, and was estimated to rise to US\$1 billion last year. The inflation rate also dropped sharply, from 123 percent in 1983 to 23 percent in 1986 and about 35-40 in 1987. Last year Ghana drew up a non-deficit budget. These achievements have attracted attention in international economic circles.

The rejuvenation of Ghana's economy has gone through three stages.

In 1982, the transition year, the new military government launched an attack on speculation, profiteering, the black market and corruption in an effort to stabilize the market and guarantee living standards. Severe punishment greatly reduced the number of offenders, and people's confidence in the state was restored.

Meanwhile, the government reduced the number of public employees, cut their salaries by 15-20 percent, trimmed administrative expenses, provisionally cancelled free medical care and education, and ended most price subsidies. Rawlings, who is chairman of the Provisional National Defence Council, called for mass support for these measures, which were aimed at rescuing Ghana and resurrecting the country's economy.

In the restoration period, from 1983-86, the government focused on developing production and a brisk market. The International Monetary Fund provided 859 million special drawing rights and the World Bank US\$590 million to support the restoration plan. Using money obtained from loans, the government imported goods and materials to satisfy the needs of consumers and producers. To stimulate the market, it gradually relaxed market regulation and lifted price controls on all but the most basic daily necessities. Imports were used to boost agriculture, industry and mining. With the restoration of agriculture and industry, exports and total trade volume began to steadily increase and the financial situation improved greatly.

Ghana's economic achievements in recent years have won approval from the international economic community. They offer both encouragement and insights to other African countries which are in economic difficulty.

by Zhang Zhuji

## Zhao Ziyang on Nationality Issue

*The following is a slightly abridged translation of the April speech given by General Secretary of the CPC Central Committee Zhao Ziyang at the opening ceremony of the National Conference to Commend Contributions to National Unity and Progress.*

**A**t this gathering of people of various nationalities, I would like to present four points.

**It is necessary to attach great importance to the question of nationality and fully understand its nature.**

In human history, a nationality did not exist from the very outset; it was born only after productive forces had developed to a certain stage. A nationality and a state do not come under one and the same category. Generally, the same nationality is distributed among different countries and many countries are composed of a number of nationalities. A nation and a multinational state are the products of long-term historical development.

The nationality question is usually intertwined with political, economic, cultural and religious

questions and this situation is quite common in the world today. In many economically developed countries, the nationality issue still exists and it will not disappear with the establishment of the socialist system. Recognition of the protracted nature of the nationality question and its appropriate handling is of paramount importance to the stability and development of a multinational state.

China is a unified multinational country; the nationality issue here has its own special features. For example, China has over 50 ethnic groups; the Han people represent over 90 percent of the total population; the various nationalities have their own peculiarities as well as the generality of the Chinese nation. China, formed by the various nationalities into a

unified state, has a very long history; the Chinese nation, having a very powerful centripetal and cohesive force, has consistently loved the motherland and worked to safeguard its unification. Whenever the country was subjected to foreign aggression and threat, the various Chinese nationalities invariably took united action against the aggressors. In contemporary and modern history, from the Opium War, the War of Resistance Against Japan, through to the present, the various nationalities have made outstanding contributions to the defence of China's independence, unification, sovereignty and territorial integrity. Countless patriotic national heroes have come to the fore. They represent the pride and glory of the whole Chinese nation. We must safeguard and develop this great national tradition.

**Safeguarding the unification of the motherland, upholding equality, unity and the common prosperity of the various nationalities are the basic guidelines and policies for Party and state work on the nationality issue.**

It is the consistent view of the Party that all nationalities, large and small, should be treated as equals. The economic and cultural level of development of the various nationalities differs, and the difference keeps changing. The ethnic groups are not classified as superior or inferior nationalities with a high or low status. The various Chinese nationalities are industrious, valiant and intelligent — all have contributed to the development of China's history. Our great People's

Zhao Ziyang delivers a speech at the conference.

WANG JINGDE



Republic was founded through the joint efforts of the people of all nationalities. The splendid Chinese culture was created by all nationalities and each nationality has enriched it with its own culture. From ancient to present times, all the Chinese nationalities have their own prideful creations and outstanding people.

In the world today, national discrimination is still a common phenomenon. In China, however, discrimination against minority nationalities is not allowed, provisions to protect, respect and provide preferential treatment for minority nationalities are clearly laid down in laws and policies. This represents a firm stand by the Chinese Communist Party and is a requirement of China's socialist system. Of course, there are still many practical problems and efforts must be made in the future to improve our work.

There is a saying, "The Han nationality cannot be separated from the minority nationalities, and vice versa." The saying reflects the reality of relations between various Chinese nationalities. As a whole, China is a unified multinational country; naturally the various nationalities cannot be separated from one another. Viewed on a local level, many places are inhabited by several nationalities. The hard work of these ethnic groups has brought prosperity to the local economy and culture and established local economic and cultural lives. The various nationalities are in complete harmony — as well blended as milk and water. Whether in a place inhabited mostly by Han people, or one inhabited mostly by another nationality, the various nationalities should respect and help each other, treat each other as equals and unite to live in peace; there should be no national discrimination. Han cadres working in minority areas and local



The assembly hall.

XUE CHAO

minority cadres each have merits and strong points; they should close their ranks and learn from each other's strong points to make up each other's deficiencies. Han cadres should show special respect for minority cadres, unite with them and allow them full play in their roles; concerted efforts should be made to build up the national regional autonomous regions. In the final analysis, factors favourable to the development of productive forces and the prosperity of minority nationalities and the strength and unification of the state should be the starting point for examining problems and the standard for judging right from wrong.

Safeguarding the unification of the motherland and national unity is the sacred duty of the people of all Chinese nationalities, it is also a sure guarantee for the rejuvenation of China and the realization of its modernization. It is the glorious tradition of the Chinese nation to seek solidarity and unification and reject split. A handful of people are now vainly attempting to divide the motherland. It is not difficult to see that they by no means represent the interests of their own nationality; they are only the

agents of foreign anti-China forces. Even during the times when China was weak, any act designed to split the motherland would be firmly opposed and spurned by the people of various nationalities. Today when China is towering like a giant in the world, the attempts of a handful of separatists and foreign anti-China forces behind them to divide China will never succeed. As Comrade Deng Xiaoping said, they do not have the ability to do so.

In order to safeguard national unity and the unification of the motherland, we should, on the one hand, continue to conscientiously implement national and religious policies, overcome "leftist" influences and effectively solve existing problems; on the other hand, we should take a clear stand against division and resolutely give a sanction to and crack down on activities designed to split the motherland. The two complement each other and neither should be emphasized at the expense of the other.

**Adhering to reform and the open policy, and energetically promoting economic and cultural development in minority areas.**

China's nationality question, in most cases, finds expressions in the pressing demand in the minority areas for speedy economic and cultural development. We must step up work in this field.

China is launching a drive for socialist modernization. The national regional autonomous areas constitute over 60 percent of the country's total territory. Due to historical reasons, these areas, when compared with China's coastal areas, have a low productivity and an underdeveloped commodity economy and are therefore faced with an even more arduous task in realizing modernization. In coastal areas, the state should create the conditions in which these can make the most of their advantages and opportunities to stimulate the economy, thereby making more contributions to the state; in minority areas, besides relaxing policies, the state should consistently give them support and promote their development. Achieving common prosperity for all nationalities is an important issue which affects the overall situation in China's drive for socialist modernization, and must therefore be properly tackled.

The national regional autonomous areas are endowed with vast territory and rich aboveground and underground resources which are much needed in China's modernization. This in itself is a huge advantage and development potential. Cadres and the people of various nationalities have built up a store of unique experiences in their efforts for economic development. Some of them are skilled in animal husbandry, some in "oasis agriculture," and others have special abilities and adaptability in developing highland and hilly land. Some minority areas are endowed with favourable conditions for developing foreign economic relations and border

trade. By correctly understanding these advantages and persisting in reform and opening up, these minority areas will be able to more rapidly develop their economies and cultures.

China is now in an important historical period of reform, opening up and modernization. During this period, neither national unity, the common prosperity of all nationalities, nor national regional autonomy can deviate from this trend and social environment. Neither the country nor the various nationalities could have a way to develop themselves without reform and opening up. We must further carry this general guideline and policy of reform and openness through to the various fields of nationality work.

In the reform and opening up in minority areas, special importance should be attached to importing talent. The state should pay special attention to providing minority areas with intellectual assistance and help in training, education and the import of talent, only thus can help be given to the right spot.

In the meantime, active efforts should be made to import foreign and domestic funds and science and technology, energetically develop the commodity economy and valiantly compete on domestic and international markets. In the course of economic and cultural exchange, minority areas should absorb all the advanced experience and outstanding cultures of other nations and regions.

Will further opening of minority areas lead to a loss of the precious national culture? No, it will not. History, ancient and present, Chinese and foreign, has proved that the existence and development of any nationality requires openness, not isolation. It is certain that with the introduction of reform and opening up and the development of the commodity economy, economic and

cultural exchange among the various nationalities will gradually increase and the trend of nationalities learning and assimilating from one another will develop somewhat. In this process, the spoken and written languages, customs and habits and religious beliefs of various nationalities will continue to be respected. Traditions and cultures facilitating development of productive forces and progress of the nationalities concerned will not disappear, but instead will be enriched and developed on a new basis. Outdated ideas and customs and habits obstructing national progress and the development of productive forces will, of course, be consciously discarded by the minority people in the drive for modernization. But this in itself is a kind of progress. A nation which is genuinely prosperous is an open nation. Only through opening up can the various nationalities, through comparison with other nationalities, discover, treasure and develop their own fine traditions and cultural value. In the process of modernization, the various Chinese nationalities will definitely have their own brighter future.

Before entering socialism, the various minority nationalities of China are at different levels of social development and their current development is uneven. The various nationality areas should realistically proceed with their construction in accordance with their own conditions; they should stress material benefits and pay attention to efficiency, and advance one step at a time. The state should adopt more relaxed policies towards minority nationality areas; it should allow any experiment conducive to the development of productive forces. Special policies and methods proved effective in the minority areas should be further implemented and perfected. In effecting



reform to the economic and political structures. minority areas should adopt steps suited to local conditions; the reforms must be carried out on an even keel, and not held back when they should be quickened. How to embark on socialism in minority areas is an important question concerning building socialism with Chinese characteristics. We lack adequate experience in this respect. The Central Committee hopes that the cadres and the people of the various nationalities will continue to be bold in exploring and practising and make active efforts to proceed with reform and create a new system which is full of vitality and genuinely suited to the development of the nationality areas.

In a country with such a vast expanse of territory as ours, uneven economic development in the eastern, central and western regions will exist for a long time. In the past few years, the difference in the level of economic development between some Chinese nationality areas and coastal areas has been widened. It should be noted that this gap has emerged under circumstances in which economic construction in nationality areas has experienced

huge advances, but the coastal areas have developed at a still faster pace. Our goal is to seek common prosperity for all nationalities, but this cannot be achieved simultaneously. In a time of readjustment to the world industrial structure, allowing coastal areas to make full use of favourable conditions to speed up development conforms with the fundamental interests of the people of all Chinese nationalities. If the coastal areas fail to take advantage of this opportunity, the hinterland will get no benefit therefrom. The development of coastal areas will definitely boost growth in the hinterland and minority areas. When national power is increased, the state will have more strength to help minority areas and quicken their construction. Of course, we should pay special attention to problems arising from the economic gap between eastern and western regions, study them conscientiously and adopt effective methods to solve them. From now on we should formulate a development strategy under which the mid-west and the coastal areas can help and complement each other and develop their respective strengths. That is to say, we

should reduce the gap between the coastal and minority areas not by slowing down the development of the former, but by helping minority areas speed up their development. The state and developed areas must continue to help minority areas with intellectual, material and financial resources. In providing this kind of support, we should adopt methods which conform with economic law so that minority areas will be in a better position to develop themselves. In developing resources in minority areas, we must pay attention to protecting the legal economic rights and interests of minority areas, so that the material and cultural levels of minority people will be raised with the development and utilization of local resources.

