

Vol. 28, No. 12

March 25, 1985

# BEIJING REVIEW

FREE  
北京周报

A CHINESE WEEKLY OF  
NEWS AND VIEWS

**Communique on the 1984 National Economy**  
**Reform of a Research Institute**

*Zhanjiang: A Prospering Port City*





Children of the Minyun Kindergarten in Xigang District practise dribbling.



Pupils of the Dongbei Street Primary School get a thorough training in the basic skills.

## Training Young Footballers

The port city of Dalian, known as the northeast's "soccer city," is running a football school for more than 100 teenagers. In addition, 5 to 8 year-old children chosen from dozens of primary school and kindergartens are given special football training.



The teacher explains the essentials of shooting to pupils of the Dongbei Street Primary School.

## SPOTLIGHT

Young footballer of the Dongbei Street Primary School practise their overhead kick.



Young members of the Dalian Football School practise a slide tackle.



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## HIGHLIGHTS OF THE WEEK

### ***NPC Session to Boost Economic Reform***

The Third Session of the Sixth National People's Congress, scheduled to open this week, will focus on the country's current economic situation and the urban-oriented structural reform. These will include the correction of some unhealthy tendencies that have arisen and the reform of the wage and price systems (p 4).

### ***China's Budget Coming Out of the Red***

In a recent interview with *Beijing Review*, Vice-Minister of Finance Tian Yinong talks about China's budget deficit, its causes and effects. He also explains China's financial policy and the relation between the deficit and inflation (p. 16).

### ***State Statistics Show Achievements***

Official figures released by the State Statistical Bureau indicate that China made remarkable progress last year in national economic and social development. The figures reflect a 14.2 percent increase in the total industrial and agricultural output value, a 12 percent increase in national income and other scientific and educational achievements (centrefold).

### ***Zhanjiang — Planning for Prosperity***

Oil exploration in the South China Sea has put Zhanjiang on the international map as the base for China's Nanhai West Oil Co. and its overseas partners. But apart from its harbour and its proximity to the offshore oil, Zhanjiang offers much more: Fish, fruit and sugar are all abundant, and Zhanjiang officials have plans to make the city's industry as prosperous as its agriculture (p. 21).

### ***Reform in a Research Institute***

Established in 1978 on the basis of a trial-production group in an electronics plant, the Zhuzhou Electronics Research Institute has now developed the CMC-80 microcomputer, which, in just two years, has been put to use across 90 percent of the nation. Its success can be attributed to the integration of research with economic construction and the establishment of the responsibility system in the institute (p. 18).

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# NPC Session to Promote Economic Reform

by AN ZHIGUO  
Political Editor

Deputies to the Sixth National People's Congress will meet for its third session in Beijing this week. They will hear Premier Zhao Ziyang's report on the government's work and examine and adopt China's 1985 plan for economic and social development, the state budget and the 1984 final accounts. They will also review and endorse the joint Sino-British declaration on the Hongkong issue and examine the newly drafted inheritance law.

But the session will focus on the country's current economic situation and the urban-oriented structural reform which got under way in all fields at the beginning of this year.

Underlining the upcoming session is the country's favourable economic situation. The policy of invigorating the domestic economy and opening to the world has scored marked success and the economic reform has moved forward quickly. Over the last few years, the national economy has grown in a sustained, stable and proportionate way. In 1984 China's total value of industrial and agricultural output rose 14.2 percent from 1983, national income grew 12 percent and living standards continued to improve.

Nevertheless, there are still problems waiting to be solved. The scale of capital construction, for instance, is still too large, and there is still a strain on the na-

tion's transportation services. More readjustments have to be made in order to achieve a more rational economic setup. Consumption funds are growing too quickly, and there have been substantial increases in the prices of some commodities.

Unhealthy tendencies that threaten to derail the ongoing economic reform have also appeared in recent months. Officials in some Party and govern-

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***The forthcoming NPC session will show the world that China is determined to tread the path of reform while remaining careful not to make any blunders.***

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ment organizations, for example, have taken advantage of their positions and power to engage in business. Some economic departments are arbitrarily forcing up prices, and a number of offices and enterprises are indiscriminately issuing bonuses and consumer goods, feasting and buying gifts at the expense of the government. And some have returned to the old practice of exaggerating their achievements.

