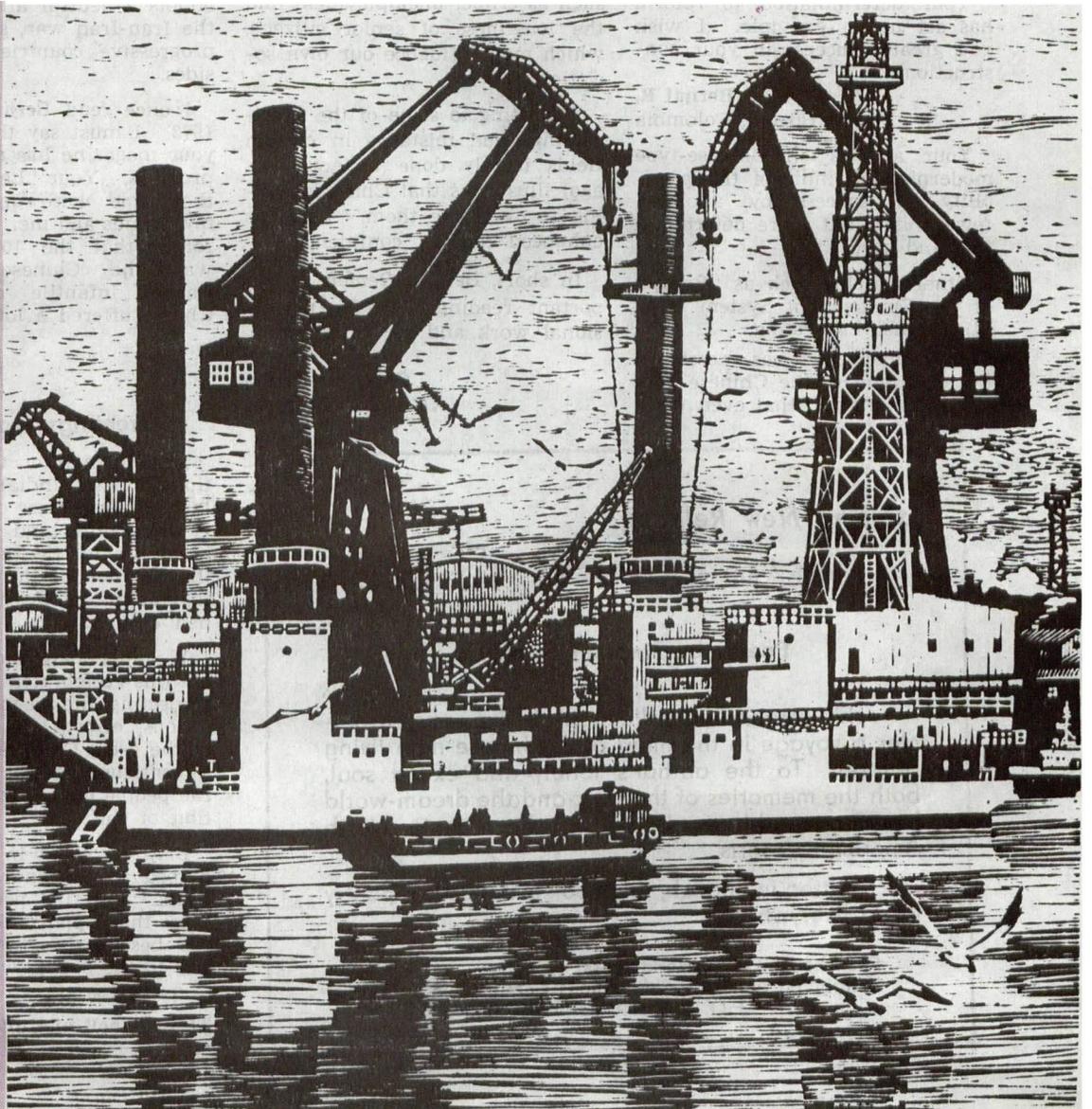


# BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF  
NEWS AND VIEWS

- General Secretary Hu Visits Romania
- Reform Is Key to Modernization
- Shipbuilding for Export



# LETTERS

## Chinese-Type Modernization

I would like to congratulate you on the successful "Chinese-Type Modernization" series.

After reading these articles, I now have a systematic understanding of the problems your country is facing and the measures you are taking.

My conclusion is: reform is not something to fear. It is natural that reforms are not perfect — they have positive and negative sides. But people cannot stop reforming because of the negative sides. Instead, they should carry on reforms and extend their positive effects.

Your determination to reform has set us an example. I wish you greater success in your construction.

**M. Bernal R.**  
Bogota, Colombia

Your articles on Chinese-type modernization indicate the possibility of success by applying fewer funds but more determination and hard work.

Other articles such as "Reform of the Employment System" (No. 14) are also interesting.

Your magazine has described the evolution of the Chinese people and explained that even when

people have their rights, they must not forget their duties.

In covering international affairs, your weekly explains the wisdom of statesmen and that they could use their influence to prevent the world from destroying itself.

**Taillandier Henri**  
Raphael, France

## Effective Introduction to China

I think the magazine is very effective in introducing China. Its contents are varied: For politicians, it provides theoretical articles, especially ideological ones; for experts and technicians, it carries economic and other reference materials; for those who just want to know about a more reasonable society, it tells how China solves its social problems, such as crime, unemployment and the loneliness of senior citizens, which may influence our own societies.

Admitting to some of the shortcomings and mistakes in certain fields (rarely done a few years ago) illustrates that China is willing to overcome them. This has enhanced readers' confidence.

In short, *Beijing Review* is important reading both for professional work and for information.

**Christine Rocha**  
Odivelas, Portugal

## Pleasant Development

I have been reading the magazine for a year. It gives me a clear idea about the domestic and foreign policies of the People's Republic of China. Your articles against hegemonism in various forms are excellent. In West Germany, people do not show much concern for the political and military situation. They cannot conceive of the importance of the struggles of the Afghan and Kampuchean peoples to world peace. I think your reports on the Kampuchean people's fight against the Vietnamese invaders are good. Their fight can be considered equal to the anti-Japanese war (1937-45).

Of course, I have different opinions on your international reports. For instance, you should have made it clear why China adopts a neutral attitude towards the Iran-Iraq war, since all other progressive countries have taken sides.

I once read *Beijing Review* in 1973. I must say that since then your magazine has made pleasant progress. Your "Left" slogans at that time were unacceptable to my friends and me. People cannot forget that the 10-year turmoil was the Chinese Communist Party's infantile disorder, and China suffered a lot from it.

**Reiner Wahl**  
Marbach, FRG

## Greetings From India

The Council of Cultural Relations, Orissa (India), and particularly the members of it who have visited China send their warmest greetings to *Beijing Review* on the occasion of the 25th anniversary of the publication of its English edition.

We appreciate the historic role of this celebrated magazine in projecting the history, great traditions, efforts and achievements of the great Chinese people to the international arena and to bring the people closer by the appreciation of the same.

*Beijing Review* in particular has helped us to know more about China and its people and we take this opportunity to convey our best wishes to the magazine and to the people who have made it a success.

**The Council of Cultural Relations**  
Orissa, India

### Exciting New Release

## DREAM JOURNEYS TO CHINA

Poems by Stephen S. N. Liu

This astounding collection of 56 poems chronicles a voyage in the mind of a Chinese man living abroad. To the author's lonely and exiled soul, both the memories of the past and the dream-world become soothing mirages in the remote North American deserts.

Written in English, this book is a must for poetry lovers everywhere.

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## HIGHLIGHTS OF THE WEEK

### **Hu Yaobang Visits Romania**

As a new stage in the development of co-operative relations between the two Parties and countries, Hu Yaobang's Romanian visit is a success. Hu and Nicolae Ceausescu exchanged views on a wide range of subjects and reached a consensus on a number of international issues (p. 5).

### **China Applies for Membership to ADB**

China has officially applied for membership to the Asian Development Bank. Since the Taiwan authorities have been ousted from the UN, they naturally lost their qualifications to be a member of the bank. As a member of the UN, the Government of the People's Republic is entitled to represent China in ADB (p. 4).

### **Reform Holds the Key to Success**

Reform is the kingpin of Chinese-type modernization. Last of the series, this article gives a thorough analysis on the goal and the five main aspects of reform (p. 15).

### **Building Ships for Foreign Firms**

China's capabilities in design and construction of large vessels enabled it to begin shipbuilding export in the early 1980s (p. 20).

### **Ambassador Zhang on Sino-US Relations**

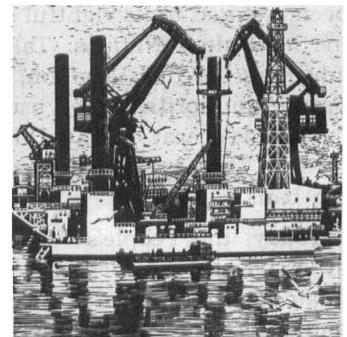
The Chinese Ambassador to the US stressed mutual trust as the key to develop Sino-US relations at a May 2 luncheon. He also commented on the Taiwan question and trade relations and other issues (p. 14).

### **Peasants' Income Grows**

A sample investigation conducted by the State Statistical Bureau in 589 counties shows that per-capita income of China's rural population increased from 133.57 yuan in 1978 to 270.11 yuan in 1982, a 67.4 per cent increase after deducting price increase (p. 7).

### **Feeling the Pulse of the Era**

Reportage is a widely welcomed literary form which covers present-day China's current events and personal profiles (p. 28).



An offshore oil rig under construction.  
Woodcut by Zhang Jiarui

## NOTES FROM THE EDITORS

### China should become member of Asian Bank

China officially applied for membership to the Asian Development Bank on February 10 and is waiting for a formal reply.

Most countries in the world acknowledge that there is only one China and Taiwan is an inseparable part of China's territory and that the Government of the People's Republic of China is the sole legal government of China.

Therefore, only the Government of the People's Republic of China is entitled to represent China in the Asian Development Bank. The Taiwan authorities should not continue to occupy the seat in the bank in the name of China.

According to an Asian Bank agreement, the Taiwan authorities are not qualified to be a member of the bank because they are no longer a member of the United Nations or any of its specialized agencies and because they are not a member or associate member of the UN Economic and Social Commission for Asia and the Pacific.

When the Asian Development Bank was established in December 1966, People's China had not been restored to its rightful seat in the United Nations. Taking advantage of this situation, the Taiwan authorities, then usurping China's seat in the United Nations, became a member of the bank.

Today, the People's Republic of China has regained its legitimate seat in the United Nations and the Taiwan authorities are no longer seated in the United Nations and its specialized agencies, they naturally

are no longer qualified to be a member of the bank.

Some people assert that Taiwan should retain its membership because it "has faithfully performed its obligations." This view ignores the essentials of the issue and negates the bank agreement's provisions on members' qualifications.

Many of the 45 Asian Bank members have established diplomatic relations with China and supported China's membership in the bank.

When the United States established diplomatic relations with China in 1979, it also recognized the Government of the People's Republic of China as the sole legal government of China and acknowledged China's stand that there is only one China and Taiwan is part of China.

Nevertheless, using its "Taiwan Relations Act" as a pretext, it is trying to back down on its international obligations in an attempt to keep Taiwan in the Asian Development Bank. Some American officials have even threatened that the United States will resign from the bank and withdraw its funds if Taiwan is expelled. This cannot but arouse indignation among the people of China and all justice-upholding nations.

After 10 years of ups and downs, Sino-American relations today still leave much to be desired, snagged as they are by the Taiwan issue.

The US Government acknowledges China's stand on Taiwan — as stated in the Shanghai Communiqué, the communiqué on the establishment of diplomatic relations between the two

nations and in the joint communiqué issued on August 17, 1982 — and has stated on many occasions that it will not interfere in China's internal affairs. But actually it has not given up its policy of "two Chinas" or "one China, one Taiwan," regarding the island as an "unsinkable aircraft carrier." Its insistence on keeping Taiwan in the bank is yet another manifestation of erroneous US policy.

At the 16th annual meeting of the Board of Governors of the Asian Development Bank held recently in Manila, China's application for membership in the bank received support from many countries, including the Philippines, Pakistan, Nepal, Bangladesh, France and Japan. However, due to US obstruction, the meeting failed to take up formally China's application and to solve the problem of seating China in the bank. US representative and Secretary of the Treasury Donald Regan, at a press conference once again expressed opposition to the expulsion of Taiwan from the bank.

China applied to join the Asian Bank in the hope that it could do its bit to promote the economic expansion of developing countries in the Asian-Pacific region and strengthen cooperation between them.