**Conscientiously upholding the national regional autonomous system and resolutely implementing the National Regional Autonomy Law.**

Realizing common prosperity for all nationalities, consolidating and developing the new socialist national relationship characterized by equality, unity and mutual help, requires the establishment of appropriate laws and systems. The national regional autonomous system, written into China's Constitution, is a great creation of the Chinese people. This system increases the inherent cohesiveness of the Chinese nation, guarantees the unprecedentedly great unification and unity of our multinational country and protects the rights of minority nationalities to administer their own internal affairs; it is therefore conducive to the progress of each nationality and the development of socialist democracy. Subjected to much testing over past decades, it has proved to be of great vitality and appropriateness to China's actual conditions.

The National Regional Autonomy Law of the People's

Representatives of minority nationalities greet Party and state leaders.

XUE CHAO



Republic of China promulgated in 1984 is the crystallization of the experience gained in national regional autonomy since the founding of the People's Republic, and especially since the Third Plenary Session of the 11th Party Central Committee. It specifies in legal form the relations between the state and autonomous areas, between the Han people and minority nationalities and among the minority nationalities themselves. The various departments and levels of authority must fully and resolutely implement this law. It must be guaranteed that the autonomous areas have the full rights given them by the National Regional Autonomy Law. Earlier, certain autonomy rights stipulated in the law could not be properly implemented due to some cadres' inadequate understanding of the importance of the law, and more importantly, the lack of appropriate structural reform. It is

therefore necessary to integrate the implementation of the autonomy law with the reform of the economic and political structures and make further efforts to grasp this work firmly. The various departments concerned should, in the light of their specific work, adopt concrete methods and formulate detailed rules and regulations for implementing the autonomy law. In drawing up concrete regulations and mapping out work plans, they should not adopt uniform methods for minority areas, the hinterland and coastal areas.

In order to effectively implement the autonomy law, it should be stressed that various methods and diverse channels be adopted to train minority nationality cadres at all levels. This is a key issue. Only by training large numbers of minority cadres who are politically and ideologically

sound, showing love for the motherland, better educated and in touch with the masses of their own nationalities, can the quality of the various nationalities be greatly raised, the right of the various nationalities to handle their own internal affairs better ensured and national unity and the unification of the state more surely guaranteed. We must, from now on, exert still greater efforts and make even greater contributions to the training of minority nationality cadres. Many Han cadres working in minority areas have been wholeheartedly serving the masses of various nationalities over the years and are deeply trusted. The Central Committee hopes that Han and minority cadres will continue to respect, trust and learn from each other, co-operate closely with each other and make new contributions towards the unity and prosperity of the various nationalities. ■

## International Academy of Chinese Culture

by Our Correspondent Li Li

The International Academy of Chinese Culture is a non-government academic research centre founded in 1984. It has two campuses, one near the Xiangshan (Fragrant) Hill in western Beijing and the other in Nanjing, Jiangsu Province. Its professors include almost one hundred well-known Chinese and foreign scholars teaching some 20,000 post-graduate students and its books are among the best-selling publications in China.

### Cultural Modernization

The academy was sponsored by a group of academics devoted to

the modernization of Chinese culture. Take Professor Liang Shuming for example. Now 94, Liang is considered an authority on Chinese culture and is also well versed in Western culture. His book, *Culture and Philosophy of the East and West* written in the early 1920s, triggered heated debate on Oriental and Occidental culture among Chinese academics.

As early as the early 1950s, Liang thought about establishing a Chinese culture or comparative culture research institute, to systematically study Eastern and Western cultures and the development of traditional Chinese culture. This idea had to be shelved, however, until the mid-

1980s when differences between Chinese and Western cultures once again became a topic for discussion. Liang responded to the new interest by sponsoring the academy and he consequently became chairman of the academy's administrative committee. One of his co-sponsors is his contemporary Professor Feng Youlan, an accomplished scholar of both Chinese and Western cultures.

The academy's current president, Tang Yijie, graduated from Beijing University's Philosophy Department in the early 1950s. Since 1980, he has given lectures and attended a series of international symposia overseas. Dur-



Advisor Bao Junxin (right) speaking at a symposium attended by both mainland and Taiwan scholars.

ing these academic exchanges he began to realize that Chinese culture is being increasingly assimilated into world culture; to follow this trend and promote the development of Chinese culture, Tang feels it is necessary for China to train scholars in both Western and Eastern cultures.

Other co-sponsors include a group of young and middle-aged college teachers, such as the academy's current vice-president, Lu Jun. Lu studied and now teaches Chinese culture and delves into comparative studies of Western and Eastern cultures.

The academy aims to carry forward the fine tradition of Chinese culture through its teaching and to promote the modernization of Chinese culture through an introduction to foreign culture and comparative study. It sets out to train scholars in Chinese culture (including Chinese history, philosophy, religion and literature), increase their interest in the subject and provide them with an opportunity to contribute to the construction of a modern Chinese culture.

### Soul-Searching

Among the academy's advisors are Zhang Dainian, philosopher and expert in the history of philosophy; Zhou Yiliang, a specialist in Chinese history of the Wei, Jin and the Southern and Northern dynasties; Jin Kemu, expert in the history of both

Chinese and foreign cultures; Ji Xianlin, a scholar of Oriental linguistics; Wu Xiaoling, expert in literary history; Ya Hanzhang, a specialist in minority studies; Hou Renzhi, expert in geology and Ren Jiyu, expert in the history of Chinese Buddhism and philosophy. Their credits include Ph. D and Master's degrees from Harvard University, Liverpool University and Germany's Cottlingen University. The academic accomplishments of these advisors provide a guarantee for a high level of education and research from the academy.

During the past three years, the academy has initiated four symposia on Chinese culture, comparisons between Chinese and foreign cultures, culture and sciences, and culture and the future. The two-year symposia on Chinese and foreign cultures, opened in May 1987, did much to further the academy's reputation. Statistics show that more than 10,000 students throughout the country entered this correspondence course. All students were college graduates, 434 with Ph.D and Master's degrees; 149 were college and university professors, about 7,000 were

Tang Yijie (right), president of the International Academy of Chinese Culture.



teaching assistants and one-sixth were either assistant professors, engineers, editors or reporters.

The academy has organized a systematic education and research programme. For example, in the study of traditional Chinese culture, President Tang said the merits and demerits of Chinese thought and culture are both presented equally. As early as the Qin Dynasty, traditional Chinese thought already stressed inter-relationship and sought harmony and unity in all things. The emphasis on harmony and unity promoted social stability and development under certain historical conditions, but it also gave birth to the equal-share-for-all idea of "not worrying about the level of poverty as long as everyone has an equal share;" this was a major stumbling block in China's path to modernization. It is therefore difficult to determine the worth of traditional thought and culture in the modernization process. It is necessary to make a thorough analysis of positive and negative factors, on the basis of which we may be able to project our modern culture.

Looking back over the past century, especially since the 1919 "May 4th Movement," one can see that slogans of "combine Chinese culture with Western culture," "complete Westernization," and "hold fast to traditional culture" raised by Chinese academic circles failed to map out a way for China's cultural modernization. China today has opened its doors to the world with all the problems faced by its various countries. The rapid flow of knowledge and information and the mutual exchange of different thoughts and theories have given rise to a trend of cultural "amalgamation." For China to achieve modernization of culture, it is necessary to look to the global situation and adapt to the requirements of the times and



Advisor Yang Xianyi (standing, right) during a lecture on Chinese culture.

at the same time ensure that traditional culture loses none of its unique characteristics. The comparison between Chinese and foreign cultures thus becomes all the more significant; it involves re-thinking our traditions, absorbing new ideas from abroad, and developing Chinese culture.

The academy's correspondence course on comparative studies of Chinese and foreign cultures has a reading list of 18 textbooks covering a full range of subjects such as comparative education, law, philosophy, methodology, ethics, religious studies, aesthetics, literature, history, and art. The texts are the most comprehensive of all the literature available on comparative studies in China. Seven titles with a total of 2.8 million Chinese characters have already been published.

The academy has also conducted penetrating investigations into study topics. They include a "comparative study of the philosophies of Zhuang Zi (369-286 BC) and Friedrich Nietzsche (1844-1900)" initiated by guest Professor Chen Guying who taught at Taiwan University and now teaches at Beijing University; a comparative study of Zhuang Zi and Jean-Paul Sartre initiated by

Beijing University Professor Liu Xiaogan; "Indian Buddhism and Chinese Buddhism" initiated by Professor Ran Yunhua of Canada's McMaster University; "the prospects for Chinese culture from a comparative view of Eastern and Western cultures," initiated by guest Professor Du Weiming, who now teaches at Harvard University; and "Western political theory and Chinese politics," initiated by Professor Zou Dang.

The academy has an ambitious publishing programme. It plans to publish 100 titles before 1990, including a collection of theses, lectures, translations, ancient writings, and textbooks. The 10-volume cultural history series of the Wei, Jin and Southern and Northern dynasties (c. 220-589) edited by President Tang Yijie presents a systematic account of Taoism, Buddhism, Confucianism, metaphysics, aesthetics, literature, history, scientific and technical advancement, and the lifestyles of men of letters from those times. Three volumes have just come off the press and been highly acclaimed by Chinese academic circles as valuable contributions to the study of Chinese history.



Advisor Li Zehou (right) and advisor Sun Changjiang

All by WANG WENQUAN

The academy is now preparing to publish a 30-volume series on the cultural history of ancient China, which will cover a wide range of subjects on the origins of Chinese civilization, the development of the Chinese nation, the origin and evolution of Chinese characters, ancient Chinese protocol, weaponry, administration, monetary systems, astronomical calendars, medicine, architecture, arts, religion, lifestyles and traditions. The collection of translations currently being prepared will be devoted to cultural studies in other countries. The academy has already published a translation series on the Japanese and Soviet cultures, as well as the cultures of France, Germany, Britain and the United States. This year the academy will collect ancient Chinese books which had been scattered throughout other countries.

### World Sinology Centre

The academy is also attempting to establish an international Sinology centre to acquaint the world's Sinologists with the latest cultural research results in China. It hopes to attract foreign friends interested in Chinese culture and

academically qualified to research the topic, and thus contribute towards a more informed new generation of Sinologists.

The planned International Sinology Centre will work towards completing the following projects and activities:

— Establishing a research materials consultation centre for Chinese studies aimed at answering questions from Sinologists on Chinese literature, arts, science and technology, politics, law, religion, philosophy, tradition and custom. It will provide written materials on these fields, conduct research, evaluate research results, and offer assistance for thesis research.

— Distributing to foreign Sinology research institutes and Sinologists a bi-monthly journal, *The Chinese Studies Guide*. The first and only Sinological magazine distributed worldwide by China, acquainting them with up-to-date Sinological studies. The first issue of about 150,000 Chinese characters released in March gives a full account of the Sinological research China has carried out during the past few years, including papers, symposia summaries, book reviews, and theses.

— Establishing an international

investigation, research and information system staffed by specialists with more than one foreign language.

— Recruiting foreign students. Later this year, the academy will enrol its first group of 20 overseas students for one to two years' study in the Chinese cultural research programme. The academy also plans to offer several short-term seminars free of tuition charges. All students must be recommended by overseas advisors.

The academy now has a dozen or so guest professors including Professor David Nivison from the Department of Asian Languages, Stanford University; Professor Chun Ying Cheng from Hawaii University; Professor Chi-Yun Chen from the Department of History, University of California-Santa Barbara; Professor Charles W.H. Fu from the US Temple University; Professor Yu-Sheng Lin from Wisconsin University; Professor Paul Jiang from Australia's School of Modern Languages, Macquarie University; Professor Saen-Yang Kha from University de Paris; and Dean Zhao Lingyang of the College of Literature, Hong Kong University.