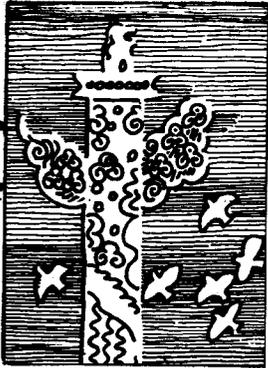
Many people hope that these and other unhealthy tendencies will be exposed and repudiated at the upcoming session and new measures worked out to tackle existing problems.

In view of the fact that the economy in recent years has advanced at a rate faster than planned and some departments discard quality and rational growth in the name of speed, it is expected the session will stress proportionate development of the national economy and a well-balanced industrial setup. Big cities, for example, should be urged to develop new technology, finance, information processing and the service trades rather than singlemindedly pursue high-speed industrial growth. In rural areas it is necessary to continue building a rational economic structure, that supports the all-round development of agriculture, forestry, animal husbandry and fishing and integrates the management of agriculture, industry and commerce. Rural residents should be encouraged to co-operate with one another in food processing, sales and shipping businesses.

Presumably, two big issues will feature prominently in the session's discussions on economic restructuring:

— The wage system. People expect that the grade wage system currently used in Party and government organizations and public undertakings, under which a worker's pay is irrelevant to his job and his performance, will be abolished. Industrial and mining enterprises will also reform their current wage system so that a worker's income will be closely linked with his enterprise's economic gains as well as his own performance.

Once the new wage systems come into force, the practice of



“everybody eating from the same big pot” will lose ground, and the socialist principle of distribution, “to each according to his work,” will be better reflected. The reform will also put the wage system on the right course so that wages will be gradually increased as production expands.

— The price system. As a step towards ending the decades-long state monopoly of purchases and marketing, farm products will be priced according to the market trends, with the exception that the state will continue to purchase at fixed prices the products contracted by the peasants. Prices for certain industrial goods will be decided according to their quality, which will result in price differentials between high- and low-quality products. And the prices of an increasing proportion of certain goods, such as some building materials, will be determined by market forces. All this will help align commodity production and circulation with the ever-changing market needs.

The forthcoming NPC session is likely to mark yet another milestone in China’s socialist construction. It will show to the world that China is both determined and cautious in its economic reform—determined to overcome all stumbling blocks in the path of reform and cautious not to adopt any measures that do not benefit the people.



## LETTERS

### Population Question

I have found interesting and informative the special reports by Fei Xiaotong, the internationally famous sociologist, and the eminent scholars Du Renzhi and Wu Yuanjin about problems in small towns and the discussion of population changes in recent years (Nos. 16 and 20-25, 1984) in *Beijing Review*.

As a sociologist with a special interest in gerontology, I appreciate the frank discussion and the scientific approach which these articles represent. China is faced with massive population problems, especially as they affect the elderly. The traditional family support networks will be severely strained by the rapid industrialization and the disproportionate percentage of older people which will result in the next generation due to population planning measures now in effect. In addition, the need for long-term health care for the elderly will be exacerbated due to the advances in health and medicine that have lengthened the average life span.

China’s population problem is greater than that of any Western country, but with scholars like Fei, Du, Wu and their associates, there is great hope that these problems will be met squarely and overcome.

**Arnold J. Auerback**  
Illinois, USA

### Dull Writing

I find the articles informative but still rather dull. The translation is accurate, but the magazine would make better reading if the writing were more lively and colourful. I think that the educational purposes of the magazine can be fulfilled quite as well with

bright writing as with depressive repetitive patterns.

**Desmond O’Neill**  
California, USA

### “Events and Trends” Interesting

I think the “Events and Trends” column is most interesting, the articles on rising foreign investment in Hongkong and reforms set for student enrolment in particular. As a history student, I am most interested in my counterparts in China and in your educational system.