The Chinese Government is willing to negotiate with the Asian Bank through appropriate channels on concrete steps for China's participation in the bank and related matters (such as the subscription and method of payment), provided that China's representation in the bank is confirmed.

— *International Editor*  
*Mu Youlin*

## Hu Yaobang pays visit to Romania

Hu Yaobang, General Secretary of the Chinese Communist Party Central Committee, arrived in Bucharest on May 5 for a five-day official friendship visit to the Socialist Republic of Romania at the invitation of Nicolae Ceausescu, General Secretary of the Romanian Communist Party and President of Romania.

This was Hu Yaobang's first visit to Europe as General Secretary of the Chinese Communist Party Central Committee.

At a banquet Ceausescu gave in his honour, Hu Yaobang recalled that his last visit to Romania was made in 1953. Noting that May 5 was the 165th anniversary of the birth of Karl Marx, Hu observed that for more than a century, Marx's scientific communist thinking has guided Communists the world over to unite and devote themselves to the great cause of transforming society and the liberation of all mankind. The Chinese Communists, Hu continued, will never forget that in the common struggle to defend the correct Marxist principles guiding international relations and relations among Communist Parties of various countries, Comrade Ceausescu and the Romanian Communist Party have more than once come out boldly at critical moments to give us their most precious trust and support.

Hu praised the Romanian Communist Party for "having placed truth and the interest of the international communist movement and of the people of the world above everything else,

thereby displaying a highly principled stance." No force on earth could break or disrupt Sino-Romanian friendship based on Marxism and proletarian internationalism, Hu added.

Describing the April 19 Joint Communiqué between the Romanian Communist Party and the League of Communists of Yugoslavia as "an important document," Hu Yaobang said that he had read the joint communiqué with deep interest and that it expressed well the basic views and stand of the Chinese Party.

Ceausescu said that the two Parties and peoples "have co-operated and helped each other in one difficult moment after another," and that Sino-Romanian friendship and co-operation have withstood many tests and proven strong and firm.

Ceausescu noted that it is more necessary now than ever before for the people of all countries and all progressive forces

in the world to work in concert and co-operate closely in order to prevent world events from moving in the dangerous direction of confrontation and war. All peoples, he stressed, must strive to bring about disarmament, especially nuclear disarmament, to resolve points of conflict, to settle all issues among states by peaceful means, eliminate underdeveloped status, establish a new economic order and firmly pursue a new policy of international co-operation and respect for national independence, detente and peace.

He also called for efforts to strengthen co-operation among Communist and Workers' Parties on the basis of complete equality and the right of each Party to formulate its own political line independently according to the concrete conditions of its own country.

Hu Yaobang held several rounds of talks with Ceausescu. He also exchanged views on further developing economic relations, trade and technical co-operation between China and



Hu Yaobang is warmly welcomed by Nicolae Ceausescu at the airport.

Romania with Constantin Dascalescu, Member of the Executive Political Committee of the Romanian Communist Party Central Committee and Prime Minister of the Government.

## President Mitterrand holds talks in China

President Francois Mitterrand of the Republic of France paid an official visit to China from May 3 to 7 at the invitation of the Chinese Government.

Premier Zhao Ziyang held talks with Mitterrand and Hu Yaobang, General Secretary of the Central Committee of the Chinese Communist Party, and Deng Xiaoping, Chairman of the Central Advisory Commission of the Chinese Communist Party, met with the French President on separate occasions.

During their talks, Zhao and Mitterrand had a full exchange of views on bilateral relations, the world situation and major international issues of common concern.

**On Bilateral Relations.** Zhao Ziyang noted that France was the first West European country to establish full diplomatic relations with China at ambassadorial level, that China always attaches great importance to the development of its relations with France, and that relations in the economic, scientific, technical and cultural fields have undergone considerable development on a sound basis.

However, the Premier said, relations in these fields should be developed still further, and there is great potential for greater economic co-operation between the two countries.

Zhao said that China will adopt a more open policy towards technology imports from France and from Western Europe as a whole and that they will be given consideration in the marketing and the sale of goods. He expressed the hope that economic co-operation between the two countries would see new breakthroughs.

Mitterrand said that France and China "are good political partners" and share much in

common politically and diplomatically. He expressed the hope that the two countries would work together to develop closer economic and trade relations, adding that "at the same time, we should not forget to develop our cultural relations."

Mitterrand said that China can obtain equipment, investments and technology transfers from France.

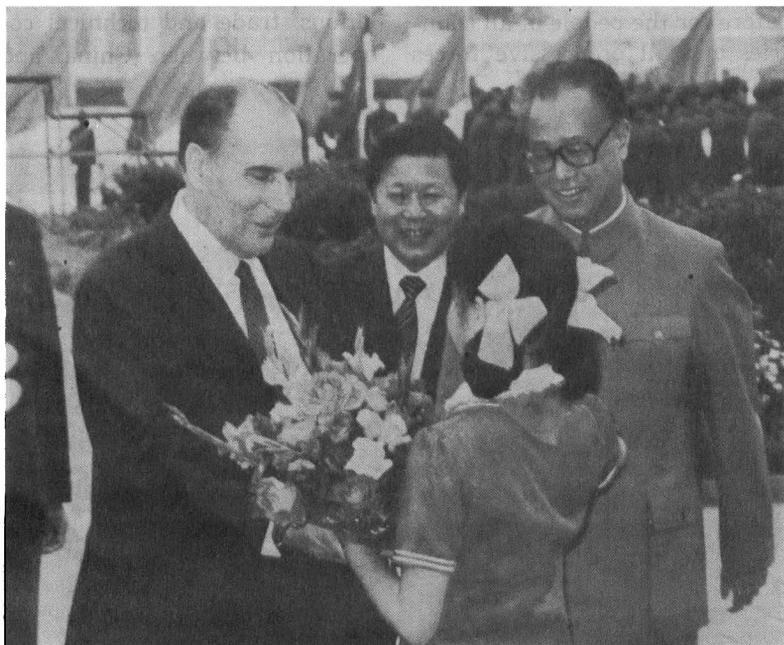
China and France on May 5 in Beijing signed a memorandum on co-operation in building nuclear power stations and a protocol concerning radio and television co-operation. President Mitterrand and Premier Zhao were present at the ceremony.

**On the Kampuchean Issue.** Referring to the international situation, Zhao Ziyang said that both China and France follow independent foreign policies. They share identical or similar views on opposing superpower policies of hegemonism and expansionism.

The Premier pointed out that peace and stability in the Asia-Pacific region are closely tied to peace and stability in the world. The glaring examples of superpower expansionism and hegemonism in this region seriously violate the principles of international relations.

He said: "We hold that the key to the Afghanistan and Kampuchean problems lies in the immediate, unconditional and total withdrawal of foreign troops, so that the people of these two countries can decide their countries' future by themselves.

"China has no personal interests in Kampuchea. We sincerely hope that Kampuchea will become an independent, peaceful, neutral, and non-aligned country."



Premier Zhao welcomes President Mitterrand.

He also said: "After the total withdrawal of the Vietnamese aggressors from Kampuchea, the Kampuchean people will choose their own social and political systems, under the supervision of the United Nations, through real and free election.

"China is willing to guarantee, together with the other countries, non-interference in Kampuchean internal affairs by any means, and respect for Kampuchea's position of independence, neutrality and non-alignment."

Mitterrand said that France and China share common views on safeguarding world peace, that both countries refused to accept the use of force in relations between countries or between people.

He said that both France and China hope that Kampuchea will be relieved from the brutality of war. France has not altered its condemnation of the foreign occupation of Kampuchea. His country did not and will never recognize the regime propped up by a foreign country in Phnom Penh. Without the total withdrawal of foreign troops, the Kampuchean question can never be solved. A free election should be held by the Kampuchean people under UN supervision.

President Mitterrand said at a news conference on May 5 that France and China have a common objective but differ as to the best means for settling the Kampuchean issue.

He said that their only difference is that China has recognized the Coalition Government of Democratic Kampuchea whereas France has not. "We do not oppose the existence of

the 'Khmer Rouge' as a political organization. We are only worried that they may again treat their own people the way they did in the past."

Mitterrand added that France is still a long way from recognizing the Coalition Government of Democratic Kampuchea, but emphasized that recognition of the Coalition Government does not constitute an essential difference between France and China.

## Peasants are faring better

The flexible rural policies have vastly augmented the private incomes of millions of peasants. Per-capita income, according to a State Statistical Bureau announcement based on a sampling survey of 22,000 peasant households in 589 counties, rose from 133.57 yuan in 1978 to 270.11 yuan in 1982. Considering price fluctuations,

this meant an actual increase of 67.4 per cent.

The survey shows that in 1982, 6.7 per cent of the peasant families had an average per capita income of more than 500 yuan as against 0.6 per cent in 1978; 66.5 per cent of peasant households had each member making an average of between 200 and 500 yuan as against 27.4 per cent in 1978; and only 26.8 per cent families had each member bringing in less than 200 yuan as against 72.5 per cent in 1978.

The survey also indicates a narrower income gap between peasants and workers. In 1982, per capita expenditures for urban workers' families averaged 500 yuan as compared with 316 yuan in 1978, an increase of 38.3 per cent after price increases were deducted. This rate of increase was only half as fast as that for the peasants.

Major indications of the peasants' improving livelihood in the last four years are:

— Per-capita consumption of

Peasants in an Anhui county buy books on agroscience and technology.



pork and poultry increased from 6 to 10 kilogrammes per year and that of edible oils, from 2 to 3.43 kilogrammes;

— Per-capita annual expenditures on clothing rose from 12.7 yuan to 24.77 yuan, while sales of high-grade commodities such as silks, woolen yarn and woolen fabrics in the countryside multiplied;

— Every 100 families owned an average of 51.5 bicycles, 67.4 per cent increase over 1978; 32.8 sewing machines, a 65.7 per cent increase; 68.1 wristwatches and 50.5 radios, 2.5 and 2.9 times higher respectively than the 1978 figures.

The style of housing has changed as well, with outmoded structures gradually giving way to spacious, beautiful ones. In 1982, the peasants' living space averaged 10 square metres per capita.

Increased material wealth has been accompanied by a livelier recreational life. In 1982, there was one commune-run film projecting team among every 10,000 rural inhabitants; professional art troupes staged more than 500,000 performances in the villages, entertaining over 500 million theatre-goers, an increase of more than 60 per cent over 1978.

The 1982 sales of publications in the rural areas totalled 1,130 million yuan, 19.1 per cent more than the previous year.

In 1982, savings deposits averaged 49.71 yuan per peasant, 2.7 times the 1978 figure.

China, while encouraging all peasants to increase their incomes through labour, also helps the needy develop production and catch up with the advanced. All these efforts, as is shown above, are paying off.

## Changjiang delta economic zone

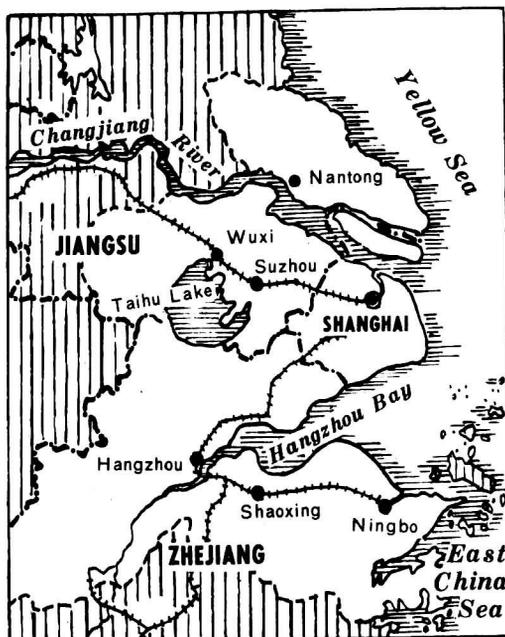
The planned new economic zone, with Shanghai as its centre, will include 10 cities in Jiangsu and Zhejiang Provinces as well as 57 counties under their jurisdiction.

Lying in the Changjiang River delta which faces the Yellow and East China Seas, the region occupies just 0.6 per cent of China's land area, but its people accounts of 4 per cent of the country's population. The delta's annual industrial output value is nearly 20 per cent of China's total and its annual output value of industry and agriculture is 15 per cent of the nation's total. The annual average output value of industry and agriculture is 1,000 US dollars per capita, the national target for the end of the century.

The people in this area are better educated than China's average. Known for its abundance, the delta is a centre for foreign trade and marketable grain production. Its annual grain output is above 7.5 tons per hectare.

The cities and counties in this new economic zone are economically inseparable. However, in the past due to the way of administration, no unified economic plan incorporated Shanghai and the surrounding areas which are in the two provinces. The development of this region was not co-ordinated and irrationalities appeared including transporting of unprocessed materials to cities for processing and then back to their place of origin.