Academic ties have been established between the academy and universities in the United States, France and Italy. Its recently inaugurated International Academic Exchange Committee plans to hold domestic and international symposia every year in the hope of strengthening academic exchange between China and other countries the world over. ■



# Rewi Alley: Writer and Poet

by Our Correspondent Wang Jian

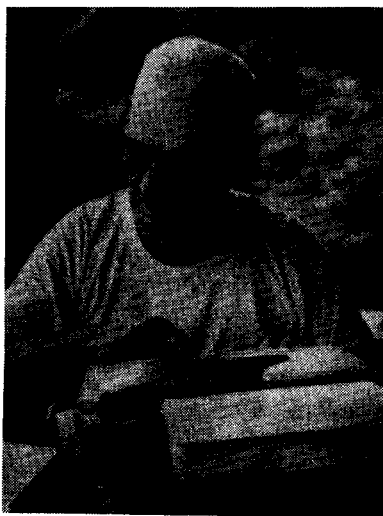
**R**ewi Alley was not only a down-to-earth social activist, but also a prolific and accomplished writer and poet. Having spent 60 years of his life in China, Alley is spoken of highly by famous Chinese personages, and his works provide a lasting benefit for both Chinese and foreign readers.

*At 90: Memoirs of My China Years*, an autobiographic work by Rewi Alley, published in 1986, listed all his 66 works, including prose, reports, poems and translated works. Most of the works describe the changes taking place in Chinese society and the socialist construction; some recorded his experiences in other countries; and still others were biographies and memoirs of internationalists in China like himself.

Rewi Alley's earliest work describing his experiences in China was published in 1952. The work entitled *Yo Banfa* (There Is a Way) is based on diaries he wrote in the three early years of post liberation. Two years later, *The People Have Strength*, a sequel to the first book, was published.

In 1948 and 1950 respectively *Gung Ho* and *Leaves From a Shandan Notebook*, two collections of poems, were published in his native town Christchurch, New Zealand. The works record his involvement in launching the industrial co-operative movement with Edgar Snow in the rear areas during the War of Resistance Against Japan and in setting up the Shandan Beilie School. Alley said, "The years with the youth in Shandan were the richest and happiest of my life." He lived in Shandan for about 10 years and settled in Beijing in 1953.

In the years that followed, Alley travelled to many parts of China.



Translating poems by the great Tang Dynasty poet Du Fu.

He recalled, "I have regularly travelled to different places across China, not only for the beauty of its scenery amongst forests and streams, mountains and grasslands, but also for studying its ancient culture and collecting new materials to interpret the country abroad.... The full story of the breathtaking changes over the years has not yet been fully told, and press reportage of construction projects and current events is always a timely need. My only wish was to write about this land.... I believed such material might be read by many and cover the whole peace front in a much better way than if I were going round struggling with passports and lecture tours."

Alley's prose thus mainly comprises factual reportage. "I am primarily interested in the people," he said. "I wanted, without giving any false impressions, to express the truth as it appeared to me."

His *Human China*, published in 1957, described the northwestern cities of Lanzhou, Xining and Baotou, places which, at that time, few ordinary tourists could visit. Based on similar experiences, Rewi Alley wrote one press report after another, including *China's Hinterland* (published in 1961), *Land and Folk in Kiangsi* (published in 1962), *Amongst Hills and Streams of Hunan* (published in 1963), *Travels in China* (published in 1973), a 588-page book about central, east, south and northeast China during the "cultural revolution," *Struggle Around Central Plains—A Story of Henan Province* and *A Highland Province—Shanxi* (both published in 1980).

In his works, Alley also described his experiences and feelings while travelling in other countries, including his motherland New Zealand, and Viet Nam, Korea, Mongolia and Australia.

Commenting on Alley's first book *Yo Banfa*, an influential Chinese journalist and scholar said that although the work did not contain large amounts of information and figures, Alley's sensitive use of language records a personal impression of the new society and memories of the old. He succeeded in sharing with the readers his feelings and pride in China's efforts to sweep away the old and make room for the new.

Other works by Alley, such as *Our Seven—Their Five* (published in 1963), *A Highway*, and *An Old Chinese Doctor* (published in 1973), *Prisoners* (published in 1973) and *The Rebels* (published in 1973), were written in the form of novels. His intention here was to give foreigners a better understanding of China.

Alley began to write poems in the war years of the 1930s. At that time, he travelled widely in China, mainly by truck. He never lost a minute of writing time whenever the truck halted for repairs or they were forced to take shelter from enemy air raids. He even posted some of his poems to his mother back in New Zealand. He recalled, "My habit of verse writing is really a release mechanism.... I have used poetry as a convenient method of recording daily events and reflections, describing people and places that have aroused my keen interest.... It has been my aim to convey images in clear, simple, direct language without using the artifice of rhyme or academic verbosity."

To Alley, China was a land of beautiful hills and streams and a people in a time of struggle. "In no other country in the world, perhaps, is there so great a treasure house of material from which a poet can gain inspiration," he said.

Alley showed great interest in Chinese ceramics and antiques. He collected a large number of precious pieces, which he donated in the early 1980s towards establishing a cultural relics exhibition in Shandan. He also co-operated with Wanda Garnsey of Australia in publishing *China: Ancient Kilns and Modern Ceramics*.

Alley's works touched upon many aspects of people's lives, ranging from the problem of food to traditional Beijing opera; from ordinary labourers he knew of to outstanding figures, such as the great woman revolutionary Soong Ching Ling, the great man of letters Lu Xun and Communist Party leader Mao Zedong.

Rewi Alley always had a great love of children. In 1927, when he adopted a Chinese orphan in Shanghai, quite a few children had already grown up around him; they and their children brought him much joy and often appeared

in his works. The royalties from articles he wrote for Hong Kong newspapers went towards the publication of a small New Year pictorial, which carried photos he had taken of children in various parts of China. He said, "All the world loves natural, real children."

As a writer and poet, Rewi Alley devoted much of his efforts to translating Chinese poems and prose. He wrote in his memoirs, "I have been fascinated by the immense wealth, variety and true richness of China's cultural heritage, which has had such an enormous influence on the world."

He was particularly fond of ancient Chinese poems. "Those old poets showed an intense appreciation of nature, and had some good ideas of what living is all about. The Tang poems especially impressed me with their beauty, their whimsical outlook and their down-to-earth attitude." Of all his 13 translated works, 10 are collections of poems by great ancient Chinese poets (Li Bai, Du Fu and Bai Juyi) and ancient classics (such as *Book of Odes*), two are collections of poems from minority areas. In 1980, Alley began sorting out and translating outstanding modern Chinese

poems; and in 1984 he published *Light and Shadow Along a Great Road*, a collection containing more than 400 poems by over 300 poets.

As an inside witness to the revolutionary changes in modern Chinese society, Rewi Alley's descriptions and reminiscences have unique value. The long list of names he mentions includes the famous American writers and journalists Anna Louise Strong, Agnes Smedley and Edgar Snow; the far-sighted US military officers Evans Carlson and Joseph W. Stilwell; US educator Joseph Bailie and George Hogg from Britain; Ida Pruitt, Talitha Gerlach and Maud Russell of the USA; and his intimate friend and executor of his will Dr. Ma Haide (George Hatem), who has lived in China for 54 years and still plays an active part in China's efforts to control leprosy. Like Rewi Alley, they have all helped build a bridge between the Chinese people and the people of other countries.

In 1983, Alley was accepted as a member of the Chinese PEN Centre. Throughout his life, he never stopped writing. His works record his contributions to development and progress. His name will be remembered always. ■

**Rewi Alley lectures students at the Shandan Bailie School combustion engines during the War of resistance Against Japan.**



THE ABC OF INVESTING IN CHINA XIII

# Technical Transfer

by Yue Haitao

China's main aim in encouraging foreign businessmen to invest in Chinese enterprises is to import advanced technology. In China, there are now 400,000 industrial enterprises, with total fixed assets of 8,000 billion yuan. About 80 percent of the equipment in these enterprises needs to be technically upgraded or replaced. In recent years, China has brought in advanced technology through licensed trade and the purchase of equipment. However, China hopes through Sino-foreign joint ventures to import advanced technology that is not easily acquired on the market.

Many joint ventures operating in China have gained successful experience in this. A recently commissioned Sino-American joint venture, the Antaibao open-cut coal mine in Pingshuo, Shanxi Province, involves a total investment of US\$650 million. It has imported advanced coal-mining equipment, technology and management. Production is computer controlled. Another example is the Guangdong Nuclear Power Corporation, which is importing complete sets of nuclear power-generating equipment worth US\$4 billion. The equipment is being installed in the Dayawan Nuclear Power Station in Guangdong Province. In addition, the Sino-French Tianjin Winery has made a name for itself with its "Dynasty" wine which won a gold medal at the 1984 Leipzig Fair. This can be attributed to the patent wine-making technology which it bought from the "Remy Martin" company of France. About 90 percent of its wine is sold abroad, and demand is increasing.

The Chinese government invites foreign business people to use capital, equipment and industrial property rights (including patents, trade marks, industrial design and special technology) as investments in joint ventures. It especially welcomes the transfer of advanced technology to joint ventures of an industrial nature, and has worked out a series of special terms for this. They include opening Chinese markets to products from such joint ventures, providing joint ventures with certain subsidies in foreign currency, and reducing or exempting taxes.

Investors from the United States and Western Europe have taken the lead in this field. The Shanghai-Foxboro Co., for example, is the first high-tech joint venture in China. It has a total investment of US\$10 million, and produces various automatic meters and equipment for use in oil refining, and petrochemical, steel and cement industries. Twenty months after going into operation, the venture is turning a profit. The success is attributable to the American investors who were willing to transfer the technology. While many other foreign investors remained undecided, Shanghai-Foxboro threw itself into making meters for programme-controlling switch centres, advanced even by American standards. Meanwhile the local government grants the company the best tax terms, and allows it to sell most of its products on the Chinese market. In addition, the state has barred the import of similar products, in order to save foreign exchange and support the enterprise.

## Transfer Methods

There are three ways for foreign investors to transfer technology: 1. Foreign investors directly transfer their patents or special technology to joint ventures. 2. Foreign investors first get licensed patents or special technology from the third party, then transfer them to joint ventures. 3. Joint ventures purchase patent licences from holders of technical property rights.

China prefers the first of these options because the technical patents and secrets transferred to the joint venture already belong to the foreign investor and there is less chance of patent infringement law suits and other disputes. Many foreign investors prefer it also. The Schindler Co. of Switzerland and the Otis Co. of the United States, each transferred their patented technology (for lift making) to their joint ventures in China; the Pilkington Glass Co. of Great Britain made over its float glass production technology to the Shanghai Yaohua-Pilkington Co.; the American Motors Corporation sold its patent for manufacturing four-wheel drive vehicles to the Beijing Jeep Co. which it funded; Volkswagen of Federal Germany transferred the patents for the "Santana," "Passat" and "Audi-100" cars to the Shanghai-Volkswagen Auto. Co.

So far, only a few foreign investors have adopted the second option of transferring licensed patents and technology to the joint venture. One example is the Yuexiang, Qiangfeng and Changsha Weibao "34" Feed Plants. The Weibao "34" technology was transferred by Zueqiang Zao, a Thai investor who bought it from a Japanese company. In this kind of technical transfer, it is first necessary to clear it with the holders of the right otherwise disputes may occur. It is best to avoid this method.



Bringing in patented technology from a third party is often used by processing-type joint ventures. They obtain the technology by importing the equipment in which it is included. The Shanghai United Woolltex Corp. imported carding equipment from Japan, Italy and Federal Germany, bringing its product quality up to advanced international levels. In 1984, the corporation was cited as a "Good Enterprise in Importing Technology" by the State Economic Commission.

### **Paying for the Transfer**

It is not easy to set prices on technology transfers and patent use. Usually heated negotiations take place over the price of a technical transfer which is believed might bring in large profits. Some much anticipated technical projects have fizzled out in the process of bargaining.

The payment for technology transfers is made up of transfer payment, a service fee and commission. The first is the payment for transferring a patent, a product incorporating design, technical documents and other technical data. The service fee is for the services of experts from the original owner who help break the technology in and train personnel sent by the joint venture. Most of the money comes from a commission on the profits gained from the exploitation of the patent and the technology.