I find your “International” section more informative about world events than my own city’s local newspaper.

**Ray Eaton**  
Missouri, USA

### More Coverage of Third World

Although I became a subscriber to your magazine about a year ago, I have been a reader of *Beijing Review* for the last ten years.

Of course, one would expect you to devote most of the magazine to events within China. But all the same, a magazine of your standing ought to have more coverage of events in other lands, especially in the third world nations.

*Beijing Review* should be a voice of the third world and China, that is why I suggest that you appoint correspondents for the regions of Africa and Latin America for more effective coverage of events there for your important magazine.

**Umaru Aji**  
Kano, Nigeria

# Chinese, Soviet Leaders Seek Closer Relations

When Mikhail Gorbachev, the newly chosen general secretary of the Central Committee of the Soviet Communist Party, received Li Peng, China's vice-premier, the day after the funeral of Soviet President Konstantin Chernenko, the two leaders shared their hopes for improving Sino-Soviet relations.

Li, who headed the Chinese government delegation to the March 13 funeral, also conveyed the congratulations and good wishes of Chinese Communist Party General Secretary Hu Yaobang to Gorbachev on his assumption of office.

During their meeting, Li told Gorbachev that China is in agreement with the remarks he made during the extraordinary plenary session of the Soviet Party Central

Committee. Gorbachev, during that session, expressed the hope that major improvements will be made in Sino-Soviet relations.

China is willing to work towards developing relations between the two countries in political, economic, scientific and technical, and cultural fields, the vice-premier told the new Soviet leader.

Developing relations is very important to both China and the Soviet Union, the two great neighbours and socialist countries, Li said, adding that improvement of Sino-Soviet relations would not only be beneficial to the people of the two countries, but also to peace in Asia and throughout the world.

Li said that China pursues an

independent foreign policy with a general goal of establishing a lasting peace. China is not aligned with nor does it establish strategic relations with other countries. China is willing to coexist peacefully and co-operate in friendship with all other countries in the world. The vice-premier expressed his conviction that Sino-Soviet relations will improve steadily with efforts made by both countries.

During the meeting, Gorbachev reaffirmed the Soviet Union's desire to make significant improvements in Sino-Soviet relations. The Soviet Union and China should continue to carry out dialogues, improve high-level contacts, work together to reduce differences and make progress on a wider scope, said Gorbachev.

## Li Stresses Friendship, Peace With Burma, Thailand

Legend has it that the bell in Rangoon's 2,570-year-old Gold Tower, when struck three times, will bring true the wishes of the person hitting the bell. During his visit to the 100-metre-high tower early this month, Chinese President Li Xiannian struck the ancient bell three times with a teak hammer and repeated twice, "May China and Burma live in friendship for ever!"

Friendship was the primary purpose of the 76-year-old president's state visits to Burma and Thailand on March 4-8 and March 11-15 respectively.

"The construction of the four modernizations in China requires a peaceful international environment. An important aim of China's foreign affairs is to

establish and develop, on the basis of Five Principles of Peaceful Co-existence, long-term, stable and good-neighbourly relations with countries in Southeast Asia," said a *Renmin Ribao* (People's Daily)

editorial commenting on Li's tour.

In China's eyes, friendship between countries with different social systems is entirely possible. And China's relations with Burma and Thailand are sound.

President Li Xiannian and Thai King Bhumipol Adulyadej at a Bangkok banquet.



China and Burma established diplomatic relations 35 years ago and set an example for others to follow by settling their age-old boundary questions soon after that. For a time, the relations were uneasy due to internal problems in China, but Burmese leaders had chosen a forward-looking stance. "We are most impressed by this," said Li at a banquet in Rangoon.

China's relations with Thailand have also been good. When Li was in Bangkok, he recalled the 10-year history of co-operation between the two close neighbours which followed the establishment of diplomatic ties in 1975.

At a banquet hosted by overseas Chinese in Thailand, Li encouraged his compatriots living in Thailand to respect the local customs, religious beliefs and state laws, making a contribution to the prosperity of Thailand. Li also said the Chinese-Thais should be loyal to Thailand since they have been granted Thai citizenship.