Economic progress is impeded because the industrial and economic strengths of the cities are not utilized to the utmost. Ningbo Harbour in Zhejiang Province has 20 berths with combined annual handling capacity of 26.7 million tons, but only 13 per cent of the capacity is being used while Shanghai and some other parts are backlogged. The generating capacity of hydropower stations in Zhejiang Province accounts for 80 per cent of east China's total, but it is not fully used.



The establishment of the economic zone will facilitate unified planning. Taking into consideration the specialties of each locality and its economic interests, co-ordinated utilization of raw materials and technical equipment can be mapped out. Decisions about what to produce and how best to transport materials and products may be decided regionally. While the administrative system will not be altered, an essential guideline

is to ensure that each city and county in the zone reaps due share in profits.

Shanghai, with its high technical level and management skills, may concentrate on producing products of high quality to sell abroad. Items for domestic markets may be produced by other cities and also enterprises run by counties, communes and production brigades.

It is expected that this important step in the restructuring of the economic system will help promote the economic development in the area.

## Regional autonomy law

China is drafting its first regional autonomy law, said Ngapoi Ngawang Jigme, Vice-Chairman of the Standing Committee of the National People's Congress and Chairman of the NPC Nationalities Committee, during a recent interview with Xinhua News Agency.

China is a multi-national country which has 55 minority nationalities in addition to the majority Han nationality. Organs of self-government have been set up in areas where national minorities live in compact communities to oversee each nationality's affairs as is appropriate to the particular size of its population and the area it inhabits.

Ngapoi Ngawang Jigme said that strengthening regional legislation is an important part of the socialist legal system. Its purpose is to further promote the socialist relationship of

equality, unity and mutual assistance among China's nationalities and to safeguard national unity.

"It also guarantees the equal rights and the right of autonomy of the minority nationalities and ensures mutual development and common prosperity of all nationalities of the country," he said.

He said that many national autonomous areas are now enacting specific autonomy regulations in accordance with relevant stipulations in the Constitution of the People's Republic of China.

Xinjiang, Tibet, Ningxia and Inner Mongolian autonomous regions as well as Sichuan and Qinghai Provinces where minority nationalities live in compact communities have written their own codes and rules, such as supplementary regulations and adaptations to the Marriage Law.

For example, in Tibet polygamous and polyandrous marriages were common for centuries. Although these traditions have been discarded gradually since the democratic reform in 1959, they do still exist in a few extremely remote areas.

Therefore, Tibet has enacted regulations to ban polygamy and polyandry (but allow such marital relations to continue if they came into being before the regulation was enacted and if neither party asks for a renouncement) and to prohibit religious interference in marriage.

The Tibetan regulations also stipulate that both parents (not just the mother, as tradition has it) are responsible for bringing up their children born out of

wedlock and covering the expenses for their education so as to safeguard the rights of women.

In addition to the power to enact autonomy regulations and specific regulations, the autonomous regions can also organize local public security forces, administer the finances of their areas, independently arrange for and administer local economic development, administer their own educational and cultural affairs, and employ the spoken and written language or languages in common use in the locality.

## China wins 6 titles at 37th WTTC

China won six events at the 37th World Table Tennis Championships, which closed on May 9 in Tokyo.

During the team events, the Swedish men's team was China's biggest challenger. But China retained the winner of the Swaythling Cup by beating Sweden 5:1 in the men's finals. China's women's team won the title for the fifth consecutive time.

As to the five individual events, China's Shen Jianping and Dai Lili emerged the victors in the women's doubles title. Dragutin Surbek and Zoran Kalinic of Yugoslavia won a tense game over China's Xie Saike and Jiang Jialiang 3:2 in the men's doubles finals. China's Guo Yuehua/Ni Xialian captured the mixed doubles title.

China's Guo Yuehua won the men's singles and Cao Yanhua the women's singles.

*Washington-Moscow***Disarmament or nuclear armament?**

THE dispute between Washington and Moscow over intermediate-range nuclear missiles has recently entered a new round with new proposals from both sides on arms control. But as neither side is ready to give ground, their arms race most likely will escalate. This prospect cannot but arouse widespread concern.

**Conflicting Goals**

On March 30 US President Reagan offered to negotiate an interim agreement with the Soviet Union in which the United States would substantially reduce its planned deployment of Pershing II and cruise missiles in Europe if Moscow would cut back the number of its warheads on land-based intermediate-range missiles to an equal level on a global basis.

Moscow flatly rejected the US offer. It reiterated its last December proposal in which the Soviet Union would reduce its "Euromissiles" to the combined total of nuclear missiles held by Britain and France in return for US scrapping of its plan to install new missiles in Europe.

After this proposal was ignored by the West, the Kremlin came out again on May 3 with another proposal in which the Soviet Union offered to cut not only its intermediate-range missiles but also warheads to the level equal to NATO's, including the British and French arsenals.

These US and Soviet proposals, more than anything else,

embody their drafters' conflicting goals on the issue of nuclear arms reduction. The US objective is to limit and further reduce the Soviet advantage in the field of land-based intermediate-range missiles in Europe and Asia by deploying its new missiles in Europe and elevating its nuclear forces to the level of the Soviets.

Moscow, however, seeks to make Washington give up its plan for installing new missiles in Europe and prevent Britain and France from expanding their nuclear arsenals through negotiations. If successful, Moscow would maintain its superiority over Washington in land-based missiles and would continue to keep Western Europe under its nuclear threat.

In the past few months, both sides have accused each other of lacking sincerity in controlling arms, with the aim of pressuring the other to make some compromise. Meanwhile, they have also exchanged intimidations and warnings. Washington declared that if the two sides fail to reach an arms control agreement it will go ahead with its plan to install new missiles in Europe at the end of this year. In response, Moscow said that if any new US missiles are installed in Europe it will take timely and effective counter-measures, including deploying nuclear missiles in places close to the United States.

It is clear that while the two superpowers are sitting at the negotiation table in Geneva

talking about arms reduction, an escalation in the nuclear arms race is looming large and the possibility of a nuclear war is increasing. The security of Europe and the peace of the whole world are in jeopardy.

**Anti-Nuclear Peace Movement**

The arms race between the two superpowers in intermediate-range missiles is essentially an important aspect of their long-standing contention over Europe.

In their contention for hegemony, the Soviet Union and the United States have ceaselessly increased their arms in Europe to bring about a serious East-West military confrontation. In the latter part of the 1970s, with the development of a new generation of intermediate-range missiles, the Soviet-US nuclear arms race entered a new stage. In 1977, the Soviet Union successfully developed and began deploying its new multi-warhead SS-20 missiles. This brought about a major change in the balance of military power in Europe.

Responding to this situation the United States, after repeated consultations with its West European allies, decided at the NATO meeting held at the end of 1979 to catch up in armaments by developing two new tactical nuclear weapons—the Pershing II missiles and land-based cruise missiles—and to begin deploying them in West Germany and four other West European countries at the end of this year to counter the Soviet SS-20 missiles.

The never-ending escalation of the Soviet-US nuclear arms race has alarmed the people in Western Europe. In re-

cent years the people in a number of West European countries have repeatedly organized peace movements to oppose the US-Soviet nuclear arms race. Their just aspirations for safeguarding peace and preventing nuclear war naturally have the sympathy of the people of all countries in the world.

### Missiles Mustn't Be Transferred

The two superpowers' arms race is global in nature. Besides Europe, they are conducting a fierce arms race in Asia. The United States wants the Soviet Union to dismantle or destroy those missiles it removes from Europe and not to transfer them to the East. The Soviet Union, however, insists on transferring to Asia those missiles it removes from Europe so as to deal with a so-called nuclear threat from Asia.

It is obvious that the result of these rounds of disarmament talks merely would permit the Soviet Union to transfer its highly mobile intermediate-range SS-20 missiles from Europe to Asia. This would not give any real guarantee to West European security but would only add new complications to the international situation and sharpen the nuclear arms race in Asia between the Soviet Union and the United States.

This Soviet scheme can only arouse the grave concern of its neighbouring countries in Asia, including China. It goes without saying that if the Soviet Union really wants to reduce its SS-20 missiles in Europe then it should destroy them on the spot and not attempt to transfer them elsewhere.

Moreover, as the Soviet Union has already deployed a large number of SS-20s in its Asian region, which constitute a major threat to the security of the Asian countries, people be-

lieve that the Soviet Union ought to greatly reduce the number of these missiles in the Asian region.

The Soviet Union and the United States have been holding "Euromissile" talks on and off for one-and-a-half years but have made no progress. The basic reason for this is because they do not really want to reduce their nuclear arsenals, but want to use the talks as a means of weakening the other to gain military superiority.

Although the two superpowers have talked a lot about disarmament and have held bilateral disarmament talks year after year, not one missile or weapon has been reduced. Instead, their arsenals are grow-

ing ever bigger and the arms race is becoming ever fiercer. This is a great satire on their self-proclaimed "sincere desire" for disarmament.

The two superpowers have already gone a long way in their arms race. The people of all countries in the world strongly demand that they stop their arms race and begin treating the disarmament issue in a serious and responsible manner. Whether or not the two superpowers are sincere about disarmament will be seen by their actions in handling the nuclear disarmament problem and on other disarmament issues.

— "Renmin Ribao"  
Commentator

### Viet Nam

## 'Partial troop withdrawal' trick

RECENTLY the Vietnamese authorities announced that Viet Nam had decided to withdraw one division and six attached brigades or regiments from Kampuchea between May

2 and the end of this month. This is the second announcement of "partial troop withdrawal" within less than ten months.

Last July Viet Nam announced that it would "partially withdraw" troops from Kampuchea. However, the fact is that it did not withdraw its troops but rather sent new troops into Kampuchea and moved weapons into the Kampuchean-Thai border region. In March-April Viet Nam launched new military offensives along the Kampuchean-Thai border and intentionally invaded Thai territories many times. This proves that the July announcement of a "partial troop withdrawal" was completely a fraud.



Cartoon by Fang Cheng

The only difference between this announcement of "partial troop withdrawal" and the previous one is that the Vietnamese authorities have pretended to invite foreign reporters to witness the "troop withdrawal" from the Kampuchean-Vietnamese border area to prove that this is a "real troop withdrawal." But the Vietnamese authorities cannot conceal the following facts:

1) The alleged withdrawal of one division and six brigades or regiments of the total of 200,000 occupation troops from Kampuchea cannot alter the essence of Viet Nam's occupation of Kampuchea or reduce the threat to Thailand's security. If Viet Nam is honestly prepared to solve the Kampuchean problem, it should first of all announce that it will unconditionally withdraw all its troops from Kampuchea and respect the Kampuchean people's right to self-determination. Only after all Vietnamese troops are withdrawn can Kampuchea's internal problems be resolved by the Kampuchean people.

2) The Vietnamese authorities have announced only their "withdrawal" but not their reinforcement of troops in Kampuchea. Nor will they invite foreign reporters to observe their reinforcement of troops in Kampuchea. It is easy for them to move more troops into Kampuchea along the 1,000-kilometre frontier while making a show of pulling out one division or so.

Therefore, like the previous one, this Vietnamese "partial troop withdrawal" is a fraud, simply one more diplomatic and propaganda offensive.

By engineering such a new "offensive," Hanoi hopes to make the countries of the Association of Southeast Asian Nations (ASEAN) accept its proposed "dialogue" between ASEAN and Indochina. On April 28 when the Vietnamese authorities announced the "partial troop withdrawal" from Kampuchea, Vietnamese Vice-Foreign Minister Ha Van Lau urged the ASEAN countries to hold "talks" with Viet Nam and Laos excluding the Heng Samrin regime. Should ASEAN reject the Vietnamese proposal, Hanoi can easily shift the blame on to the ASEAN countries for sabotaging "dialogue" and "making tension," etc.

The "troop withdrawal" gesture is also intended by Hanoi to counter the resolutions of the UN General Assembly and the Declaration of the International

Conference on Kampuchea. In accordance with the UN resolutions Viet Nam should withdraw all its troops from Kampuchea without any condition. And now it is trying to resist the UN resolutions by the "withdrawal" of one division and several regiments.

The Kampuchean people's right to self-determination can be guaranteed only after all Vietnamese troops have been pulled out of their country. The withdrawal of one division or so will in no way lessen Viet Nam's violation of the basic rights of the Kampuchean people. The latest Vietnamese show of a "partial troop withdrawal" from Kampuchea is obviously a smokescreen aimed at disguising its continued military occupation of Kampuchea.