Charges for use of transferred technology can be settled in three ways. The first is to calculate the charges at the time of signing the contract, and the joint venture pays off immediately or by instalments. This is most commonly used in the case of simple transactions, such as installing, training in operating, and maintenance of equipment.

The second way to pay is by setting the commission as a

proportion of the net income made using the patent, and no payment is needed at the time of signing the contract. This method is often used when importing fairly complicated technology, and favoured by Chinese negotiators.

The third method is to settle the charges for the transfer payment, service fee and commission by adding them together. Generally speaking this will be rejected by the Chinese side. Even if the partners agree, it is hard to get the higher authorities' approval for this.

In China, production costs and profits are calculated in a way somewhat different from practices in many other countries. So, commissions are determined in two ways. One is on the basis of a fixed percentage of the price per unit of products made. This method is adopted by most joint ventures. The other is to base the commission on the net income from the sales of the products which the venture makes. Generally speaking, the commission cannot exceed one to two percent of the total turnover. The term for payment of a commission is limited to 10 years.

### **Some Regulations**

It is often the case that the foreign business has already licensed other businesses elsewhere to use their technology. Since China's aim in running joint ventures and importing advanced technology is to expand its exports, patented technology holders who have allowed its use elsewhere should tell the joint venture and moderate considerably the price of the technical transfer. For the same reason, joint ventures operating in China usually will not accept patent holders' demands to keep certain markets off bounds, or to limit the number or price of their products.

When purchasing patent rights,

joint ventures will often ask for the right to continue to use the patent even after the expiration of the term for technical transfer. If this is refused there will be no deal.

In Chinese law, there is no specific ruling on how many stocks a foreign business can have solely through the contribution of technology. But usually, the foreign side is not allowed to contribute just industrial know-how as its investment in a joint venture. In the light of international practice, the Chinese government has worked out a set of principles for the approval of technology-transfer contracts. This states that generally the investment of industrial knowhow may not exceed 15 percent of a foreign business' total stocks in the joint venture; it may go as high as 20 percent for technology using a particularly significant invention.

The technical transfer contract should be submitted to the higher authorities for examination and approval, which should not take over 60 days.

### **Property Rights Ensured**

China is a socialist country with public ownership of the economy. In the past, many foreign investors were afraid that their patented technology transfers to joint ventures would be converted into public property. This may have been justified in the past, but now their property rights are legally protected.

In 1983, China published its Trade Mark Law, and in 1984, it published its Patent Law (See *Beijing Review* Issue No. 15, 1984). Since China joined the Paris Convention of Industrial Property Protection at the end of 1984, all domestic and foreign patents are protected by law.

To make doubly sure, the common practice is for both sides of a joint venture to sign a special

technical transfer contract, which contains clauses protecting the transferor's technology monopoly. If necessary, the local government can act as a guarantor. The Shanghai Yaohua-Pilkington Glass Co. and the Xiamen-Kodak Sensitization Materials Co. have contracts containing strict security clauses, stipulating that the Chinese side and the local government concerned bear responsibility for upholding the patent rights.

### An Experiment

Last year, there appeared in Shenzhen a new kind of industrial joint venture — the Shekou Scientific and Technological Development Co. It involved an investment of US\$2 million raised from Chinese stockholders. A number

of technical experts from the United States and Hong Kong joined the company by contributing technology as their investment, and this accounts for 34 percent of all the stocks of the company. The company produces Winchester magnetic discs and heads for computers, for which there is a ready international market. Within six months of its founding, about 500,000 magnetic heads were sold in Europe and North America.

The company has two advantages: 1. The technical experts in the company themselves hold the patents for the technology. They use technology as investment to join the company, and the company does not need to pay out huge amounts of money right at the start for the technology. Profits are drawn in proportion to the shares in the company.

2. The foreign investors are both experts and employees of the company. They are well informed, know where to sell their products and how to meet the demands of consumers. They can purchase key production equipment themselves and do not need middle traders. This saves money and time. They are also responsible for product design, production arrangements, technical training, and even act as sales people abroad, helping the products quickly onto the international market.

The Chinese government is interested in this company. Allowing foreign investors to use only their technology as investment may be a new, practicable way for small joint ventures to acquire new industrial knowhow and develop their high-level science and technology. ■

## FACTS AND FIGURES

# The Development of Energy Resources

Since 1979 China's energy industry has made steady progress to meet the daily needs of the people and ensure the sustained, steady growth of the national economy.

(1) Accelerated construction. The nation's investment in capital construction in energy industries has increased year by year and the proportion of investment is also growing. In 1987, the state invested 30.9 billion yuan into capital construction in energy industries, a 170 percent increase from 1980. Its proportion in the nation's total investment in the industrial sectors rose from 42 percent in 1980 to 45.3 percent in 1987. Of this figure, 5.7 billion yuan were invested in coal mining and dressing, a 72.2 percent increase over 1980; 19 billion yuan

went to power, steam heating and hot water production and supply, a four-fold growth from 1980; 5 billion yuan were earmarked for the extraction and processing of petroleum and natural gas, a rise of 51.5 percent from 1980; and 1 billion yuan went to coke, gas and coal production, up 14 times from 1980.

Between 1981 and 1987, through capital construction in energy industries, the nation's coal mining capacity increased by 119.43 million tons; its coal washing capacity, 45.5 million tons; oil extracting capacity, 72.39 million tons; natural gas production capacity, 4.7 billion cubic metres; and power generating capacity, 34.95 million kilowatts.

(2) Steady production growth. Due to readjustments to the national economy in 1981, energy

output decreased by 0.8 percent compared to the previous year. With the implementation of the reform policy, continued growth has been seen in energy output. Since 1982, energy output rose by 5.6, 6.7, 9.3, 9.8, 2.3 and 3.2 percent each year. In 1987, the nation's total output of primary energy reached 910 million tons of standard coal, an increase of 42.2 percent from 1980, or an average growth rate of 5.2 percent a year. **Raw coal.** A total of 5.47 billion tons of raw coal was produced between 1981 and 1987. The figure reached 910 million tons in 1987, 290 million tons more than in 1980, or an increase of 46.8 percent. The relaxation of policies has resulted in a rapid rise in the number of village-run coal mines. There are now more than 60,000 such coal mines in China's rural

areas. In 1987, they produced 250 million tons of raw coal, doubling the 1980 figure. Their production proportion in the nation's total output of raw coal rose from 18.3 percent in 1980 to 27 percent.

**Crude oil.** In 1978, the country's output of crude oil equalled 100 million tons. Imbalances between extraction and storage procedures kept the output of crude oil at 100 million tons for the following six years. But in 1984, with the implementation of the responsibility system in the area of oil output, the enthusiasm of workers and staff in the oil industry was aroused and the output of crude oil rose by 8.1 percent over 1983. In 1987, a total of 134 million tons of crude oil was produced, an increase of 2.6 percent from the previous year, or 26.4 percent more than in 1980.

**Electric power.** Between 1981 and 1987, a total of 2,718.9 billion kwh of electricity was generated. Since 1983, the generated energy increased at an average annual rate of 7 percent. In 1987, a total of 493.3 billion kwh of electricity was generated, a rise of 10.7 percent over the year before. Of this, hydroelectric power accounted for 98.5 billion kwh and thermal power, 394.7 billion kwh, an increase of more than 60 percent from 1980 in both cases.

(3) Continued expansion of import and export trade. From 1981 to 1987, China's energy exports equalled 300 million tons of standard coal. In 1987, exports totalled 53 million tons of standard coal, an increase of 89 percent over 1980.

Crude oil exports witnessed the most rapid growth. In the past seven years, China has exported 152 million tons of crude oil, 18.7 percent of its total crude oil output for the same period. In 1985 the nation exported 36.65 million tons of crude oil and oil products. In 1986, China exported 34.61 million tons of crude oil and oil

products. The 1987 figure was 32.17 million tons.

In the past seven years, China has exported 54.64 million tons of raw coal, 1 percent of its total raw coal output for the corresponding period. In 1987 the figure reached 13.51 million tons of raw coal.

(4) Changes in the consumption pattern. From 1981 to 1987, the amount of energy consumed in China was equivalent to 5 billion tons of standard coal. Not counting 1981 when economic readjustments were made and energy consumption was slightly lower than the previous year, the level of consumption increased from year to year. In 1987 the figure reached 830 million tons of standard coal, or 38.3 percent more than in 1980. With the growth of the national economy, a number of changes have taken place in the pattern of energy consumption.

The proportion of oil consumption out of the total energy consumption dropped from 29.9 percent in 1980 to 15 percent in 1987 while coal consumption rose from 72.1 percent to 77.6 percent in the same period.

Energy consumption in productive departments slumped year by year, while the amount of energy consumed for domestic needs rose. From 1981 to 1987, energy consumption for production purposes totalled 3.87 billion tons of standard coal. The figure equalled 640 million tons in 1987. Its share in the nation's total consumption volume dwindled from 80 percent in 1980 to 77.1 percent. During this seven-year period, energy consumption by city dwellers and rural people was equivalent to 1.05 billion tons of standard coal. The figure for 1987 was 180 million tons, a rise from 18.3 to 21.7 percent of the nation's total energy consumption volume.

Changes were also seen in the pattern of industrial consumption. From 1981 to 1987, industrial

departments consumed 3.18 billion tons of standard coal, 550 million tons of which made up the 1987 consumption figure. State encouragement to develop textile and other light industries resulted in a growth in the amount of energy consumed by light industries. Energy consumption in the light industrial sector went up from 11.2 percent in 1980 to 13.7 percent in 1987, whereas consumption by heavy industries fell from 53.4 to 52.5 percent.

(5) Improved efficiency of energy utilization. There has been a more efficient use of energy in recent years due to readjustments made to the industrial setup, strengthened management and energy conservation techniques. The national income earned from each ton of standard coal consumed rose from 619 yuan in 1980 to 845 yuan in 1987, an increase of 36.5 percent. The energy consumed to produce earnings of 10,000 yuan fell from 16.16 tons of standard coal to 11.90 tons, a decrease of 26.3 percent. Hence, a total of 200 million tons of standard coal was saved.

At present, the main problem facing energy production and consumption in China is that contradictions between energy supply and demand still exist; there has been a short supply of electric power and oil products; the amount of primary energy used for reprocessing is low; there is little in the way of high-quality energy sources used for daily consumer needs, which causes serious pollution of the environment; energy management in enterprises is poor; major energy consuming equipment and installations are outdated and inefficient; and energy consumption quotas for major industrial products are fairly high. Energy conservation is thus one area which has a long way to go in China. ■

# Report on the Draft 1988 Plan for National Economic and Social Development

(excerpts)

(Delivered at the First Session of the Seventh National People's Congress on March 26, 1988)

**Yao Yilin**

Vice-Premier of the State Council  
and Minister in Charge of the  
State Planning Commission



## Implementation of the 1987 Plan

— **Social production grew steadily.** In 1987 the gross national product (GNP) rose to 1,092 billion yuan, an increase of 9.4 percent over the 1986 figure. This was higher than the projected growth rate of 6.4 percent. Industrial production grew fairly rapidly and in balanced proportions, with total annual output value 16.5 percent higher than the previous year. When industrial undertakings at and below the village level are excluded, the rise was

14.6 percent. The output of raw coal stood at 920 million tons; petroleum, 134 million tons; electricity, 496 billion kwh; and steel, 56.02 million tons; all these figures represent sizeable increases over the preceding year. Industries that aid agriculture developed at a higher rate, the output of chemical fertilizers and pesticides rising by more than 22 percent. Even larger increases were registered in consumer goods industries that use non-agricultural products as raw materials. This was especially true of famous-brand, high-quality durable consumer goods. The economic efficiency of industrial production rose to some extent. State plans for transport, post and telecommunications were overfulfilled. In agriculture, good harvests were reaped. Total grain output amounted to 402.4 million tons, up 10.9 million tons from the previous year, and cotton output was 4.19 million tons, up 650,000 tons. Sugar-yielding crops, jute, ambary hemp and pork registered decreases. But the output of other farm and sideline products increased to varying degrees. Further progress was made in readjusting the patterns of production in rural areas to expand the commodity economy, with the result that non-agricultural output value accounted for more than 50 percent of total output value in these areas.