The hopes for friendship and peace in Southeast Asia, however, have been spoiled by Viet Nam, a country engaged in war gambles instead of seeking peace.

Instead of devoting themselves to national reconstruction after their victory over the United States, the Vietnamese leaders dispatched troops to invade Kampuchea and make trouble along the Kampuchean-Thai borders and along the border with China. Meanwhile, the country's economy is a shambles and its citizens have to tighten their belts because of inadequate food supplies.

A Malaysian newspaper commented that as a result of Viet Nam's military escapades, the country has become one of the poorest countries in the world. "After the Viet Nam War, Hanoi should have concentrated on economic construction," said the paper. But so far, Vietnamese leaders have ignored such advice and have re-

sorted to waging a battle for hegemonism in Southeast Asia.

During Li's talks with his Thai hosts, all agreed that Viet Nam should withdraw its troops from Kampuchea and cease its border harassment in Thailand and China. They also pledged co-ordinated efforts to foil Vietnamese expansionist efforts by supporting the just struggle of the Kampuchean people.

Li's tour served to further develop Sino-Burmese and Sino-Thai relations. "For peace and development in Asia and for the interests of the Asian peoples," said the *Renmin Ribao* editorial, "China will work together with Burma and Thailand and other Asian countries to develop friendship and co-operation between the third world countries."

## Top Leaders Vow Taiwan Flexibility

Two top Chinese leaders recently pledged that the government will be flexible in its approach towards reunifying the mainland and Taiwan.

While visiting Thailand, President Li Xiannian said Taiwan will

be granted even more autonomy than Hongkong if the island follows Hongkong's example and returns to the motherland.

"If Taiwan agrees, we will allow it to maintain all its existing political, administrative and military systems," Li said. "It can also keep its existing intelligence-gathering system," the president added.

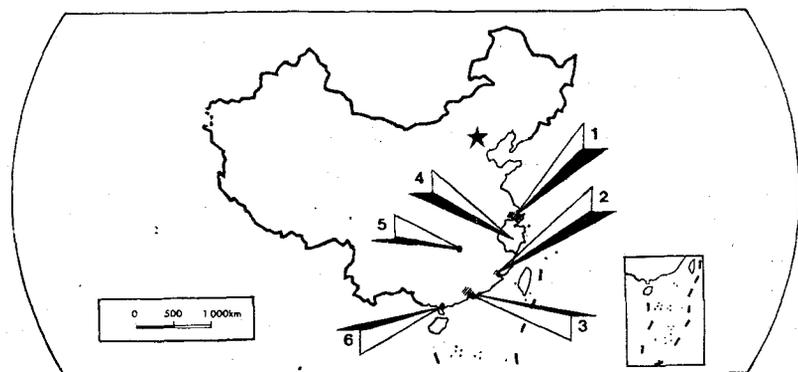
The reunification of the country, Li said, is a cause of concern to all Chinese. He urged overseas Chinese to join efforts for reunification by making contributions in their own way.

Deng Yingchao, a Party Central Committee Political Bureau member, said at a recent National Conference of Taiwan Compatriots on the Mainland that the Chinese Communist Party will not change its policy of reunifying the country through peaceful negotiation.

The Party, she said, solicited a wide range of opinions and suggestions before putting forward its Taiwan policy, which gives ample consideration to the interests of the island's people.

Deng said the mainland pins its reunification hopes on the Taiwan

### Places in This Issue



- (1) Changjiang River Delta (2) Xiamen-Zhangzhou-Quanzhou Triangle  
(3) Zhujiang River Delta (p. 8) (4) Zhejiang Province (p. 10) (5) Zhuzhou  
(p. 18) (6) Zhanjiang (p. 21)

## News in Brief

China's 1984 total product of society was 1,285.5 billion yuan, a 13 percent increase over 1983, according to a recently released State Statistical Bureau communique. National income reached 548.5 billion yuan, up 12 percent from the 1983 figure, the communique said.