— Guo Dong

## Poland

### Economy's 'prudent optimism'

**A**LTHOUGH first quarter production figures showed further improvement, Poland still faces serious economic difficulties because of its severe economic crisis.

Economic improvement is primarily reflected in industrial production which has been picking up monthly since last August. According to the Polish Statistical Bureau, in the first quarter of this year, total adjusted sales of products by state-owned industrial enterprises was 11 per cent higher than that of the corresponding

period last year, and 2 per cent higher than for the fourth quarter of 1982.

In 1982, Polish industrial recovery relied mainly on rapid production increases in the mining industry. This year, however, an overall recovery trend has emerged in all industrial sectors. While the mining industry has developed steadily, anthracite, lignite, natural gas and copper production have also fulfilled their quarterly targets. Processing industry production, while encountering many difficulties,

has also risen monthly; first quarter total sales was 12 per cent higher than last year.

In foreign trade, total first quarter imports, calculated at current prices, increased 24.2 per cent over the corresponding period last year, while total exports rose by 12.6 per cent.

These improvements are, of course, a good beginning, but generally speaking, the economy has not yet shown a fundamental turn around. Although production of public industrial production has begun to pick up as a whole, total sales has in fact only reached the already depressed level of the 1981 first quarter. Commodities are still in short supply, far below domestic market and export needs. In addition, the problems of low labour productivity, operational inefficiency and poor management remain unresolved.

## Rwanda

### Developing national economy

**R**WANDA, a landlocked African country with a dense population and poor natural resources, has steadily improved its national economy in the past 10 years.

Efforts to develop the mainly agricultural economy began with the country's independence 20 years ago and have grown since 1973 when President Juvenal Habyarimana took office.

The country now has a balanced state budget, a stable currency and a steady increase in foreign exchange reserves. Its GDP (Gross Domestic Product) has grown by an average of 4.8 per cent annually for 10 years.

In agriculture, state-owned warehouse grain supplies are low and purchases of important products have continued to fall. First quarter livestock and egg purchases fell 9.7 and 28 per cent respectively from last year.

Inflation resulting from too rapid income increases, and a shortage of commodities and services is still an unsolved problem.

W. Sadowski, Director of the Polish Statistical Bureau, said at a recent news conference that Poland still faces a grave economic crisis. Neither a pessimistic nor an overly optimistic evaluation can be drawn from the first quarter economic indicators. The recent Polish News Agency use of the words "prudent optimism" to summarize the 1983 economic situation would seem reasonable.

— Yan Zheng

Cultivated land in Rwanda increased from 720,000 hectares in 1973 to 980,000 hectares in 1980. Agricultural output rose from 3.12 million tons to 4.24 million tons in the same period. The yearly increase rate for grain in the period of the Second Five-Year Plan (1977-81) was 3.5 per cent and for livestock it was 4 per cent.

The country has 133 industrial plants including 29 agricultural processing and food factories. The volume of foreign trade increased from 9.5 billion Rwandan francs (92.84 Rwandan francs equal one US dollar) in 1974 to 28.5 billion francs in 1979.

National economic growth has boosted living standards as

well. The income of the peasantry has increased considerably because the government has raised the purchasing price of agricultural products many times. Meanwhile, the government also raised the pay for urban employees in 1978 and 1980 by 10-25 per cent. Now, the home market is flourishing and commodity prices are stable.

Observers note that Rwanda can maintain a stable economy while the world economy is torn by crisis mainly because its government has pursued domestic and foreign policies that conform with the country's specific conditions.

The country is now facing such problems as a lack of skilled workers and a rapid population growth rate which is larger than the increase rate of grain.

The Rwandan Government is concentrating on surmounting these difficulties during its Third Five-Year Plan (1982-86). In that period the country will make efforts to attain self-sufficiency in grain, reform secondary and higher education, improve public health, housing and recreation and develop relations with other countries.

— Xin Ping



# Chinese Ambassador to the USA On Sino-US Relations

*Speaking at a luncheon given in his honour by the National Committee on US-China Relations on May 2 in New York, the Chinese Ambassador to the United States, Zhang Wenjin, said that the key to developing Sino-US relations was the "establishment of mutual trust." He also commented on the Taiwan question and trade relations between China and the United States. —Ed.*

**A**MBASSADOR Zhang Wenjin said: "When we both have so much to gain from better and broader relations, it would be a real tragedy to see the assiduously worked out relationship damaged by obstacles and a lack of trust."

He said: "Guided by its overall foreign policy, China stands for establishing enduring and stable relations with the United States on the basis of the joint communique of January 1, 1979, on the establishment of diplomatic relations and the August communique of last year, both of which reaffirmed the principles of mutual respect for sovereignty, mutual non-interference in each other's internal affairs and equality and mutual benefit as the guiding principles of our relations. We consider such a kind of relationship between our two countries to be not only in the fundamental interests of both our peoples but also conducive to world peace and stability."

"Economically, China now pursues a policy of opening to the outside world, which has brought about the flourishing economic co-operation and trade between China and many other countries. For instance, Chinese and American companies have in recent years signed more than 100 contracts and agreements, including 30 joint ventures and 56 co-production projects. Such projects range from technical co-operation agreements on shipbuilding to drilling for offshore oil and opening of coal mines across the length and breadth of China. What is more, a variety of economic and technical co-operation projects are being discussed at this very moment," he said.

He pointed out: "However, our relations are not all smooth sailing. As Chinese leaders recently said, China is not pleased with the present condition of Sino-US relations, and the

chief obstacle to the development of our relations is the Taiwan question."

He recalled, "the question of Taiwan was all along a key issue obstructing the normalization of our relations, and normalization became possible only after the US Government, in the joint communique of January 1, 1979, came to recognize the Government of the People's Republic of China as the sole legal government of China and acknowledge China's position that there is but one China and Taiwan is part of China."

## Chief Obstacle

"It is, however, most regrettable that soon after the opening of our diplomatic relations, the United States passed the 'Taiwan Relations Act,' which makes Taiwan out to be an independent political entity. In disregard of China's sovereignty over Taiwan, the US side tries to use the act to justify its continued arms sales to Taiwan. This constitutes an encroachment upon China's sovereignty and interference in China's internal affairs, and runs counter to the joint communique on the normalization of our relations. The act naturally aroused the strong indignation of the Chinese people and they will never accept this unilateral US action," he said.

"As a proof of our genuine desire to maintain good relations with the United States," he said, "we have made a major concession by treating the US sale of arms to Taiwan as a question left over from history, and the two sides concluded the August communique of last year on ways to resolve this problem."

He said: "The US Government states in the communique that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years and that it will gradually reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution. Yet hardly had the ink on the communique dried when the US Government announced a series of new arms sales to Taiwan. Recently it even announced a projected level of its arms sales to Taiwan for fiscal 1983 and 1984, which far exceeds the level

of recent years. To make matters worse, in its public statements, the US side often twists the meaning of the communique, insisting that the US shall keep up pursuing its present policy of selling arms to Taiwan so long as Taiwan's reunification with the motherland has not materialized. All this is totally unacceptable to the Chinese people."

"China wishes to develop friendly relations and co-operation with other countries, including the United States, but no one should ever expect that China would place this above the principle of safeguarding its national dignity, sovereignty and territorial integrity," he said.

### **Trade Relations**

On trade relations, the Ambassador said: "The rapid development of trade between us has brought substantial benefits to the two peoples. However, it is not to be overlooked that China's total trade deficit with the United States from 1972 to 1982 amounts to more than US\$11 billion. While the most-favoured-nation clause in our trade agreement has yet to open the US market wide enough for Chinese goods, the US Government's unilaterally imposed quotas on imports from China and anachronistic rules in its trade legislation against China have a negative impact on the expansion of trade."

"As regards technology transfer to China," Zhang said, "steps towards relaxation of restrictions are welcome, but the movement is very slow. China still fares much worse than many other countries which have normal relations with the United States. Export licences to China are slow in coming with many applications killed on the way. Even with those items of technology approved for export to China, the US side has often imposed strict restrictions, aiming at lowering the performance of certain equipment."

On the case of Hu Na, Chinese woman tennis player, the Ambassador said: "The granting of 'political asylum' to Hu Na by the US Government was a serious political incident. Hu Na was never persecuted in China, nor will she ever be if she returns home. The US Government's decision is viewed by the Chinese people as an open insult to China and aroused their strong indignation."

The Ambassador stated: "So long as both Governments strictly adhere to the Sino-US joint communiqués and the principles of mutual respect for sovereignty, non-interference in each other's internal affairs and equality and mutual benefit, Sino-US relations will continue to move forward." □

## **Chinese-Type Modernization (11)**

# **Reform Holds the Key to Success**

by Ren Tao

**R**EFORM is the kingpin of modernization — the Chinese way. Without reform, modernization, such as it is blueprinted today, will come to nothing. Reform will go all the way in the modernization process and involve every field of endeavour. Though the measures of reform in the past few years have brought some results, much remains to be done.

How will China go about the job? The question has attracted attention far and wide. One comment abroad has it: China, unable to stay the course of socialism, has turned to capitalism. Another puts it thus: Reforms have created contradictions endangering the existing

social system. The result, so we are told, can only be that the reforms already instituted will have to be abandoned. Will that be the case?

### **Why Reform?**

Socialist society undergoes constant change and development. As Engels pointed out: "In my opinion, 'socialist society' is not something immutable. Like other social systems, it should be viewed as a society which is destined to change and reform itself constantly."

The contradiction between the productive forces and the relations of production, being

the basic contradiction in all societies, is the main motivating force of progress. Socialist society is no exception. What makes a difference is that in socialist society the principal aspect of contradiction is no longer one between the socialization of production and the private ownership of the means of production and the derivative antagonism between the two major classes from that contradiction. Instead, the main contradiction lies in the clash between the growing material and cultural needs of the people and the backward social productive forces. As it is, a socialist country should from time to time adjust certain links in the relations of production that are at odds with the development of the productive forces in order to impel society forward. In this sense, reform is revolution, and profound revolution at that.

Today, however, our socialist economy lacks the vigour it should have, which is a major defect. In other words, the enterprises lack initiative and flexibility and the workers and staff lack enthusiasm and a sense of responsibility. The question inevitably arises. What's wrong? If in a socialist society the means of production has been put under public ownership and a planned economy set in motion, thus eliminating the economic base which gave birth to the system of exploitation of man by man and if the working people have become masters of the country, why can't the economy generate to the fullest possible extent its vigour and vitality? The trouble has nothing to do with socialist public ownership but with the outdated method and mechanism of management used over the years that stifled people's enthusiasm. Economic management tends to produce a great impact on the development of the productive forces, spurring people to aim higher and do better as well. Therefore, an advanced socialist public ownership must be complemented by an advanced form of operation plus a sound system of management to give full play to the initiative of the enterprises and their workers.

The system by which China managed its public economy took shape with a foreign model in mind during the 1950s. Subsequently changes were introduced but then were disrupted by "Left" guidelines. In any case, as we can see now, they were generally not a success and were unsuited to China's specific conditions and the developmental level of the productive forces.

The major problems were: a lack of diversity in the forms of economy and undue zeal to

aim at too high a degree of socialization; over-concentration of the power of management at the central level and lack of power of decision on the part of the enterprises; excessive administrative measures and neglecting the law of value and the principle of distribution according to work. Here the "iron rice bowl" (lifetime employment) in the system of employment is one glaring example; "all helping themselves from the public pot" (levelled pay without regard to performance) in the system of distribution is another. Furthermore, the cutting up of economic activities by administrative division and by the organizational system also hampered economic development. The sum total of all this explains why our socialist economy has suffered from a lack of vitality in the past. The situation cries out for reform.