— **The excessive growth of investment in fixed assets was slowed.** Investment in fixed assets throughout the country came to 351.8 billion yuan, an increase of 16.5 percent over the preceding year; of this, 226.2 billion yuan, a rise of 14.4 percent, was invested in fixed assets of state-owned enterprises and institutions; both rates of increase were less

than in the previous year. The pattern of investment continued to improve. Investment in productive projects accounted for 65.9 percent of total investment in capital construction by state-owned enterprises and institutions, as compared to 60.6 percent in 1986; investment in such basic industries as energy and raw and semi-finished materials made up 38 percent of the total as compared with 33.5 percent in the preceding year. Construction of key projects was accelerated. One hundred and two large and medium-sized projects and 193 single undertakings attached to such projects were completed and put into operation. The installed capacity for electricity generation increased by 8.1 million kw over last year, the largest increase ever made. Technological transformation of enterprises was stepped up; investment in updating equipment and transforming state-owned enterprises and institutions rose by 19.9 percent over the preceding year, a higher figure than the 12.6 percent increase projected for investment in capital construction.

— **The domestic market was brisk.** The total value of retail sales in 1987 amounted to 582 billion yuan, an increase of 9.6 percent over 1986, after allowing for price rises. Sales value of such commodities as food and clothing and articles for daily use as well as agricultural means of production all registered increases. Because of inadequate production and supply, pork, sugar and some other commodities had to be rationed in a number of large and medium-sized cities. The rationing, however, was designed to ensure a stable amount of such goods at officially fixed prices, and consumers can also buy additional quantities of rationed goods at either negotiated or market prices.

— **Economic, trade and technological exchanges with foreign countries continued to expand.** According to customs statistics, total import and export value reached US\$82.7 billion in 1987, a 12 percent increase over 1986. Broken down, total export value came to US\$39.5 billion, up 27.8 percent, and total import value reached US\$43.2 billion, up 0.7 percent. The trade deficit was reduced to US\$3.7 billion in 1987 from the 1986 figure of US\$12 billion. The proportion of manufactured goods in total exports rose in 1987 to 66.4 percent from 63.4 percent in 1986. As a percentage of imports, the volume of machinery and electronics products, and particularly of high-priced consumer goods, dropped sharply. The state's reserves of convertible foreign currency also increased, as did its gold reserves. A total of US\$7.57 billion worth of foreign funds was used in 1987, up 4.3 percent from 1986. The export-oriented economy in the special economic zones made marked progress. Tourism expanded.

— **There was further development in**

**science, education, culture, public health and sports.** Initial results were obtained in our effort to base economic development on scientific and technological progress and to make science and technology serve the needs of economic development. More and more scientific and technological achievements were commercialized. In 1987, 1,032 research results were cited, with the approval of the state, as being inventive or having brought about technological progress. In addition, 9,902 other projects were awarded the scientific and technological achievement prize, with the approval of competent departments under the State Council and of the people's governments of the provinces, autonomous regions and municipalities directly under the central government. With regard to key research projects listed in the Seventh Five-Year Plan (1986-90), contracts were signed for 3,700 of them, whose construction is now in full swing, and progress was made in such important fields as crop breeding and the building of complete sets of equipment. Nearly 800 research and development projects were carried out in seven areas of high technology, including bioengineering and information technology. Gratifying results were achieved in the "spark programme" designed to invigorate the rural economy. As education was being reformed, it was further developed. Elementary education was strengthened, with 97.1 percent of school-age children across the country enrolling in schools, compared with 96.4 percent in the previous year. The structure of middle school education began to be rationalized, with the number of students in vocational and technical schools accounting for 40 percent of total enrollment in senior middle schools. Progress was made in readjusting the range of disciplines offered by institutions of higher education and in improving the quality of instruction. Advances were also made in various cultural undertakings, including the press, publishing, broadcasting, the cinema, television, literature and art. Public health and medical care for the masses continued to improve. Notable successes were also achieved in sports.

— **The incomes of the people in both town and country increased.** A sample survey by the department of statistics showed that the average per-capita amount that city dwellers spent on living expenses was 916 yuan in 1987, an increase of 10.6 percent over 1986, or 1.7 percent after adjustment for price rises. Average per-capita net income of peasants was 463 yuan, an increase of 9.2 percent, or 5.3 percent after allowing for price rises. By the end of 1987, bank deposits of residents in both urban and rural areas had reached 307.5 billion yuan, an increase of 37.5 percent over the preceding year. This was the largest increase in bank deposits in the

past few years. Many new jobs were created, and housing was improved in both town and country. Rapid progress was made in helping the old revolutionary base areas, areas inhabited by minority nationalities and frontier areas to cast off poverty and become prosperous.

— **Reform of the economic structure was deepened, with emphasis on revitalizing enterprises, and our economy was further invigorated.** The extensive introduction of various forms of the contracted managerial responsibility system helped enterprises achieve better economic results. Clear progress was made in the reform of the monetary system, with an increase in the amount of inter-bank borrowing and capital flow and in the number of markets for funds. Markets for rolled steel and other important means of production were further expanded, and so were those for labour services, technology, information and real estate. Experience was obtained from experiments in commercializing housing. All these reforms accelerated economic and social development.

We must be aware of the factors causing instability that still exist and the problems that demand solution. The outstanding one is the excessive rise in commodity prices, which to some extent has retarded the rise in the people's living standards and has even lowered the living standards of some urban residents. The main problem in 1987 was the price of food. During the year, the country's general commodity retail prices rose by an average of 7.3 percent over the preceding year, of which 65 percent came from rises in the price of farm and sideline products. Food prices rose 10.1 percent in 1987. When that figure is broken down, prices of meat, poultry and eggs rose 16.5 percent and prices of fresh vegetables 17.7 percent. The price of feed grain rose but the state did not raise the purchase price of pigs accordingly. Consequently production fell off, pigs were in short supply and their market price rose. Prices of vegetables rose because not enough acreage was devoted to growing them and because in some areas the shortage was compounded by natural disasters.

### **Major Targets and Tasks Set in the 1988 Plan**

The general requirements of the 1988 Plan for National Economic and Social Development are to increase and improve social supply by deepening and accelerating reform and to keep the growth of investment and consumption under control. This will enable us to achieve a balance between total social demand and supply and to ensure sustained and relatively rapid growth on the basis of

improved economic performance. The specific targets set in the 1988 plan are as follows:

— Gross national product is to increase by 7.5 percent over last year. Agricultural production is to rise by 4 percent, industrial production is to rise by 8 percent, on condition that consumption of materials and funds is reduced, quality of products is improved and their ready marketability is guaranteed.

— Total investment in fixed assets of the whole society is to be 330 billion yuan, of which 206 billion yuan, slightly less than the amount last year, will be for fixed assets of state enterprises and institutions.

— The volume of currency issued and credit granted is to be kept at an appropriate level beneficial both to the stability of currency value and to economic growth.

— The deficit is not to exceed last year's figure of 8 billion yuan. There is to be an appropriate increase in expenditures for wages and bonuses, for subsidies to compensate for price rises, for scientific, cultural and educational undertakings, for public health services and for servicing domestic and foreign debts. However, expenditures for capital construction, administrative expenses, other operating expenses, etc. are to remain at last year's level or below.

— The incomes of both urban and rural residents are to be slightly higher than last year, after adjustment for price rises.

In accordance with these requirements and targets, the main tasks in 1988 are as follows:

**1. To greatly increase the production and supply of farm and sideline products, textiles and other light industrial products, in order to meet the demands of the domestic market and people's daily needs.**

First and foremost, we shall make greater efforts to promote agricultural production, guaranteeing a steadily increasing output of major farm and sideline products such as grain, cotton, meat, sugar-yielding crops and vegetables. We try to increase the grain output to 410 million tons and the cotton output to 4.5 million tons this year. We shall attach importance to animal husbandry, raise the purchase price of sugar-yielding crops and guarantee sufficient acreage under vegetables. There will be an overall plan for the sale of farm and sideline products on both the domestic and international market, and the export of major products which are in short supply at home will be kept under control.

At the same time, we shall also accelerate the development of textiles and other light industries. We shall especially try to increase the production of brand-name, quality goods and of consumer items for daily use that are in short supply. In 1988 we

plan to increase the gross output value of textiles and other light industries by more than 8 percent over 1987.

It is imperative to exercise rigorous control over market prices. We shall put into effect a number of regulations on price control recently promulgated by the State Council, with a view to putting a stop to arbitrary charges and unjustifiable price rises, whether open or concealed, and to severely punishing offenders who drive up prices or engage in other activities that disrupt the market.

We shall adopt a correct policy of distribution. State enterprises should begin to link total payroll with economic performance and to introduce the wage system based on piece-work and the one based on fixed production quotas, to ensure that workers and office staff who do more work earn more pay. We shall take effective measures to improve the material benefits of intellectuals. In addition to solving the problem of intellectuals' wages, which are notably irrational, we shall introduce a flexible policy that allows people in the knowledge industry to earn extra money as they can, encouraging intellectuals in educational, public health and scientific research institutions to increase their incomes and improve their living conditions by providing paid services or taking on part-time jobs. We shall also continue to increase the incomes of both urban and rural residents and to raise their living standards on the basis of expanded production. Meanwhile, we shall provide correct guidance to control the growth of consumption by various means, so as to keep it compatible with the growth of production and labour productivity.

**2. To expand the construction of basic industries and infrastructure in order to make the best use of existing production capacity and better ensure sustained economic growth.**

In the 1988 plan, 51.3 percent of the total budgetary allocations and loans for special purposes will go to the energy and transport industries, an increase of three percentage points over last year.

In the development of energy, the emphasis will remain on electric power. According to the 1988 plan, we shall complete and put into operation generators with a total installed capacity exceeding 7.5 million kw. (This does not include the capacity of small power stations.) While doing this, we shall also make greater efforts to develop the coal, petroleum and natural gas industries in order to expand their production capacity.

So far as raw and semi-finished materials are concerned, the emphasis will be on faster construction of projects in the iron and steel, nonferrous metals and chemicals industries.

In transport, we plan to lay an additional 590

kilometres of track. At the same time, we shall step up the building of ports, highways, pipelines and air transport facilities as well as development of post and telecommunications.

**3. To accelerate scientific and technological progress and intellectual development and promote cultural undertakings.**

In 1988 the State Council will put forth medium- and long-range programmes for the development of science and technology. In these programmes strategic objectives and crucial areas will be defined and specific measures proposed. According to the 1988 plan, we shall undertake many major scientific and technological projects. We shall encourage wide application of scientific and technological achievements and accelerate the technological transformation of enterprises.

We shall continue to strengthen elementary education and, in the light of local conditions, gradually implement the system of nine-year compulsory education. We shall develop vocational and technical education. This year we plan to enrol 640,000 students in regular or special undergraduate programmes offered by institutions of higher learning, an increase of 23,000 over last year, and 45,000 students in postgraduate programmes.

We expect to make significant advances in literature and art, film, radio, television, the press, publishing and other fields of culture and in sports.

In public health, we shall emphasize preventive medicine. We shall concentrate on the prevention and treatment of contagious diseases, endemic diseases and other serious illnesses.

Despite the general reduction of state expenditures for 1988, we shall continue to increase outlays for scientific, educational and cultural undertakings. While investment in total capital construction will be smaller than last year, investment in key construction projects in science, technology and education will not be reduced.

**4. To carry out the economic development strategy for the coastal regions and to promote all-round expansion of foreign trade and technological exchange.**

Being a primary goal, development of the coastal regions is given first priority in the 1988 plan. In planning and readjusting the mix of imports and exports and deciding how to use introduced technologies and foreign funds, departments under the State Council and local governments of the coastal regions should bear in mind the need to develop an export-oriented economy by importing raw and semi-finished materials and selling finished products abroad. They should see to it that more foreign resources, funds and technologies are used in the coastal regions and that these regions engage in multilateral

economic and technological co-operation and exchange with other countries.