While promoting industrial development in the countryside, farmers should not cut back on grain production, especially in the primary grain-growing provinces, said a spokesman from the Ministry of Agriculture, Animal Husbandry and Fishery.

The ministry spokesman said that without sufficient grain, there will be no rapid growth in animal husbandry and food processing.

The Ministry of Public Health, noting a lack of services for senior citizens, recently urged all members of Chinese society to take care of the aged.

The ministry called upon medical institutions throughout China to take steps to prevent and treat diseases frequently suffered by the aged, conduct an epidemiological survey and teach old people how to keep fit and prevent illness.

Hospitals at or above the county level should open special clinics for the aged, the ministry spokesman said.

compatriots. "We will abide by the established policy to facilitate contacts between the Communist Party and the Kuomintang and solve the Taiwan problem properly," she said.

Business people, scholars and specialists in Taiwan are encouraged to contribute to China's modernization programme, Deng said.

Contacts between Chinese living on both sides of the Taiwan Straits should be promoted, she continued. Entrance procedures for Taiwan residents who want to visit their relatives or friends on the mainland should be simplified and their freedom to come and go should be guaranteed. At the same time, she added, we hope Taiwan authorities will also adopt flexible policies.

Much more attention should be paid to mainland-Taiwan exchanges in academic, scientific and cultural fields, Deng said. In addition, efforts should be made to increase contacts with overseas Chinese organizations and to unite them to help push for reunification.

## Three More Regions Open to Investment

The Chinese government recently opened three more coastal areas to foreign investment. Four special economic zones were previously established and 14 cities were opened last May.

The three new regions are the Changjiang (Yangtze) and Zhujiang (Pearl) river deltas and the Xiamen-Zhangzhou-Quanzhou triangle in southern Fujian Province. The Changjiang River Delta is known as the richest area of the nation. It has a well-developed industrial, base and convenient transportation. Both the subtropical Zhujiang River Delta and the Xiamen-Zhangzhou-Quanzhou

triangle have favourable climates and good transportation links with Hongkong, Macao and overseas.

Liang Lingguang, governor of Guangdong Province, set the goals for developing the Zhujiang River Delta. First, the 1985 total output value of industry and agricultural should double the 1980 figure, five years ahead of schedule. He also plans to quadruple the 1980 output value by the end of 1990, 10 years ahead of the state-set goal.

Second, with the introduction of foreign technology and co-operation with other parts of the country, the Zhujiang River Delta's major enterprises and products should reach the advanced world level of the early 1980s by 1990.

Third, the 1990 export value should quadruple the 1984 total in order to fuel an overall economic boom in the delta.

And fourth, the governor wants the people of Guangdong Province to enjoy an annual per-capita income four times as high as the 1980 figure of 376 yuan by 1990.

Shanghai Vice-Mayor Li Zhaoji said that it is essential to open the Changjiang River Delta, including the surrounding counties under Shanghai's jurisdiction.

Over the past few years, the vice-mayor said, Shanghai has allowed many county-level enterprises to use foreign investment. Almost every county has established joint ventures with foreign firms. The counties produce export products worth about 12 billion yuan a year, he added.

After opening to the outside, the counties will be oriented towards producing whatever the world market calls for, Li said. Surrounding counties will develop into a base for the food processing industry and exporting agricultural products.

Central authorities have called

on coastal regions to plan their economic development in such a way as to stress foreign trade first, then industry and then agriculture.

Premier Zhao Ziyang said that the Changjiang and Zhujiang river deltas, after opening to foreign investment, should restructure their agriculture by reducing grain-growing areas and enlarging areas planted to market crops. Zhao said the counties should produce goods based on the needs of the world market.

Zhang Ge, deputy director of the Special Economic Zones Office under the State Council, said the government plans eventually to open the Liaodong and Shandong peninsulas to the world, thus forming a continuous "open belt" from Dalian in the north to Beihai in the south.