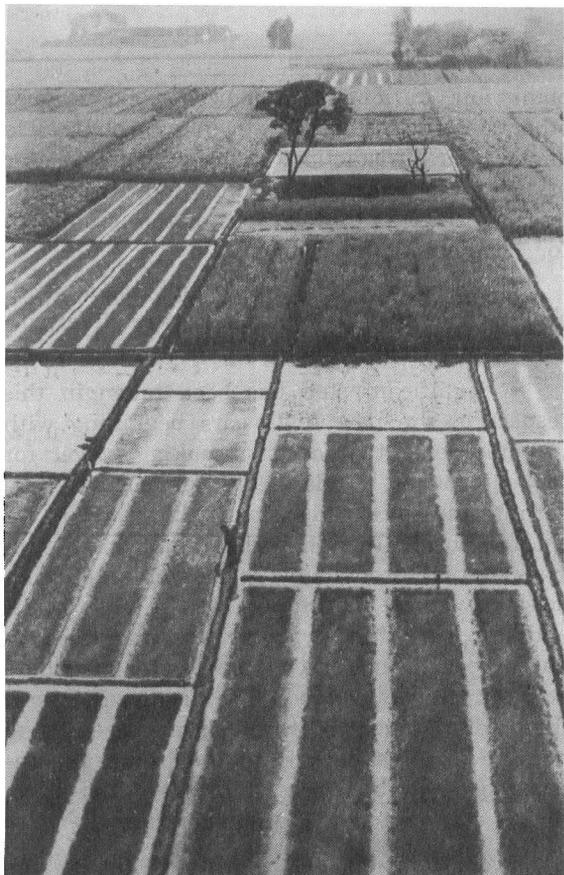
### **Reform Begets Vitality**

Agriculture was where the reform in the economic sphere initiated in 1979 made the first major breakthrough. The primary farming units, called the production teams, with power to manage their own affairs, now, apart from growing grain, set to developing a diversified economy. At the same time, while abiding by the principle of public ownership of land and other basic means of production, they followed a widely accepted new system of responsibility under which individual peasant households entered into contract for fixed quotas of production. This new system made the hitherto organizational form of agricultural production obsolete and impossible for loafers to continue to "help themselves from the public pot" while fooling time away.

Tremendous vigour was injected into the rural economy, and as reform pursued its course, great changes came over the countryside, inspiring in the wake reform in the other fields of endeavour.

In the cities, diverse economic forms were introduced, which gave more decision-making power to the enterprises and opened up more channels for commodity circulation. Different forms of the system of responsibility were tried out and initial satisfactory results ensued. However, the urban economy is far more complex than agriculture. At present, only minor reforms are being experimented, but major reforms will be on the way, to be instituted step by step and tried out on the basis of exploration.

Where will the reforms lead to and what's their goal?



A commune's seed multiplication farm set up in Jiangxi's Gaoan County following the adoption of the contract system of responsibility.

**1. Subject to upholding the leading role of the state-owned economy, actively develop the collective and individual forms of economy.**

Our goal is to establish a system of ownership commensurate with China's present developmental level (low and uneven) of production. Industry of the modern type, wholesale business and major retail commerce, mechanized state farms, communications and transport and other economic lifelines will be operated under ownership by the whole people and kept in the hands of the state. The collective and individual economies will be given more scope in the spheres of agriculture, small-scale industries, handicrafts, ordinary retail commerce and service trades. In addition, some joint ventures with Chinese and foreign investment will be selected for bigger development and there will be various structures of association of enterprises under different forms of ownership for joint operation. In this way, the diverse economic forms based on the socialist public ownership will, within a definite scope of management, turn the advantages so gained to full account and complement each other.

Even enterprises owned by the whole people should, in accordance with the scale of production and importance of products, adopt flexible and diverse methods of management, such as operation by the state, operation by workers as a collective and in some cases even by individuals under contracts.

**2. Reform the management system by adhering to the principle of assigning the leading role to planned economy and the supplementary role to market regulation.**

Economic management consists mainly of two parts: the primary part and important products affecting the economy and the people's livelihood must be placed under the control and guidance of the state plan so that they will develop smoothly and proportionately. The subsidiary part and secondary products should be regulated by the supply and demand of the market. Both parts require the adoption of economic, legal and administrative measures, especially the aid such as price, taxation and credit to serve as regulating economic levers. The state plan can of course play its role in guiding economic activities, but not by administrative measures alone. It must use the law of value and the principle of exchange at equal value to ensure that the content and method of the plan are geared to actual circumstances.

Prices in China today are very much out of joint with reality. While the entire price system must be reformed in a fundamental way, it is hard to do so at present. In the next few years, only the very unreasonable prices of consumer goods will be revised, up or down, if the general level of prices can be maintained basically stable on the market. Where capital goods are concerned, adjustments of unreasonable prices will be speeded up if this does not affect the retail prices of consumer goods. In addition, prices may float within certain limits for the same product according to quality and changes in supply and demand.

Taxation is an important economic lever which we use at present. Experiments carried out in more than 400 state enterprises prove that the change from handing over profits to paying taxes to the state by the enterprises has yielded better economic results. The State Council has decided that this reform will go into effect in all enterprises as of June 1983 and that new categories of taxes will be levied. The state will make reasonable increases in the tax rates for products with a high price tag and making big profits; it will lower the rates for products that are low in price and carry a small-

er margin of profit. Individuals with incomes over a certain figure will have to pay income tax.

In extending credits to the enterprises, the banks will make themselves available first of all to the best-operated enterprises and effect a floating interest rate.

By using the above-mentioned economic levers plus necessary economic legislative and administrative measures, we expect the following management system gradually to be established: Developing the macro-economy (of the state) in a co-ordinated way under the guidance of the state plans and policies and invigorating the micro-economy (of the enterprises) through market regulation.

**3. Break down the barrier of administrative division in production and circulation, develop mass, socialized production and socialist commodity commerce.**

Clearly, the solution lies in placing emphasis on developing the role of key cities while giving play to the part played by trades.

There are 222 cities of importance in China with two-thirds of the nation's fixed assets and workers and staff, 75 per cent of industrial output value, 82 per cent of the taxes and profits turned over to the state. A product of the commodity economy, cities assume the leading role in the nation's economy. They must break down administrative barriers between departments and between regions and develop economic ties with neighbouring regions and different trades.

Since liberation, China has adopted an organizational system under which city and prefectural organs in the same place in effect overlap each other, and in some cases cities are even placed under prefectural jurisdiction. For instance, Shandong's Yantai Prefecture oversees the administration of Yantai city. Such an organizational system is not conducive to the development of the commodity economy. Experimental reforms are being initiated in Jiangsu and many other provinces.

Reforms are likely to be conducted this way: In the economically more developed regions, prefectural administrative offices will be abolished and cities will take over to give direct leadership to the surrounding rural counties with their towns and villages forming a kind of conurbation. In less developed areas, prefectural administrative offices will be restructured to serve as agencies of the provincial governments and cease to directly manage economic affairs. In this way, cities can map out overall

plans and rationally organize economic and other construction tasks in town and countryside under their jurisdiction. This will give better effect to the principle of taking industry as the leading factor and agriculture as the foundation for developing the economy.

**4. Turn the enterprises from being appendages to administrative organs into relatively independent, vigorous economic entities.**

A significant step has been taken in this respect in the past few years beginning with the enlargement of decision-making power for the enterprises. Today, most of them have a definite measure of decision-making power, including power, though within limits in this respect, to plan production, power to market products, power to retain portions of the profits and use their funds, power to make selective purchases of materials, power to distribute bonuses, power to appoint or dismiss cadres at the medium level. With much greater room to manage and manoeuvre on their own, the enterprises show a new lease of life. The direction is correct and will go on for sure.

From now on, the ministries, textile and metallurgy, for instance, and other government departments concerned will concern themselves mostly with matters of principles, policies, plans and take on work of co-ordination and other services in their stride.

The division of labour between administrative offices and enterprises makes it possible to restructure industry, trade by trade, according to the needs of each specialized department. Specialized companies, by themselves or in association with one another, are formed with independent business accounting units to simplify the multi-level administrative structure, overcome bureaucracy and raise work efficiency. Shipbuilding and auto-making companies, non-ferrous metals and other national companies as well as regional or transregional companies of other trades are also coming into existence apace.

**5. Do away with the distribution system which allows everyone to "help himself from the public pot." Implement the principle of distribution according to work.**

Absolute egalitarianism in pay without regard to the effective amount of work one contributes to society has resulted in blurring any distinction between those who do more and those who do less. This is meant by "helping oneself from the public pot," a major cause for the lack of economic vigour.

"Helping oneself from the public pot" was the order of the day during the years when absolute egalitarianism was extolled as the "superiority of socialism" and the principle of distribution according to work discredited as "bourgeois rights." It was not until after 1978 was this error corrected.

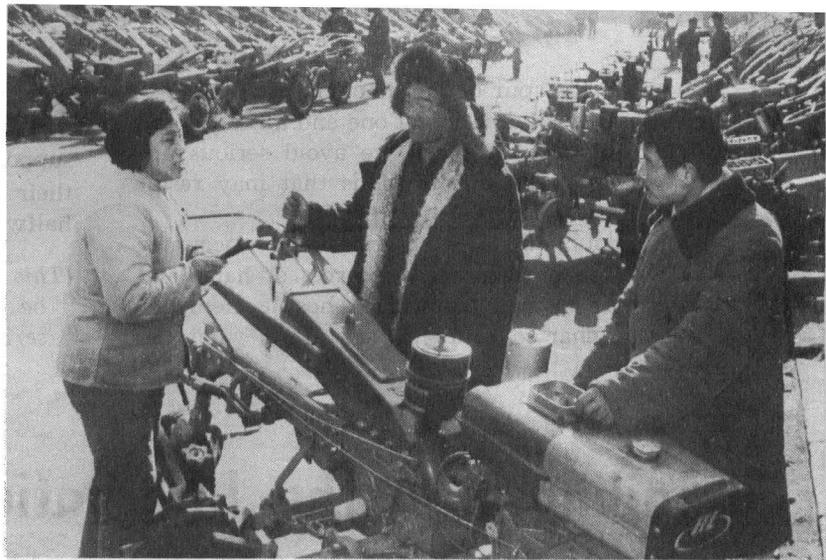
The responsibility system adopted first in the countryside and then in cities in the last few years is a reform pregnant with significance in wiping out the waste and damage caused by "helping oneself from the public pot." The basic contents of the responsibility system include: A contract system between the enterprises (or collective economic unit) and workers, which clearly defines the rights and duties (responsibilities) of both, links pay with performance and output and ensures a proper balance of earnings to be shared among the state, the enterprise (collective) and the individuals. (The state should get the lion's share of the profits, bigger than the enterprises' and the individuals'.) The contract system rewards the diligent and penalizes the lazy, quickly transforms the easy-going, conservative and wasteful habits common in the enterprises in the past. This reform has spurred changes in the personnel, recruitment, wage and reward systems as well as management of the enterprises.

Alongside the economic reform, it may be mentioned in passing, are political and cultural reforms and the reform of the state institutions.

Although many practical problems have cropped up in the reforms and there must be an ongoing effort to search for more and better concrete forms, the general direction and goal have been set. The principal criterion for weighing up all these reforms lies in whether they facilitate the building of socialism with features peculiar to China, and whether they bring prosperity to the state and happiness to the people.

### Prospects

It is clear from what has been written above that the reforms now in progress in China cover a wide range and use, in certain aspects beneficial experiences in the capitalist countries. But the reforms as such involve only management



Better-off peasants are keen on getting their own walking tractors.

methods, work systems and concrete forms. The basic factors that determine the nature of socialist economy are public ownership of the means of production, planned economy and the principle of distribution according to work. All this remains the same, not to be altered in any way. If anything, they will gradually be consolidated and perfected in the process. There is no reason to believe that the reforms will cause China to "turn to capitalism."

What we are going to do away with in these reforms includes the lopsided, unitary form of economy, the over-concentration of power in management, the administrative barriers blocking economic activities, the malpractice of allowing everyone to "help himself from the public pot." They are not inherent in the socialist system or the socialist economy but are negative factors that have hindered the socialist system from demonstrating its superiority. In the final analysis, these negative factors are either a legacy inherited from the old society or the consequences of our inexperience, but above all they are the products of "Left" ideology. Their elimination will clear the way for the development of the socialist economy and bring out its innate vigour. How then can the reforms be described as "endangering the socialist system"?

China's reforms are being conducted in a planned way on the basis of summing up historical experiences and correcting erroneous guidelines. The country is going about the job cautiously and in the light of realities and objective conditions. All reforms are first tried out in a small way before being popularized throughout the country. They are not intro-

duced on the spur of the moment, nor are coercive measures taken to get one and all to toe the line. For only thus can we avoid serious upheaval and certain confusions that may result from the reforms.

Undoubtedly the reforms may encounter obstruction of conservative forces of habit and resistance from a handful of hostile elements. But the charted course is set. It is what the

nation wants and needs. The general trend of development is inexorable. With the people's support, the reforms will be carried through to their logical conclusion. They will not stop halfway.

*(This is the last article of the series which will be published in book form in "China Today" series and distributed abroad. — Ed.)*

## Sailing Into the International Market

by Our Correspondent Jian Chuan

**China entered the world shipbuilding market in this decade and has already demonstrated tremendous potential to expand and adapt to the needs of its international customers.**

**Now it has to import 50 per cent of the equipment it installs on ships. However, the industry seeks to raise enormously the rate of self-sufficiency in component parts for shipbuilding by 1985.**

**I**N its 1981 annual report, the British publication Lloyd's Register of Shipping said that people noted with great interest that China's

shipbuilding capacity was getting into the world market on a noticeable scale.