Where conditions permit, coastal regions should turn out for export large amounts of high-quality, competitive products that are labour-intensive or labour/technology-intensive. From a long-range point of view, they should develop industries requiring advanced technology so as to turn out more high-technology products for the world market. Foreign businessmen should be encouraged to establish enterprises owned solely by themselves. We should use more foreign funds to transform our out-dated enterprises and boldly introduce foreign technology and managerial expertise.

As required by the 1988 plan, we shall persist in the basic state policy of family planning and bring environmental pollution under control and protect the ecological balance.

We shall continue to strengthen defence, further develop defence technology and improve military equipment.

### **Deepen and Accelerate Reform, Carry on the Campaign to Increase Production, Practise Economy, Raise Revenues and Reduce Expenditures, and Smoothly Fulfil the 1988 Plan**

First of all, we shall make continued efforts to apply the contracted managerial responsibility system in enterprises, improving, broadening and deepening the reform of enterprises and introducing supplementary reforms.

#### **—We should reform the system of management of investment in fixed assets.**

We shall discard the practice of allocating investment through administrative channels, establish specialized national investment corporations and introduce a strict system of contracted responsibility for investment in and construction of projects. Compensation must be made for the use of capital, in such a way that its original value is ensured and increased. The State Council has decided to establish five specialized national investment corporations for energy, for raw and semi-finished materials, for transport, for agriculture and for the machine-building industry, electronics, textiles and other light industries. These corporations will be responsible for investment in enterprises and their operation. We shall introduce the practice of bidding and give full play to the market and to competition in the selection of projects, engineering design, suppliers of equipment and construction companies.

**We shall reform the system of management of materials.** In 1988 we shall relieve specialized departments under the State Council of responsibility for distributing and managing materials and merge the various offices presently charged with those functions into a single state department. In this way enterprises will be invigorated, and the state will be better able to regulate and control the market for means of production.

**We shall reform the structure of foreign trade.** Beginning from 1988, a contracted managerial responsibility system in foreign trade will be implemented throughout the country. Each province, autonomous region, municipality directly under the central government, city specifically designated in the state plan, as well as each general import and export corporation and general corporation that combines manufacture with export, will sign a contract with the state setting fixed quotas for the amount of foreign exchange to be earned through export, the amount to be turned over to the central government and the amount to be retained as profit. These quotas will remain unchanged for three years. Except for a small number of commodities which are essential to the national economy and the people's daily lives and whose import and export will continue to be managed by the state or by importers or exporters jointly, all commodities will be imported or exported without restrictions, and the power to make decisions on such matters will be delegated to lower levels.

In addition, to support reform in other areas we shall speed up reform in the fields of finance, banking, commerce, wages and urban housing. ■





# Report on the Implementation of the State Budget for 1987 and on the Draft State Budget for 1988

(Excerpts)

(Delivered at the First Session of the Seventh National People's Congress on March 26, 1988)

**Wang Bingqian**

State Councillor and Minister of Finance



## I. Implementation of the State Budget for 1987

According to present estimates, total state revenues in 1987 amounted to 234.663 billion yuan and total state expenditures were 242.692 billion yuan. Thus there was a deficit of 8.029 billion yuan.

Of total state revenues for 1987, domestic receipts came to 224.363 billion yuan, or 100.5 percent of the budgeted figure, while receipts from foreign loans accounted for 10.3 billion yuan, or 70.5 percent of the budgeted figure. Because preparatory work for some construction projects was not completed and borrowing for them was consequently postponed, the total of foreign loans was less than the budgeted figure. For domestic receipts, the breakdown of major items was as follows: Tax receipts amounted to 213.482 billion yuan, or 97.3 percent of the budgeted figure;

receipts from enterprises reached 4.156 billion yuan, or 117.5 percent of the budgeted figure; receipts from state treasury bonds totalled 6.287 billion yuan, or 104.8 percent of the budgeted figure; funds collected for construction of key energy and transport projects came to 17.476 billion yuan, or 98.7 percent of the budgeted figure; and receipts from other sources were 20.511 billion yuan, or 161.9 percent of the budgeted figure. In addition, subsidies for losses by enterprises amounted to 37.549 billion yuan. This amount was deducted from domestic receipts, as it had been in the 1986 budget.

Of total state expenditures in 1987, those made out of domestic revenues came to 232.392 billion yuan, or 100.5 percent of the budgeted figure; those made out of foreign loans stood at 10.3 billion yuan, or 70.6 percent of the budgeted figure. The breakdown of major items was as follows: Expenditures for capital construction totalled 61.204 billion yuan, or 93.3 percent of the budgeted figure; funds expended to tap the potential of existing enterprises, finance their technological transformation and subsidize the trial manufacture of new products amounted to 12.136 billion yuan, or 112.5 percent of the budgeted figure; aid to rural production and other operating expenses for agriculture came to 13.42 billion yuan, or 107.8 percent of the budgeted figure; operating expenses for culture, education, science and public health reached 40.557 billion yuan, or 104.6 percent of the budgeted figure; costs for urban construction and maintenance projects totalled 8.442 billion yuan, or 118.4 percent of the budgeted figure; expenditures for national defence accounted for 20.977 billion yuan, or 102.9 percent of the budgeted figure; administrative expenses came to 17.973 billion yuan, or 115.2 percent of the budgeted figure; and subsidies to compensate for price rises totalled

29.405 billion yuan, or 87.2 percent of the budgeted figure. In addition, 2.314 billion yuan was spent on amortizing state treasury bonds and 5.207 billion on servicing foreign debt.

To fulfil the 1987 state budget with regard to both revenues and expenditures, the State Council adopted a number of policy measures during the year.

**The broad campaign to increase production, practise economy, raise revenues and reduce expenditures resulted in an increase in both production and revenues.** In 1987 the gross national output increased by 9.4 percent over the preceding year, national income grew by 9.3 percent, labour productivity in the industrial sector rose by 7.6 percent, total volume of retail sales (adjusted for price rises) increased by 9.6 percent and total volume of imports and exports by 12 percent. Thanks to the growth of production and expansion of circulation, domestic state revenues increased by 2.7 percent over the preceding year. If, however, the calculation is made in terms of comparable factors only — excluding, for example, the 1987 reduction of taxes on enterprises to allow them to retain more profits — state revenues rose by 6 percent.

**Reform of enterprises, in particular the introduction of the system of contracted managerial responsibility, served to invigorate them.** By the end of last December, 10,826 large and medium-sized state-owned industrial enterprises covered by the budget, or 78.1 percent of the total throughout the country, had signed such contracts. Generally speaking, these enterprises showed higher output value, larger receipts from sales, more profits earned and more profits or taxes turned over to the state than the others. Furthermore, in 1987 the state raised the depreciation rate for fixed assets of certain state-owned enterprises, cut back their regulatory tax and reduced other taxes for state-owned enterprises in the power industry, forestry, textile and other light industries. This was done to allow them to keep more of their profits and thus to increase their vitality and their capacity to finance their own operations.

**Increased investment in agriculture and the adjustment of prices for agricultural and sideline products strengthened reserves for continued development of agriculture.** In 1987 budgetary expenditures for aid to rural production and other operating expenses for agriculture totalled 13.42 billion yuan, an increase of 8 percent over the preceding year. In addition, the financial departments provided a total of 1.6 billion yuan of extra-budgetary working funds for aid to agriculture, and loans for agricultural production provided by banks and credit co-operatives in rural

areas increased by 30.2 percent over the previous year. In the meantime, to improve the contract system for state purchases of agricultural and sideline products and to rationalize the relative prices of different agricultural products, the state reduced the total quota of grain it purchased from peasants under contract and also raised the prices it paid for certain grain and oil-yielding crops and for cotton. These measures did much to guarantee the steady development of agricultural production, particularly grain production, now and in the future.

**The Decision by the State Council on Enforcing Tax Laws and Regulations and Improving Tax Collection was put into effect, which strengthened the administration and supervision of taxation.** According to incomplete statistics, during the period from April 1987, when the Decision was promulgated, to the end of the year, more than 1.78 billion yuan's worth of evaded taxes was discovered and collected. At the same time, inappropriate regulations that had resulted in unauthorized tax reductions and exemptions by some localities were re-examined and corrected.

**Vigorous efforts were made to cut back state expenditures, with the result that there was no drastic increase as there had been in the preceding two years.** In 1985 and 1986, state expenditures increased by 20.1 and 12.4 percent respectively over the preceding year and exceeded the budgeted amounts by wide margins. In 1987 the State Council took firm measures to cut back these inflated expenditures, allocated quotas for retrenchment and applied to capital construction. As a result, in 1987 domestic expenditures increased by only 3 percent over the preceding year, exceeding the budgeted amount by only 0.5 percent. This was a rare achievement in recent years and helped greatly to reduce the discrepancy between revenues and expenditures and thus control the deficit.

**A general review of taxation, finance and prices was conducted.** At the end of last December, the newly discovered funds that should have been turned over to the financial departments amounted to more than 7 billion yuan, most of which has now been delivered to the state.

## II. The Draft State Budget for 1988

The draft state budget for 1988, which I am submitting for examination and approval, projects total state revenues of 255.45 billion yuan and total expenditures of 263.45 billion yuan. This leaves a deficit of 8 billion yuan.

Of the total revenues envisaged in the state budget, domestic receipts will account for 242.65

billion yuan and foreign loans for 12.8 billion yuan. The basic breakdown for domestic receipts is as follows: Tax receipts, 233.434 billion yuan; receipts from enterprises, 4.57 billion yuan; receipts from state treasury bonds, 9 billion yuan; construction funds collected for key energy and transport projects, 18.07 billion yuan; and income from other sources, 18.27 billion yuan.

Of the total expenditures envisaged in the 1988 budget, 250.65 billion yuan will be covered by domestic funds and 12.8 billion yuan by foreign loans. The breakdown of major items of expenditure is as follows: capital construction, 63.267 billion yuan; tapping the potential of existing enterprises, financing their technological transformation and subsidizing trial manufacture of new products, 12.208 billion yuan; aid to rural production and other operating expenses for agriculture, 15.379 billion yuan; operating expenses for culture, education, science and public health, 44.676 billion yuan; urban construction and maintenance, 8.87 billion yuan; national defence, 21.526 billion yuan; administrative expenses, 18.056 billion yuan; subsidies to compensate for price rises, 35.827 billion yuan; amortizing state treasury bonds, 3.507 billion yuan; and servicing foreign loans, 5.304 billion yuan. In addition, allocations for the general reserve fund total 2.5 billion yuan, of which 1 billion is at the disposal of the central authorities and 1.5 billion is available to local authorities.

In order to ensure the availability of funds indispensable for our construction projects and reform and to keep the deficit within tolerable limits, the State Council has drawn up a number of policy measures concerning state revenues and expenditures, and has already listed them in the state budget. Chief among them are the following:

**We shall increase income by introducing new taxes.** We plan from this year onward to levy taxes on the use of urban land by units and individuals. At the same time, to meet the needs of rapid development of the socialist commodity economy and to strengthen control over various kinds of economic vouchers, we have decided to levy a stamp tax on some of them. Since we need to gain experience in levying them, we suggest that the State Council work out provisional regulations or methods for trial implementation, until such time as formal laws on these taxes can be drawn up and submitted to the Standing Committee of the National People's Congress for examination and approval.

We shall issue state treasury bonds totalling 9 billion yuan this year, which is 3 billion more than last year, and change some of the conditions under which they are issued. The main changes will be as

follows: The allotted time for amortization will be shortened from five years to three; the interest rate will be raised slightly; and the bonds will be allowed to circulate on the financial market the second year after they are issued and to be bought, sold or cashed in at banks at a discounted interest rate. In addition, it has been decided that with their increased savings deposits this year, specialized banks and financial institutions should purchase from the state special bonds worth 4 billion yuan to be used for production and construction.