With the growing number of open areas, there is some questions as to what the difference is between the economic and technological development areas set up in the 14 coastal cities and the special economic zones. State Councillor Gu Mu explained that the development areas and the special zones have different tasks and functions. In the special economic zones, foreign investors can put their money in industry, agriculture, animal husbandry, aquaculture, tourism, housing, the building industry, high-grade technology development and other ventures of common interest. Whereas in the coastal city economic and technological development areas, investors are primarily operating productive enterprises and research institutes, and developing new technologies, new products and new industries.

Second, Gu said, the preferential tax policies differ. In the special economic zones, joint ventures, co-operative enterprises and wholly owned foreign enterprises, be they productive or non-productive enterprises, all pay 15 percent income tax. Whereas in the coastal



## Up, Up and Away

China's first hot air balloon since liberation was launched to a height of 10,000 metres over Nanjing earlier this month. Designed by the Hongguang Machine Building Factory of the Ministry of Aeronautics Industry, the 20-metre-high balloon will be used to promote balloon sports, as a tourist activity, and in urban surveying, advertising and photography.

city economic and technological development areas, only productive enterprises are entitled to this preferential tax treatment. Old enterprises enjoy a 24 percent tax rate — 20 percent less than the rate applied to other Chinese-owned enterprises. In the special economic zones, customs duties are exempted from imported capital goods and most consumer goods, while in the coastal city economic and technological development areas, only imported capital goods are exempted from duties. In addition, in the 14 coastal cities, the economy is dominated by enterprises of socialist public ownership, whereas in the special economic zones, joint ventures, co-operative management and foreign-owned enterprises are the major forms, Gu said.

The three newly opened regions will follow economic policies similar to those implemented in the 14 coastal cities.

## 'Down-to-Earth' Work Encouraged

The month of March has for the past three years been declared "Socialist Ethics Month," a time when better social habits and moral standards were stressed. But while many people did try to upgrade the social atmosphere during the month — encouraging orderly lines while boarding buses, discouraging spitting and unruly behaviour, and picking up unsightly litter — the campaign was quickly forgotten when April rolled around.

This year, in an effort to keep the campaign going longer, the Beijing municipal government declared all of 1985 to be "Socialist Ethics Year."

But declarations and campaigns in themselves can't change habits. And this formalistic reliance on symbols rather than substance is

at the root of many problems in China.

China's modernization programme is stunted by formalism, an excessive adherence to symbols rather than concrete changes. And this style of work is rife in many localities and units, warned a *Zhejiang Ribao* (Zhejiang Daily) commentary which appeared in the February 26 edition of *Renmin Ribao* (People's Daily), the nation's most authoritative newspaper.

The commentary listed three expressions of formalism that "must be guarded against":

- Endless meetings. While confirming the necessity of some meetings, the commentary sniffed at many others that are, in fact, a waste of time for people who want to do real work. An *Economic Daily* report told of a county Party official who complained that he attended meetings for 242 days in 1984.

- A "month" for everything. Special months have included "Quality Month" for industrial enterprises, "Security Month" for drivers and "Quality Service Month" for stores and restaurants. The commentary said that good quality, security and service should prevail not just for one month, but throughout the whole year. "This works only for one month," said a woman doing her shopping in a supermarket. While conceding that service is good during the month, she predicted that some store clerks will later spend more time chatting than answering customers' queries.

- Endless "visits and inspections." The commentary said that some people take advantage of China's modernization efforts by using technology tours as an excuse to go sight-seeing. "Even laymen vie to go abroad with study tours," it added.

All this, the commentary said, distracts leading cadres from their

work, fosters bureaucratism and wastes the state's money and materials that would be better put to use in raising the standard of living or upgrading existing enterprises. The newspaper called for a "down-to-earth spirit" in work rather than a continuation of meaningless exercises in formalism.

## State Cracks Down On Relic Vandals

Smuggling and vandalism are threatening China's precious cultural relics, and officials have vowed to put a stop to the theft and destruction.

According to the State Administration of Cultural Relics Affairs, the number of museum robberies fell from 73 in 1981 to 20 last year, but smuggling of historic and artistic relics is still rampant, especially throughout Guangdong Province.