The register, an internationally recognized reference source for information about non-military ships, first acknowledged China's emergence as a ship exporter only in 1980.

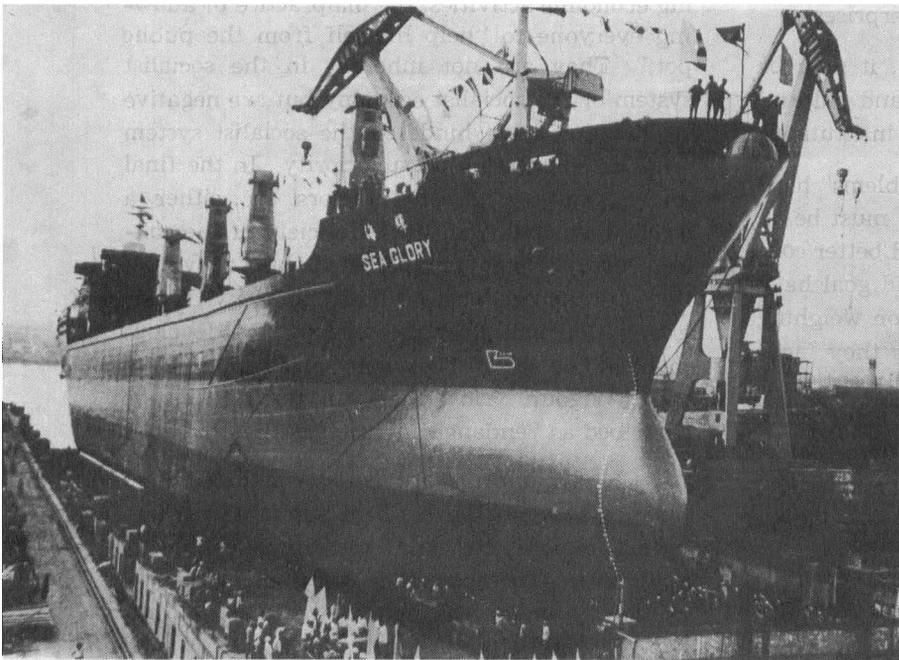
By the end of 1982, China was busy filling orders from abroad for 900,000 tons of ships, including 34 ships larger than 10,000 tons that totalled 770,000 tons.

Amidst a worldwide shipbuilding slump, China received orders for bulk carriers, container ships, engineering ships and offshore drilling rigs — orders that were as varied as the customers — from Xianggang (Hongkong), Singapore, Romania, the United States, West Germany, Italy and Norway.

China has already delivered three drilling rigs and 12 ships totalling over 200,000 tons, including the *M.V. Regent Tampopo* and *M.V. Baronía* (27,000-ton-class bulk carriers).

These two vessels, designed and built by the Dalian Shipyard, were constructed under the supervision of shipowner representatives and surveyors for Lloyd's Register.

Not only were the ships found to meet international standards, but the inspectors could find no errors.



**"Sea Glory" constructed by the Dalian Shipyard for Xianggang's Green Island Cement Inc.**

A surveyor for Lloyd's Register was so doubtful about one zero error finding that he checked and rechecked. Finally he held his thumb up for approval. The welds, installations and paint work as well as the standards of stability, vibration, noise and interior decoration in the cabins were all up to advanced standards.

President R. Huskisson of Lloyd's Register said that launching of the *Regent Tampopo* marked a new era for China's shipbuilding industry.

This beautiful and practical vessel will serve as a prototype to convince sceptics in Hongkong and Britain who have doubted China's shipbuilding capabilities, according to H.E. MacGrady, technical manager of Tokyo branch of the Hongkong Regent Shipping Ltd.

The two ships were completed early last year and have since sailed to Japan, the United States and Canada through rough weather and numerous loadings and unloadings.

During its maiden voyage to Canada, the *Baronia* successfully weathered Pacific storms with winds of force 9 (on a scale of 12, where force 12 is a hurricane). At the end of the journey, the captain and chief engineer sent the Dalian shipyard a joint cable praising the ship's design and construction.

### Industry Growth

China's shipbuilding industry began as a repair and replacement business. It has grown considerably in its 30-odd years and has developed a capable technical force. It now includes a complete system of scientific research, designing, component parts manufacturing and final assembly.

Before 1980, when the industry's main market was domestic, it built nearly 10,000 vessels, including more than 100 ships of the 10,000-ton class. When China launched its carrier rocket in the Pacific Ocean in May 1980, the mission was supported by 18 ships, including guided missile destroyers, that functioned in capacities such as scientific investigation, surveying and oil and water-supply.

The excellence of China-made ships has been confirmed by shipbuilding experts from the United States, West Germany, Britain, Japan, Denmark and Xianggang who have visited Chinese shipbuilding facilities.

The demands of the international market have catalyzed some changes in China's shipbuilding in recent years, especially in technological quality and management techniques. The

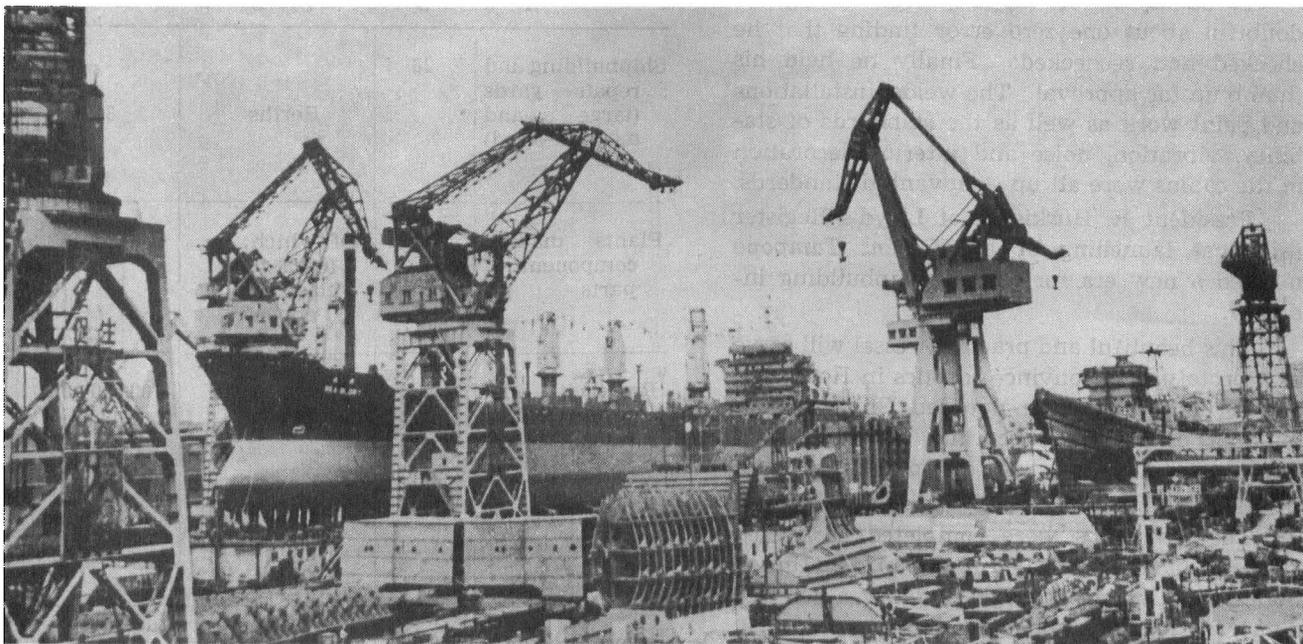
### Shipbuilding Industry Figures

Shipbuilding and repair yards (large and medium-sized)	26	Berths	81
Plants making component parts	66	Of which: 10,000-ton class and above	14
Research and design institutions	33	The biggest berth	100,000-ton class
Institutions of higher learning	2	Docks	26
Workers and staff	300,000	Of which: 10,000-ton class and bigger dry docks	11
Of which: Scientific and technical personnel	37,000	The biggest dry dock	50,000-ton class
Metal-cutting machine tools	29,000	10,000-ton class floating docks	3
		The biggest floating dock	25,000-ton class

industry has increasingly adjusted its methods to ensure that export ships meet prevailing international rules and regulations and standards of quality and that they are delivered on schedule.

The 84-year-old Dalian Shipyard, one of China's top export ship producers, exemplifies that process. Located at the southern tip of northeast China's Liaodong Peninsula, the yard has 16,000 workers and staff members and is capable of designing and building numerous vessels of less than 100,000 tons and several kinds of drilling rigs.

Although it still employs some outmoded technical equipment, it simultaneously uses new machinery that represents the most advanced international technology of the 1970s.



A glimpse of the Dalian Shipyard.

The section chief of the cutting section of the hull workshop said that 80 per cent of the steel plates for exported ships were cut by programme-controlled machines. The computer programmes the machines to meet exact specifications and can direct the simultaneous cutting of three steel plates 2 metres wide and 7 metres long.

The production of component parts is also improving. By the end of 1982, seven items produced by the yard had been approved by Lloyd's Register.

The yard has implemented total quality control measures since 1980 and has trained the cadres, engineers, technicians and workers to meet quality standards.

An overwhelming majority of the shipyard workers began to work there during or after the chaotic 1966-76 period, and they required technical training. To this end the shipyard has drawn on numerous specialists.

For instance, to maximize the use of paint imported from Japan, the shipyard invited representatives from the paint company to lecture on its uses and properties. Workers were required to pass an examination on the informa-

tion presented before they could be assigned to work with the paint.

### **Management Reforms**

Until recently, the management of shipyards was plagued with problems dating to the founding of the People's Republic in 1949. At that time, shipyards were put under the jurisdiction of either the Sixth Ministry of Machine-Building Industry or the Ministry of Communications. Because the two ministries functioned differently, the shipyards' potential could not be maximized with these constraints.

In May 1982, as part of the national effort to reform management, the state decided to abolish the Sixth Ministry of Machine-Building Industry and set up the China State Shipbuilding Corporation. The corporation also includes numerous shipyards and institutions originally subordinated to the Ministry of Communications.

Pan Zengxi, deputy general manager in charge of the corporation's export trade, explained that the corporation is an economic organization and handles its production and operation independently. It is not bound by restrictions imposed by departments or regions and will undertake national planning for shipbuilding. This will be a substantial step away from the past, when many work units functioned simultaneously and reduced work efficiency.

The corporation has three branches, one in Shanghai, one in Guangzhou and one in Tianjin and plans to establish others. Management will function on only three levels: Head office, local branches and enterprises.

The local branches have the authority to respond to market changes with flexibility, to hold direct trade negotiations and to conclude import and export agreements with customers.

At present, the major shipyards in Shanghai are moving towards consolidating construction of the final product, while the parts formerly manufactured by these shipyards are being produced by component parts plants in Jiangsu Province.

To further expand the export business, the corporation will adopt the following flexible measures:

— In accordance with international conventions, it will finance ships through low-interest loans and deferred payments. Last year, it signed contracts to build eight work boats for Norway in this way.

— China has signed mutual technical inspection agreements with Lloyd's Register and the proper organizations of France, Norway, West Germany, Democratic People's Republic of Korea, Poland, Romania, Yugoslavia and the Soviet Union.

— Shipowners can use Chinese designs, designs jointly developed by China and other countries or their own designs.

— The shipyards will install equipment of world famous brands produced in China under licence, products provided by shipowners or products of other countries.

— Technical maintenance service stations will be set up in Xianggang and China's coastal harbours to provide maintenance service for the exported ships.

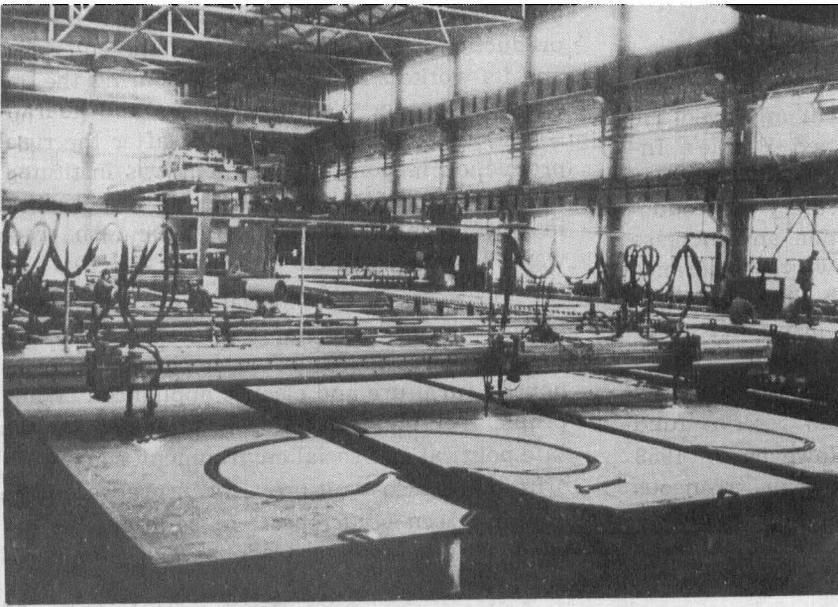
Pan Zengxi noted that China has a considerable capacity to produce component parts and can manufacture the main engines, auxiliary engines, deck machines, and communications, navigational and other equipment. However, some items have not yet been approved internationally.