**We shall increase investment in agriculture.**

This year the state budget has allotted 15.379 billion yuan for aid to rural production and other operating expenses for agriculture, an increase of 14.6 percent over last year. Total bank loans to agriculture will reach 23.7 billion yuan, an increase of 10.3 percent over last year. In addition, the central and local financial departments will provide 2.6 billion yuan in aid to farmers in poor regions to help boost agricultural development. In order to guarantee financing for agricultural production, proceeds from taxes on the use of arable land, formerly disbursed for various purposes by the central financial authorities, will henceforth be used solely for agricultural production. Two billion yuan of such taxes collected by the central financial departments has already been entered into the state budget under related items.

**We shall establish funds for capital construction and guarantee the construction of key state projects.** The present budget provides 63.267 billion yuan for capital construction, an increase of 3.4 percent over last year. Of this amount, 50.467 billion yuan will come from domestic funds, a decrease of 0.9 percent from last year, while 12.8 billion will come from foreign loans, an increase of 24.3 percent. In order to ensure a stable source of funding for key projects in energy, transport, communications, other aspects of infrastructure and the raw and semi-finished materials industries, and in order to make optimal use of capital, we have decided from this year on to reform the structure of investment by establishing a central capital construction fund to be managed according to plan by the Chinese People's Construction Bank. This year's state budget provides that the central financial department will allocate 30.445 billion yuan as a base figure for the capital construction fund. This sum will be drawn from domestic receipts, certain items of state revenue, as listed in the budget, being designated as fixed sources of capital for the fund. A balance of 8.088 billion yuan will come from a special disbursement from revenues of the central financial department. In this way, as receipts from the

designated items grow year by year, the capital construction fund will be expanded accordingly. This fund must be kept for special use but should be listed in the revenues and expenditures of the state budget every year. From now on, all capital construction investments included in the state budget and all interest payments on bank loans for capital construction projects — whether for operating purposes or not — must come out of the capital construction fund.

**We shall increase funds for the development of intellectual resources and ensure necessary expenditures for culture, education, science and public health.** During the period of the Sixth Five-Year Plan, operating expenses for these areas increased at an average annual rate of 15.2 percent, and in 1986 they grew by an additional 20 percent. Last year, while expenditures for other items were being reduced by wide margins, these expenses grew by 6.7 percent. Budgeted operating expenses in these areas in 1988 will be 44.676 billion yuan, an increase of 10.2 percent over last year. Of this amount, 25.39 billion yuan will be spent on education, an increase of 12.2 percent. Both figures exceed the expected rates of increase for state revenues and for expenditures as a whole.

**We shall raise the income of workers and other employees.**

(1) Beginning in the fourth quarter of 1987,

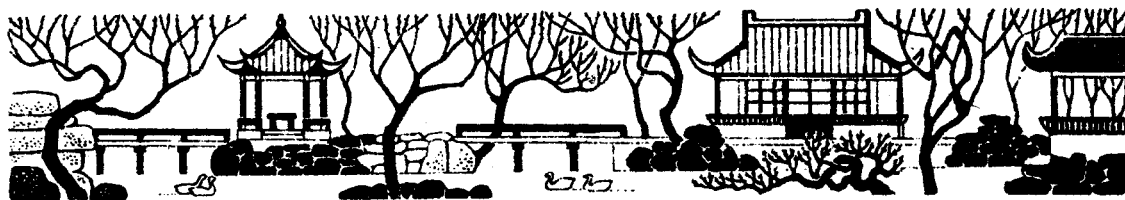
salaries of primary and middle school teachers were raised.

(2) Starting this year, for employees in administrative organs and institutions bonuses will be increased.

(3) Local governments will give appropriate subsidies to workers and other employees for the rationed part of major foodstuffs, according to price rises in each locality. Implementation of these measures will require approximately 7 billion yuan from state revenues.

**We shall implement a policy of retrenchment and exercise strict control over expenditures.**

The present version of the draft state budget for 1988 was prepared after repeated calculations and readjustments. There still remains a deficit of 8 billion yuan. Why cannot this deficit be lowered this year? Because it will take time to achieve a marked improvement in economic results. Thus, even when we take into account all factors that will help increase revenues, a substantial increase is impossible this year. On the other hand, agricultural production, construction of key projects and development of intellectual resources all require large allotments of funds from the state, the economic structural reform and the improvement of the people's life likewise require state financial support and regular expenditures cannot be reduced too much. It will therefore be hard to eliminate the deficit. ■



## Education Improves For Handicapped

**"RENMIN RIBAO"**

(People's Daily, Overseas Edition)

According to statistics from the State Education Commission, the number of schools for handicapped children in China has grown to 504, a dozen times the figure for the early 1950s. The number of students has increased to about 52,800 and the teaching and administrative staff has grown to about 14,400.

As part of the plan to guarantee that handicapped children have an equal right to participate in social activities, China started special education for the mentally retarded in 1979. By the end of 1987, 90 schools for the mentally retarded had been established in 24 provinces, autonomous regions and municipalities, and 578 special classes for the retarded had been set up in ordinary primary schools. Schools and classes for the deaf, which have existed for many years in the municipalities of Beijing and Tianjin as well as in Jiangsu, Hunan and Guangdong provinces, have achieved satisfactory results.

Some institutions of higher learning have begun to set up special classes for the handicapped. Each year more than 800 handicapped youth enter colleges.

The State Education Commission has developed special programmes for the blind, deaf-mutes and the mentally retarded. Primary school textbooks for Chinese language, mathematics and other subjects have been translated into Braille. Some provinces and municipalities have begun to compile teaching materials for the mentally retarded. Moreover, colleges and classes to train teachers in

instructing the handicapped have been set up in Jiangsu, Liaoning, Shandong, Heilongjiang, Jilin, Henan and Hunan provinces. These colleges and classes offer prolonged and systematic training rather than short courses.

Despite the progress, however, a recent national survey showed that many handicapped children still have trouble getting into school.

(January 21, 1988)

## Ancient Law Book Comes to Light

**"FAZHI RIBAO"**

(Legal News Daily)

The long-lost *Book of Statutes*, which held an important place in China's legal history, has been found.

In the book, Li Kui (455-395 BC), a legal scholar in the Warring States Period (475-221 BC), summed up China's accumulated legislative experience. The book, which incorporates the major points of the written laws and regulations of the Spring and Autumn Period (770-476 BC) and the early Warring States Period, was the first integrated and systematic legal code in Chinese history. It includes criminal laws, laws of criminal procedure, civil laws and laws governing economic affairs. The laws included clear stipulations about various possible crimes and violations, as well as the prescribed punishments and penalties. The book is of great value in the study of ancient Chinese legislation.

For many years, legal experts

believed that the book had been lost long ago. But last summer, Yan Chengzhu, deputy director of the publishing house of the Supreme People's Court, happened on it while he was sorting through some ancient books. With the support of various departments, Yan and other experts have finished compiling a set of explanatory notes. The book will soon be published by the publishing house of the Supreme People's Court.

(March 1, 1988)

## Statistics Bureau Defines Term

**"GONGREN RIBAO"**

(Workers' Daily)

The term "specialized household" has been used in China for several years. But what are the requirements for a specialized household? The State Statistics Bureau recently stipulated them clearly:

— The head of a family or some members in a family spend more than 60 percent of their work time on a specified productive or business activity.

— The income from the activity accounts for more than 60 percent of the family's total income.

— More than 80 percent of the total products are sold as commodities (more than 60 percent in the case of grain-growing household).

— The income from the sales of products is at least double that of local farming households or the per-capita income of the family is more than 700 yuan a year.

Any household that meets the four requirements can be called a specialized household.

(January 30, 1988)

# New Measures to Cover Losses for Foreign Oil Companies

Overseas enterprises engaged in oil exploration in China will have a way to compensate for their losses when their efforts turn out to be fruitless.

According to a document issued recently by the General Taxation Bureau of the Ministry of Finance, if a foreign oil company fails to profit from an operation and revokes the contract, but continues to maintain an office and other contracts in China, the expenses incurred on the failed operation can be used to directly offset the amount of taxable income earned from other profitable operations.

In addition, if a foreign oil company doing exploratory work terminates its sole contract, but signs a new one within ten years from the termination date, the expenses of the failed operation can still be carried over to offset the income gained on the new contract and thus reduce the income tax payable.

However, the time limits for amortization shall not be less than one year, a spokesman from the Taxation Bureau explained.

"The new stipulation, which is part of China's open policy, will help reduce the risks of foreign investors, and encourage them to expand their operations in China," the spokesman said.

Since China began to invite foreign oil companies to become involved in offshore oil exploration in 1979, and then onshore in sections of southern China in 1985, 45 foreign oil companies have signed contracts for offshore drilling and four for onshore. A number of oil and gas fields with good prospects have already been discovered over the past few years, but there are also some areas

which have turned out to be of no value, the spokesman said.

In order to encourage foreign investors, the Chinese government has already reduced taxes and royalties on their revenues. The new stipulation is another effort towards this end. It will be applicable for both offshore and onshore operations, the spokesman said.

The new stipulation became valid on April 1, 1988, but it is also retroactive for certain contracts which expired before that date, the spokesman said.

## Beer Agreement Signed With Japan

At the recent trade talks held in Shandong Province, the Qingdao Brewery Plant reached an agreement with the Mitsui Co. Ltd. and the Sapporo Beer Co. Ltd. of Japan to sell Qingdao beer in Japan.

In the past, Qingdao beer shipped to Japan often lacked a ready market. Since the end of 1986, Japan and China have held a dozen talks and negotiations, which finally concluded in the new agreement. The agreement will allow Qingdao beer to be sold for the first time in Japan by a general agent.

According to the new agreement, from early April of this year, the Mitsui Co. will be in charge of exporting Qingdao beer and the Sapporo Co. will be responsible for its sale, advertising and promotion. The Qingdao plant will guarantee a high-quality product for the Japanese market. This year, 100,000 boxes of Qingdao beer are expected to sell in Japan.

At present, the annual sales of

Qingdao beer to an American company is the highest of sales to overseas agents. In recent years, the US company allowed Qingdao beer to sell over 1 million boxes annually on the American market.

## Tianjin Attracts US Investors

MGM of the United States plans to spend US\$10 million on land-use rights for four square km on which to build factories for US business people. The area is one square km more than that of the developed land in the Tianjin development zone. The new zone is expected to attract more investments from US businessmen.

The Tianjin development zone, which is trying to foster an international investment environment, has been attracting US business people ever since its establishment in 1985. The US commercial agent in China called the new zone Shekou in north China in his government report and the US ambassador also highly praised its geographical situation, seeing it as an ideal place for investment.

So far, of the 52 joint ventures in operation in the Tianjin development zone, 17 ventures involved US investment totalling US\$40 million, more than that of Hong Kong investors.

According to officials from the new zone, US investment this year is highly likely to reach US\$150 million. At present, various measures are being taken to welcome more US investors.

## Beijing to Host 1st International Fair

The China Council for the Promotion of International Trade will hold the first International Fair in the China International Exhibition Centre on July 14-23, 1989.

The fair, mainly aimed at attracting overseas co-operation, will provide good opportunities for trade and technological co-operation among economists and industrialists both in China and abroad.

Invitations to participate in the fair will be extended to other countries and regions of the world. The countries and enterprises involved may exhibit advanced technology, equipment and export products. At the same time, a Chinese hall will display products from domestic factories and enterprises.

The fair is expected to attract about 1 million Chinese, and invitations will also be sent to other countries. China will strive to create more favourable conditions for discussion, trade and visits to the country.

In the future, the fair will be regularly held at the China International Exhibition Centre each year.

by Liu Jianjun

## Shanghai Plans to Increase Exports

Jiang Zemin, Shanghai Party secretary, recently said that export expansion would be recognized as one of the directions Shanghai will take towards economic development in the next five years, adding that the Shanghai's total annual export target would be US\$6 billion.

Shanghai, one of China's largest industrial, trade and port cities, has a population of 11 million. In

the next five years it will concentrate on helping export-oriented industries and enterprise groups to become competitive on the international market. At the same time, it will also accept foreign funds to transform its traditional enterprises and promote technological advancement.