Vandalism to cultural relics is also common. In Yuci, Shanxi Province, a highway construction team destroyed more than 300 tombs dating from the Spring and Autumn Period (770-476 BC) to the Ming Dynasty (1368-1644).

"We plan to take strong measures to stop this," said Lu Jiming, the administration director. "We used persuasion and education in the past. But from now on we will bring lawsuits against those stealing, damaging or privately dealing in state-owned cultural relics," he said.

"We also plan to employ qualified lawyers to help us handle such cases," Lu said. Restrictions will also be put on organizations using cultural relics for film and TV play productions.

The official said that the state has attached great importance to preserving cultural relics and has allocated nearly 50 million yuan a year for this purpose.

## Around the Globe

### China Supports Namibians

Chinese Party General Secretary Hu Yaobang told President Sam Nuyoma, who headed a visiting delegation of the Southwest African People's Organization of Namibia, that China supported the Namibian people's just struggle in the past, continues to do so now and will in the future when they have gained final victory.

### NPC Delegation Makes Visit to the Soviet Union

A National People's Congress delegation, led by Zhang Chengxian, a NPC Standing Committee member, visited the Soviet Union March 3-14 at the invitation of the Supreme Soviet. The visit was the first such exchange in over two decades.

### More Chinese Drought Aid Slated for African Countries

The Chinese government has decided to provide more aid to several drought-stricken African countries in the first half of the year. Aid will include 50,000 tons of grain, some small farm tools, medicines and other relief materials. In 1984 China donated 120,000 tons of relief grain to the famine-plagued region.

### Zhao Backs Youth Year

Premier Zhao said China supports the United Nations-backed International Youth Year (IYY). "The programme's principle of participation, development and peace fully expresses the common aspiration of young people all over the world," said Zhao.

Geneva

## Arms Talks — A Difficult Course

**The resumption of nuclear talks by the United States and the Soviet Union conforms to the world's wish for disarmament and peace. The world waits to see if there will be a real move towards arms reduction.**

by YI MING

"Beijing Review" News Analyst

THE mist hanging over Lake Geneva cleared rapidly as the first round of Soviet-US arms reduction talks was held on March 12. Despite the death of Soviet leader Konstantin Chernenko, the talks went ahead as scheduled. New Soviet leader Mikhail Gorbachev took his post March 11, and on his second day in office the talks opened. This resolve to move ahead was seen as a hopeful sign by many observers.

The US and Soviet delegates smiled, exchanged pleasantries and even embraced each other. They are all old hands at negotiating and some of them are old acquaintances. The mere fact that they are once again sitting together after 15 months of separation is due to a grim reality — the proliferation of nuclear weapons continues and a solution is not easily found. Today, the two superpowers possess about 15,000 warheads altogether, enough to send the earth into a cold nuclear winter 40 times over. Victory and suicide would go hand in hand for an aggressor. This has never been so clear as today.

The green light on the track of Geneva talks, however, by no means ensures that negotiations will proceed smoothly. The negotiators themselves recognize that they confront a long, difficult and

complicated task. The change in Soviet leadership could produce an impact on the talks. But observers feel the impact, if any, will take several years to reach Geneva. As for the United States, Secretary of State George Shultz has summarized his government's view of the talks: It will take not several weeks or months, but years to achieve results.

In his first speech after assuming office, Gorbachev emphasized the continuity of the Soviet government's policy. He said the United States will be held responsible for the progress of the talks. US President Ronald Reagan has made known his position that he would rather produce no accord than produce a bad one.

There have been no weapons agreements between the United States and the Soviet Union since 1972. In this round of talks, a new item has been added to the agenda — space weapons, Reagan's "Star Wars" scheme. Furthermore, both sides have their own views on how to link the three sets of talks, on space weapons, on strategic arms and on medium-range missiles. The Soviet Union holds that an independent accord on any of the three areas could never be reached in the talks. Soviet negotiators favour three interconnected agreements which could be reached simultaneously. The United States, meanwhile, has stressed that a single accord could be established by itself. In the past

in Geneva, separate talks were conducted on the two existing arms categories, strategic arms and medium-range missiles. The Strategic Arms Reduction Talks (START) lasted 14 years, and the intermediate-range nuclear forces (INF) were negotiated for more than two years. In the end, both sets of talks ended in impasse. Now, with three sets of talks tied together, the negotiations are bound to be much more difficult, and agreement is even harder to foster.