Since 1978, China has contracted to introduce new technology from famous firms of Switzerland, Denmark, the United States, West Germany, France and Japan and has acquired agreements to produce some of their products independently or jointly. Sulzer diesel engines of Switzerland and the marine cranes of West Germany are manufactured by plants in Shanghai and Nanjing and have been used to equip export ships. China expects to raise its capacity to provide equipment for export ships from 50 per cent at present to 80 per cent in 1985.

China is a developing socialist country and has a vast domestic market. Despite the depression in the world shipping industry and the declining international demand for ships, prospects for China's shipbuilding industry are good. China must constantly expand its fleet of ocean-going ships and expects to upgrade a large number of ships each year. Conditions for China's inland navigation are favourable and there will be a great demand of various vessels for offshore oil exploitation. Last year, the China State Shipbuilding Corporation accepted orders for 250 ships totalling 2,566,000 tons. Most of these ships will be delivered before 1985.

Chinese shipbuilding can be expected to continue the expansion of both its domestic and export trade. □

Digital-controlled cutting machines manufactured by the Dalian Shipyard.



# China's Insurance Business Revitalized

**Inspired by the new domestic and foreign economic policies China's domestic insurance business is being reinvigorated, and its insurance business with foreign countries is being expanded.**

CHINA'S domestic insurance business was restored in November 1979 after 20 years of disuse. Since then, it has developed rapidly as a new emerging business in socialist construction.

Today, the People's Insurance Company of China has a staff of 15,000. Headquartered in Beijing, it has some 800 offices across the country, including 70 which conduct international business transactions. In addition, the company has agents who inspect and settle claims in more than 100 countries and regions.

In 1982, insurance policies were purchased for social property amounting to 350,000 million yuan. All but 10,000 million was for state-owned enterprises, so that 42 per cent of the total fixed asset and circulation funds of state-owned enterprises are now insured. In addition, 2.1 million families insured their property. The premiums collected from domestic policies amounted to 700 million yuan. The company's international insurance business has also picked up with an increase in the number of items being insured, for a total of 270 million yuan.

## **Discarded as "Superfluous"**

After the founding of New China in 1949, the Central People's Government approved the establishment of the state-owned People's Insurance Company of China. Its policy was: "to protect state property, ensure safety in production, promote material circulation and increase the people's welfare." This new-type insurance business directly served the building of New China and the interests of the broad masses of people. Hence, its rapid development. During the decade from 1949 to 1958, the company accumulated a 1,200 million yuan reserve fund after necessary indemnity. However, in 1958 the country was influenced by an erroneous Left tendency characterized by unrealistically high production targets, boastfulness and the

stirring up of a "communist wind." People thought that the costs of birth, old age, sickness, death and disastrous accidents in factories and mines would all be covered by the state. Domestic insurance thus was seen as "superfluous" and was abandoned.

Later facts proved that abandoning domestic insurance was a big mistake. In fact, the practice increased the state's financial burden by requiring it to provide relief funds to cover economic losses caused by disasters of various descriptions. It became clear that although there is a labour insurance system and social welfare under socialism, the state cannot take on every hazard in the economic field. Many economists agree with this statement: "In such a big and poor socialist country like ours, if no insurance funds are set up to cover compensation for unexpected incidents, but instead costs are paid through the state treasury when the accidents occur, it will mean unpredictable disruption of the balance of state finances, which is incompatible to socialist planned economy."

The country's modernization drive and the economic reforms in recent years have contributed directly to revitalizing the insurance business. The financial power of local governments, factories, mines and other enterprises has been expanded while economic system is being reformed. Successful management and production are in the interests of the enterprise and its workers and staff, and insuring the enterprise's property decreases risks and guarantees economic benefits. Besides, after the rural production responsibility system was instituted, hundreds of peasant households that specialized in raising chickens, cattle, fish or cash crops wanted to insure their properties.

Furthermore, in the wake of the increased personal income and improved living standards, families own more insurable goods such as houses, furniture and electric appliances. While people feel their property is protected by the safe political and social environment, some well-off families also want property insurance in case of unforeseen occurrences. In addition, the development of foreign trade and economic co-

operation between China and other countries puts more and newer demands on the international insurance business. All this is paving the way for the revitalization of the insurance business.

### **Wide Domestic Market**

At present, the company's domestic insurance services fall into the following four broad categories: Property insurance, life insurance, liability insurance for those whose economic interests are harmed, insurance to protect the interests of both parties to a contract. The most popular items are:

**Enterprise property insurance:** The policy-holders are mainly state-owned or collectively owned factories, mines and other business enterprises who seek timely economic compensation when natural disasters or accidents hit their workshops, machines or products.

**Family property insurance:** All citizens are eligible to be policy-holders. The policies cover losses to the policy-holders' houses, clothing, furniture, recreational instruments and farm or sideline products due to fire, explosion, lightning, flood, earthquake, landslide or accidents resulting from flying objects. The premium they pay is one to three per thousand yuan RMB of the total value of the property insured.

The company also offers insurance services for cargo transportation, cars, ships, medical expenses and tourism.

Compared with industrialized countries, China's income from insurance premiums is rather small. But China has a big population. Following the development of the country's construction and the improvement of the people's living standard, the domestic market for insurance will expand. Property with a total value of 1,000,000 million yuan could potentially be insured in the near future. The annual premium would be 1,500 million yuan, four times the present figure. Another area for large potential growth is life insurance. If 50 million citizens decide to take out life insurance policies every year, it is estimated that the premium fund will reach 12,000 million yuan in a decade.

### **International Business Getting Brisker**

China's international insurance business has enjoyed non-stop popularity in the international market during the past two decades. In the wake of China's open policy towards the outside

world, new progress has been made in this field. The company's regular services cover transport of import and export cargoes, ships, aircraft, cars, personal accidents, Chinese exhibitions abroad or foreign exhibitions in China. Recently the company has begun to insure 30 new items including construction projects, equipment installation, processing industries, compensatory trade, joint ventures with Chinese and foreign investment, contract fulfilment and insurance against investment failure for political reasons.

Since 1981, progress has been witnessed in the exploration of China's off-shore oil resources. The insurance company quickly offered coverage for oil and natural gas exploration. The British, French and Japanese oil companies who have been co-operating with China in exploring and opening China's continental shelf oil resources all have become the company's policy-holders. The company also offers coverage for China's international shipping, export of ships and contracts for numerous projects abroad. Last year the company earned 22 per cent more from its international insurance business than the year before. Rapid progress has been made in shipping insurance, insurance for the transportation of export goods and other new items. Guangzhou, an important port in south China for economic and trade relations with foreign countries, has experienced the largest insurance expansion.

The People's Insurance Company of China has established business relations with about 1,000 insurance institutions in more than 120 countries and regions. Joint insurance ventures with Chinese and foreign investment are also emerging. Eight foreign insurance companies have offices in Beijing and the People's Insurance Company has a liaison office in London. In its international business, the company emphasizes integrity and honesty and is adaptable to most international insurance practices. Its procedures are streamlined and its regulations and charges are reasonable so as to ensure the policy-holders timely economic compensation in case of incidents or disasters. The company also takes part in international insurance organization and activities related to the international insurance market, with a view to promoting co-operative relations with its world colleagues, especially those in the third world countries. Both its domestic and international business is expected to expand by a big margin in 1983.

□

## DISCUSSION

### *Debates on wage and employment questions*

#### **Should We Limit "Distribution According to Work"?**

SOME people argue that during the socialist period, "distribution according to work" mainly plays a positive role, but that it also generates negative factors. These, they say, should be limited in two ways: by encouraging a communist attitude towards labour and by increasing the proportion of collective welfare in distribution.

The opposing viewpoint maintains that "distribution according to work" is an objective law which cannot be limited. Instead, it should be consciously followed. People of this opinion argue that any attempt to abolish both egalitarianism and the great disparity in incomes is not tenable theoretically and will adversely affect the socialist cause in practice.

#### **Is the "Low Wages, Wide Employment" Policy Correct?**

There are three different views on this question.

The first holds that although the "low wages, wide employment" policy is not perfect, it must be implemented for a long time to come, mainly because the Chinese economy is still underdeveloped and many youths are still awaiting job assignments.

The second point of view argues that in the long run, the low-wage system will fail to create wide employment because the practice of "five peo-

ple sharing three persons' meal is actually "five people doing three persons' jobs," a policy that leads to decreases in productivity. Only wage increases will stimulate the initiative of the workers and increase productivity so that the society can provide the means of production to employ new members of the labour force. Simultaneously, a higher wage system

will help increase funds available for consumption, thereby stimulating society's demands for services and providing more employment opportunities in the service trades.

The third position proposes a double-track system in which advanced enterprises would stress increasing productivity and creating more wealth for society while the less advanced enterprises would maintain the policy of "low wages, wide employment" so that everyone can make a living.

— "Bianji Cankao" (Editors' Reference)

## OPINION

### *Describing Chinese families*

CHINESE sociologist Tao Chunfang has classified China's families into four categories in an article entitled "Initial Study of Socialist Mores in Marital and Family Life."

The first form Tao describes

are families whose relationships are based on mutual devotion. This category makes up the majority of the total and is an important factor in social stability.

Second, many families main-



Relations are harmonious between Rong Chengrui, Mongolian nationality, and her daughter-in-law Guo Enfeng (left), Han nationality, in Hohhot, Inner Mongolia.

tain some old expectations of kinship ties: the wife must obey the husband and the children must do their parents' bidding. There is no deep affection between husband and wife although the two may have developed friendly mutual concern during their prolonged common life and can organize family members to lead a normal life. Because so many Chinese families still follow this pattern, they should be respected by society and improve through guidance.

Tao's third classification is couples who feel little or no love but remain married and maintain family life. Such families tend to be unstable. Their existence often depends on public opinion about social morals. When the public stresses the moral principle that families must bear social responsibility, these families stay together.

## LIFE

### "I spotted another village"

Li Gui, middle school teacher of Yuzhong County, Gansu Province

**I**N the past, I always bragged to my wife: "It's me who supports you all!"

After my brothers and I moved to separate houses in 1972, my wife and I earned about 600 yuan a year and spent around 700 yuan with a deficit of more than 100 yuan. The five of us mainly relied on my wages, although it was rather low, only 41.50 yuan a month for 15 years. I contributed about 500 to our annual income and my wife added some 100 yuan—30-40 from selling eggs and 60-70 from her work-points. She

However, when public opinion inappropriately stresses mutual attachments, such families tend to dissolve. Divorce is not the best way to solve their problems. Education in communist morality should be adopted to help members of these families foster new moral standards and correctly solve their marital and family problems.

The fourth grouping, Tao writes, is the immoral families in which one partner is disloyal, the parents abandon their children or the young maltreat the elderly. Such families debase social morality and adversely affect social stability and should be denounced by the public in order to transform their degenerated and inhuman nature, Tao says.

— "Shehuixue Tongxun"  
(Sociology Newsletter)  
No. 6, 1982

was not lazy, working 300 days every year. But our production team was poor and the cash value of each work-point was only about 0.2 yuan. What could she say when I boasted "It's me who supports you all!"

From 1977-81 I had three wage increases (to 63 yuan). These, added to a non-staple food subsidy and other marginal benefits, raised my monthly income to more than 70 yuan. I thought I could make a bigger contribution to my family. But necessary repairs on my house added more than 400 yuan to

my old debt. Suddenly I owed 1,000 yuan and could see no way to extricate myself.

But in my worst moment, a hopeful change occurred, just as in the old poem: "I wondered if there was no road ahead when I saw the undulating hills and rivers criss-cross in front of me. But among the thick willow trees and colourful flowers I spotted another village."

In 1982, our production team introduced the responsibility system of fixing output quotas based on the household. By the end of the year, to my surprise, our family had earned 1,800 yuan and spent only 1,100 yuan. It was the first time in a decade that our income exceeded expenditures and we could pay back most of our debts.