The Shanghai government intends to help the city's township and collective enterprises to develop labour-intensive and labour- and technology-intensive production of export goods, and to increase exports of technological commodities and farm and sideline products.

According to Jiang, raw materials needed to produce Shanghai's export commodities will mainly come from international markets and the funding needed for the city's key construction projects will also rely heavily on foreign capital.

Jiang also said that entering into the international market, participating in international exchange and competition, and developing an export-oriented economy are basic to revitalizing Shanghai. A major step in this process is the speeding up of reform of the foreign trade structure. Meanwhile, export-oriented enterprises will be given more power to handle their own international business affairs.

This year, Shanghai plans to use US\$700 million in foreign capital to improve the investment environment, Jiang concluded. ■

## News in Brief

■ According to statistics released by General Customs Administration, in the first three months of this year China's imports and exports totalled US\$18.469 billion, a 18.37 percent increase over the corresponding period of last year. The trade deficit amounted to some US\$600 million.

Compared with the same period

last year, China's imports from Japan decreased 4.8 percent while exports increased by 31.2 percent. Imports and exports from Japan totalled US\$3.7 billion. Imports and exports from the United States increased, totalling US\$1.779 billion. Imports from most West European countries decreased.

■ The 77th International Fair was held in Paris on April 30 to May 12. At the exhibition, China displayed products from Guangdong Province, Guangxi Zhuang Autonomous Region and Shaanxi Province. They included light industrial products, animal products, silks and silk products, electronic products, foodstuffs, tourist commodities and replicas of the terra cotta warriors and horses of the Qin Dynasty (221-207 BC).

■ The China Associated General Advertising Agency will jointly develop China's outdoor advertising business with an American company, which is one of the largest outdoor advertising agencies in the world. The most widely used outdoor advertisements include posters, show-window and neon advertisements, but the best effect is achieved with large-scale outdoor billboard and electronic screen advertising. China now has about 7,000 large-scale outdoor billboards, which cost up to one-fourth of the country's total advertising expenditure to maintain. It is estimated that after the co-operation between China and America, the number of China's large-scale advertising billboards is expected to reach 10,000 in five years. ■



## Mass Sports Activities in South China

In Shunde County, Guangdong Province, a special basket ball match was in play between the Junan Women's Basketball Team and a mixed team from the China Sports Journalists' Association.

Last March, when the council for China Sports Journalists Association (CSJA) met in Shunde County (this happens once every four years) the Junan Women's Basketball Team raised the basketball challenge which was at once accepted.

The CSJA team was made up of eight men and two women. For them, although the Junan women's team was very famous in its own area, they were just farming women after all. The CSJA team initially sent four men

and one woman to meet against the women's team, but Junan sent its top players. The women's team won several points in a row in the early stages of the game with fast breaks and long shots. The CSJA team immediately responded by sending in its top men players, but it was too late: the CSJA team suffered its first-half defeat with 27 points. In the second half of the match, the women's team replaced three top players with fresh players and the CSJA was once again defeated 73:16. The players on the CSJA team praised the skill of the women's team.

The Junan Women's Basketball Team, established in 1976, was made up of ten middle school students with one of their school

teachers as team coach. When they graduated from middle school, all the team members were sent to work in a silkworm reproduction farm, which meant they could easily get together to play basketball in their spare time. In order to improve their skills, the coach took a correspondence course with the Guangzhou Institute of Physical Culture. The team members studied diligently and trained hard whether it was summer or winter. As most of the players are short, they must use fast and accurate attacks to win their advantage.

Between 1982 and 1984, the team won three successive championships in Guangdong farming women's basketball matches and three championships in national farming women's basketball matches from 1984 to 1987. In 1984 and 1985, the Junan Women's Basketball Team competed with both the top two teams of Hong Kong and Macao and won all four matches there, so it was dubbed the "Golden Phoenix of South China."

Shunde County's dragon-boat team is also very famous. Shunde County is located on a network of rivers on the Pearl River Delta, with a water area one-third the total area of the county. For a long time, the dragon-boat race was very popular in Shunde County.

The dragon boat is decorated with the head of a dragon on the stem and a dragon's tail on the stern. In the past, the traditional dragon-boat race was held on the Dragon-Boat Festival (the 5th day of the 5th lunar month) and Moon Festival (15th day of the 8th lunar

Junan Women's Basketball Team members.

HU YUE





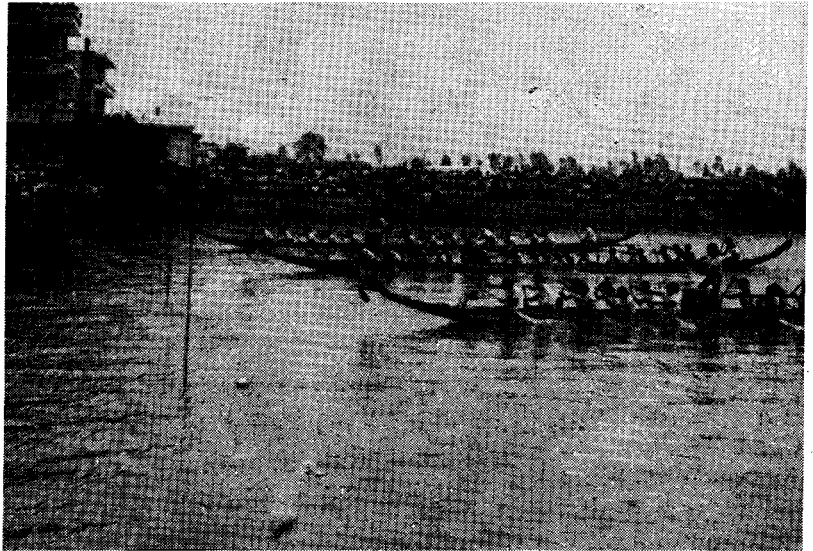
month), but now it is run during many other festivals including the Spring Festival, National Day (October 1) and International Labour Day (May 1). Last March, the dragon-boat races were held to celebrate the opening of the China Sports Journalists' Association Council, the completion of the new Feima Metal Products Co. Ltd. building and the signing of the contract by the Feima Metal Products Company to produce souvenirs for the 11th Asian Sports Meet which will be held in Beijing in 1990.

It was a cloudy day. After noon, people began to gather at the river bank. Colourful flags, balloons and slogans were everywhere.

The race took place between three and half past five. Altogether six men's dragon-boat teams and two women's teams took part in the competition. All competitors wore the same sportswear. The boatwomen looked very healthy

**A basketball game between the Junan team and the men's basketball team of China Sports Journalists' Association.**

HU YUE



**A national dragon-boat race.**

with ruddy complexions and strong arms. Each boat had 23 boatmen including a steerer, a drummer and a gong player. The boatmen rowed the boat to the beat of the drum, so the drummer was also the team leader. The deafening sound of gongs and drums, the unified splash of oars in water, and shouts of joy reverberated on the banks as the race began.

In China the dragon-boat race has a long history, but in the past, only men could take part. Now nobody believes the old notion that the boat would capsize with a woman aboard. In 1985, when plans were underway to establish the women's dragon-boat team in Shunde County, many girls were eager to join. Since then the women team members underwent hard training. In the past three years, the women's team has won two championships and a second place in the national dragon-boat races. In 1986 and 1987, it took two championships in the International Women's Dragon-Boat Race held in Hong Kong.

The men's dragon-boat team was established in 1983 in Shunde County. Since then it has won six

championships in the national dragon-boat races and eight championships and a second place in the nine international dragon-boat races held in Hong Kong and Australia.

He Lemin, in charge of the county physical culture and sports commission, said the Junan Women's Basketball Team and Shunde Dragon-Boat Teams are the pride of the Shunde people. But their success does not stand alone. In Shunde County, sports activities such as swimming, water polo, table tennis, archery, track and field events, *wushu* (martial arts) and board games are widespread.

According to 1986 statistics, Shunde County's population is 840,000. Of them, 307,000—36 percent of the total—take part in some form of sports activity. In middle and primary schools, 80 percent of the students met the physical training standards set by the state. Many office and factory workers also take part in mass sports training. Shunde County has 219 towns. Of them, 200 have established sports groups. Of the farming community, 22 percent do some kind of sports exercise.

Asked why sports activities were so widespread in Shunde County, He said: "In 1978, Shunde's total industrial and agricultural output value reached 1.2 billion yuan. Since implementing the reform policy and opening to the world, Shunde's economy has developed rapidly. In 1987, the total industrial and agricultural output value reached 3.8 billion yuan. The industrial output value accounted for 90 percent of the total. Last year, foreign capital invested here came to US\$150 million, export products accounted for 24 percent of total production. The average annual income for rural residents increased from 170 yuan in 1978 to 1,200 yuan in 1987. Urban residents' incomes increased even more.

"The rise in living standards means people have more time and interest in sports than before. Recently, many enterprises began to sponsor mass sports activities. In the past, the funds for these activities only came through the government." ■

## Su Cong — China's First Oscar Winner

The success of the film *The Last Emperor*, which swept this year's US Academy Awards, has drawn international attention to Su Cong, the young composer who has become the first Chinese person to win an Oscar.

Two years ago Italian director Bernardo Bertolucci chose Su, Ryuichi Sakamoto of Japan and David Byrne of the United States from many competitors to compose the music for the film. Su has established his credentials as a successful composer through the music he wrote, which demonstrates the range of his talent and depth of his understanding of the film. He creatively combined

traditional Chinese music and modern Western techniques into one harmonious musical whole which vividly captures the life of China's last emperor, Pu Yi, and effectively heightens the gloomy and epic quality of the spectacular film. The music is also outstanding for its psychological depth and its image-building through sound.

Su graduated from China's Central Conservatory in 1982. He continued his study of musical composition at the Munich Conservatory in Federal Germany, completing his courses there in 1984. In 1983, he wrote one of his most successful pieces to date — *Symphony Overture* — which is full of strong emotions. This work, first performed for National Day by China's Central Philharmonic Society has received high acclaim. In 1984 he cooperated with several well-known Asian composers to write *Day-break* for Asian Music Day at the West Berlin Arts Festival. The piece expresses Su's conception of present-day world turmoil. *Fantasy for Piano* is another of his successful works. It takes a melody from Liszt's *Concert Etude No. 3* as its theme and creates a vision of a fantastic and poetic world. The piece won second prize at an international competition held in Hungary to mark the 100th anniversary of the death of Franz Liszt. Su's *Quartet at the Third String* is another prize-winning piece. This fresh and mellow work, which conveys a picturesque and lyric effect, received a Weber prize in Dresden. Since 1982 Su's works have been broadcast in a score of countries and have drawn considerable attention in the European musical world.

Today Su is studying for his doctoral degree in West Berlin. He sees his main task as capturing the essence of Chinese culture through music. He is currently experimenting with musical structure and

style, hoping to make advances in his chosen career.

by Du Wei

## High-Jump Star Still Promising

Despite a run of bad luck, China's famous high-jump athlete Zhu Jianhua still hopes to achieve new world records.

Zhu, with his coach Hu Hongfei, recently left Shanghai for Beijing to participate in the training for the 24th Olympic Games. Although Zhu has not completely recovered from a spate of injuries, including a burn to the stomach which interrupted his training last year, some of his jumps have equalled his best level.

Zhu set a world record with a jump of 2.39 metres in 1984. But at the 23rd Olympic Games, he won only a bronze medal. Since then, he has been jumping at the 2.37 metre level. Frequent injuries have interfered with his training and prevented him from making progress.

Early in 1986, Zhu's left foot was badly injured during the preliminary round of an international competition in Japan. He lost the chance to break the world record and had to rest for two months.

Now his coach says his high-jumping career hinges on whether training can correct flawed techniques he has acquired as a result of his injuries. Self-confidence and the will to win will also be key to his performance in the future.

As for the Olympics, coach Hu predicts that to place among the top eight, athletes will have to jump over 2.21 metres, while the top six will have to jump 2.35 metres and the top three, 2.38 metres. He says that as long as Zhu has systematic training, his chances are good.

by Zhang Wei