Even more surprising—my wages contributed more than 800 yuan, but my wife's sideline income approached 1,000 yuan. Adding to that the worth of the more than 2,000 kilos of grain she harvested, her income actually more than doubled mine. I attribute all this to the Party's present policies.

We expect to pay off all our debts by the end of this year, and maybe we will have enough money to buy a "Spring Wind" brand television set!

— "Renmin Ribao"



## LITERATURE

### *Outburst of reportage*

In recent years, reports and articles on current events and personal profiles written in journalistic style have gained prominence among Chinese literary creations. Known as reportage, this writing directly and rapidly responds to the current developments with artistry and political insight. It is a welcome development after the literary morass the gang of four left behind.

Published in 1977, Xu Chi's reportage *Goldbach's Conjecture* was the first breakthrough in this new era and was extremely popular. Xu, a veteran writer who had not published anything for 10 years, related in poetic language how a middle-aged Chinese mathematician Chen Jingrun overcame hardship to advance human knowledge.

An outflow of reportage followed. They were about the disasters the Lin Biao and Jiang Qing cliques brought to the country and the people's resistance against them. Of these,

*Between Men and Genies* by Liu Binyan and *Destiny* by Yang Kuangman and Guo Baochen were particularly influential. The former tells how the head of a corrupt group took advantage of factionalism and of some other corrupting influences in society during the "cultural revolution" to seek personal gain from the coal company under her control. The latter describes the scene in Beijing's Tian An Men Square in spring 1976 when the masses raised revolutionary denunciations of Jiang Qing and her cohorts.

In the past two years a new trend in reportage unfolded. Reports began to concentrate on Chinese people who have definite objectives and are confident in the cause they are pursuing. When the Chinese Women's Volleyball Team captured the world championship title in 1981, the country was intoxicated by the hard-won victory. Writer Lu, Guang caught the women players' spirit in *The Chinese Girls*. A powerful piece which arouses patriotism, the story is emotion-filled.

The success in the reform on the economic front has spilled

over into the spiritual life as well. It has altered the relations between man and man, between the Party and the masses. These changes did not escape the notice of authors.

Qiao Mai wrote *Anecdotes*, recounting the story of five local cadres in north China who before the implementation of the responsibility system never took part in manual labour and had poor relations with ordinary peasants. When the new system was introduced, production groups refused to admit them because of their previous poor performances. Learning a lesson, they worked hard and served the villagers wholeheartedly. In time they regained the trust of their fellow villagers and began to be able to play the role of Communists again.

As a multi-faceted mirror, reportage is rich because it is topical. Reportage emphasizes the new socialist human beings while reflecting on problems and contradictions in the modernization drive.

Liu Zhen's *A Leaf* depicts the life of a bulldozer driver who was not trusted in spite of his excellent work performance be-



Xu Chi (left) and Liu Binyan.



Huang Zongying (right) receiving her award.

cause of his exploiting family background. However, in 1981 when the Gezhouba Dam on the Changjiang River was being built, he was assigned to close the dam. He risked his life to fulfil the task. The writer tells of how a young man as unimportant as a single leaf is to a big tree can be of much help when called upon.

Woman writer Chen Zufen's *A Communist* narrates how a customs officer stopped the import of substandard goods. The story lauds the communist's spirit while disclosing the misdemeanour in some governmental offices.

Reportage is as varied in writing style as it is in topic. Fifty-seven-year-old Huang Zongying, a former actress, writes exquisite, sentimental artistic prose, deftly incorporating into it some presentation of film art. The writing of Liu Binyan, by contrast, is straightforward and strong. His works are arguments rather than narrations.

Vice-chairman of the Chinese Writers' Association Feng Mu said that reportage is a new literary form which is closely related to the cause of human emancipation.

Reportage did not develop smoothly in China. When authors set out to write about the seamy side of the society they often encountered obstructions. Praise was also unwanted sometimes as people feared positive publicity also might get them into trouble.

To upgrade the quality of reportage, some literary institutes and news institutions have held special symposiums on reportage writing in recent years. Reportage is published in newspapers and literary magazines and also has a special gazette, *Report of the Time*.

So far, the Chinese Writers' Association has organized two nationwide award selection for reportage. In the second round last March, 25 works of 33 writers were commended.

## ART

### *Yunnan murals*

Few people can travel to Yunnan to see the originals of murals painted 3,000 years ago, but the exhibition of 130 paintings, mostly reproductions, being held in the Cultural Palace of Nationalities brings their artistry to Beijing.

In the history of Yunnan, the cultures of various nationalities cross-fertilized and yielded rich artistic expressions. Murals, one of the legacies, reflect the lives of 24 local minority nationalities including the Dais, Vas, Yis, Naxis and Tibetans. These Yunnan paintings — some say — are the equals to the Dunhuang murals.

Cangyuan cliff paintings have been discovered periodically in Yunnan's Ava Mountains since the 1960s. They were drawn 3,000 years ago with fingers,

feathers or plant fibres, using a mixture of hematite powder and ox blood. The biggest one is 27 metres long and three metres high and some of them are on overhanging cliffs seven metres above the ground. The cliff paintings depict life in primitive tribal society: tending sheep and cattle, collecting wild fruit, singing and dancing and fighting.

The wall paintings found in tombs of Eastern Jin Dynasty (317-420) in eastern Yunnan are the earliest tomb murals so far discovered in Yunnan. Painted on the four walls of the tomb vault, they depict images of the master, the servants, the cavaliers and the honour guards dressing in the style of the Han and other nationalities. The borders of the murals are decorated with designs of dragons, tigers and clouds.

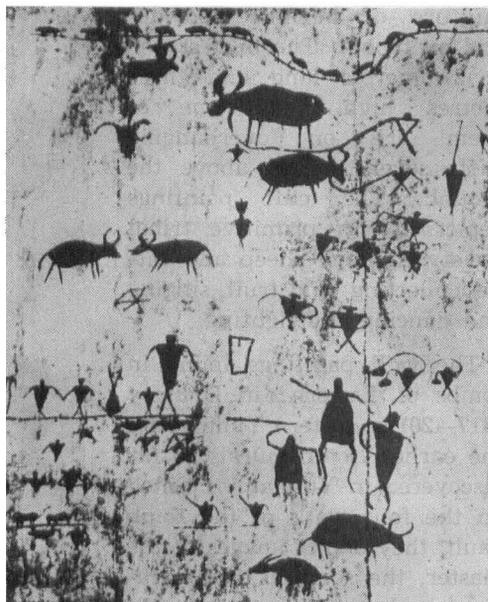
*The Tour of Buddha*, a cliff painting in Jianchuan's Shizhong Mountains, was painted in the Tang Dynasty (618-907). Although the picture is not well preserved, the Tang artists' talent and techniques are still evident.

Also on exhibit are copies of murals done during the Ming Dynasty (1368-1644) in Jianchuan's, Xingjiao Monastery. Some of them were done by painters of the Bai nationality. Among the 20 pieces, there is *Sakyamuni Conquers the Devil*, a colourful but solemn picture painted on the lintel of the main hall of the monastery.

The Lijiang murals are religious works from temples and monasteries done between the 15th and 17th centuries when the area was under the rule of the tribe chiefs of the Naxi

Locations of Cliff Paintings by Minority Nationalities in Yunnan





A Canyuan cliff painting.



A Dai nationality mural "Festive Dance."

nationality. In over 10 temples at seven locations of the Lijiang County, the murals vary in content and style, as they were painted over many years by artists of different nationalities, including Bai, Han, Naxi and Tibetan. Those painted in the earlier period take their themes

from Buddhist or Daoist scriptures and are serious. Those of the middle period are more influenced by Tibetan culture while the paintings of the last era are in a softer, more relaxed style and full of human interest.

The murals of China's minorities capture history in its diversity. The Yi mural *Dancing Under the Tree* portrays the Yi peoples' festival custom in the 17th century: men and women dance and sing in a circle while others play flutes and reed pipes. A Dai mural from Xishuangbanna is full of local colour and is outstanding for its decorativeness.

Almost all the pieces exhibited were copies, but they are hardly distinguishable from the originals owing to the careful work of Yunnan artists. The murals were painted in the same size, colour and style of the original and the cracks, stains and other damages caused by long years of erosion also were reproduced.

## PUBLISHING

### *Books in minority languages*

At present, 23 of China's publishing houses print books in some 20 minority languages. The largest among these is the Beijing Nationalities Publishing House which celebrated its 30th birthday in January this year.

China boasts 55 minority nationalities (about 60 million people or 6 per cent of the country's population).

Before liberation, some minority nationalities, living in remote, heavily forested mountain areas, slashed and burnt virgin forests for cultivation, led lives of severe hardship, and

never possessed written languages of their own. There was no special publishing house for minority nationalities in China before 1949.

Publication in minority languages have increased greatly since the founding of New China in 1949 and statistics show that 34,000 titles have been published in more than 550 million copies. In 1981, China published 1,900 titles of minority language books in 26 million copies, three times and four times of the 1952 figures respectively.

With ranks of minority writers growing steadily, books directly compiled and edited in minority languages make up 30 to 70 per cent of the total minority language publications.

Last year, publication in the Zhuang, Xibo and Khalkhas languages were resumed after interruption during the 10 years of "cultural revolution" (1966-76). Books published by the Xinjiang People's Publishing House in Uygur, Kazakh and other minority languages in 1982 accounted for 80 per cent of all its published titles.

Some minority classics, ethnic epics, folk tales and books of popular science are being edited and translated. For example, *The Inside History of Mongolia* in Mongolian describes Mongolian history from the early Mongolian tribes to Genghis Khan II; two history books in Tibetan recount Tibetan history and the history of the relationship between the Tibetan and Han nationalities.

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**CORRECTION:** The first sentence in the fifth paragraph of "China grants tax cuts for joint ventures" in issue No. 19, p. 7 should read: "The decision also provides that income tax will be exempted for joint ventures in the first two profit-making years, and a 50 per cent reduction will be allowed in the following three years."

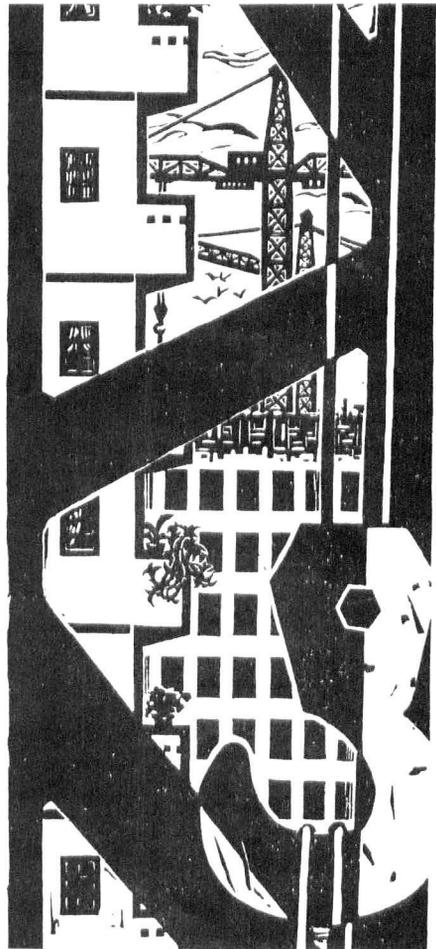
# ART PAGE

**A Master Worker and His Apprentices.**  
by Wang Weixin



## *Woodcuts Depict Industry*

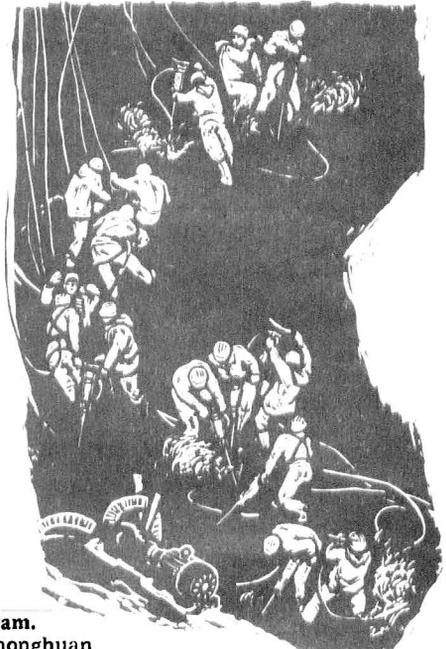
Varied woodcut themes reflect the diversity of modernization efforts in Chinese industry. The bold, clean lines and sharp contrast of some capture the enormity of the task while the finely delineated and delicate quality of others suggest the complexity of change.



**Putting Up More Residential Houses.**  
by Zhang Dimao



**Shipbuilding.**  
by Wang Jianguo



**The Base of a Dam.**  
by Lu Zhonghuan