An important factor forcing Moscow back to the Geneva negotiating table was Reagan's "Star Wars" plan for research into a space-based defence system. Although the scheme is still largely theoretical, it would be a monstrous threat to Soviet strategy if it succeeds. Moscow's superior nuclear weapons would then be useless as they disappeared in outer space.

Reagan claims that the "Star Wars" programme is purely defensive, the aim of which is to make nuclear weapons outmoded trash and finally abolish nuclear deterrent as a strategy. However, the Soviet Union has argued that the plan is offensive and aggressive in character. It is true that a perfect defence would allow the owner of such a system to use its offensive weapons without regard to the consequences.

Therefore, Moscow has focussed its effort on eliminating or postponing the implementation of the US "Star Wars" plan, while Washington concentrates on curtailing the number of Soviet land-based intercontinental ballistic missiles, which the United States sees as a threat to military stability. Both sides have their own calculations based on their respective in-

terest. Reagan has declared that the United States will never give up its "Star Wars" plan, lest it be put into an inferior military position. Meanwhile, a member of a recent Soviet delegation to the United States said that if the United States carries out its "Star Wars" programme, the Soviet Union will not reduce its nuclear arsenal. On the contrary, he said, it will continue to develop and improve both defensive and offensive systems. It is clear the basic stances of both countries have not changed, and they are far apart.

Seeing that the positions are diametrically opposed, strategic specialists hold out little hope for progress in the talks. But they do not exclude the possibility of compromise on some points. Both

countries have, indeed, pledged their sincere desire to reach an arms reduction agreement and to improve relations. The improved Soviet-US atmosphere should be reflected in the Geneva negotiations. Although no major breakthrough is expected in the talks in the near future, neither is a collapse probable. The talks should be a negotiating marathon, with some hard bargaining ahead.

The resumption of the nuclear talks conforms to the world's wish for disarmament and peace. People everywhere worry that the threat of nuclear war increases as nuclear arsenals grow larger and more accurate. The world hopes the two superpowers turn their promise of nuclear disarmament into reality and make efforts to ease the tense world situation.

range development plan, the Soviet Union will build six regional combined corporations and five industrial centres along the BAM. The project is to be carried out in two stages. The first (till 1990) is a preparation period which will concentrate on developing transportation, power and infrastructure. During this period minerals will be explored and mines designed. The second stage (from 1990 to 2000) will see the start of large-scale construction. Large construction projects include mining operations, metallurgical bases, power plants, fertilizer plants, timber mills and transportation facilities.

BAM will ease the transportation crunch in the eastern reaches of the Soviet Union. For many years the Trans-Siberian Railroad has been overburdened. Though it increased its annual transportation capacity to more than 80 million tons after being electrified in recent years, the mainline is still far from meeting transportation demands. BAM's present annual transportation capacity is estimated at 35 million tons and it is expected to reach 70-75 million tons in the future. In addition, the BAM shortens the distance from Soviet western areas to the Far East ports by 400-500 kilometres in transportation. Thus, it will surely take the pressure off the first Siberian railroad.

BAM opens a new passage to the Pacific Ocean. It can contribute to foreign trade and help develop ocean shipping links between the Soviet Union and Pacific Rim countries. BAM can also serve as a "continental bridge," over which containerized cargo can be shipped between Europe and Asia. Thus, the Soviet Union can acquire a good deal of foreign exchange through new trade opportunities.

BAM will also help the Soviet military improve its strategic situation in the east. Soviet military planners believe that railroad

## USSR

### 'Second Siberian' Provides Vital Link

**Siberia's raw materials are key to the Soviet Union's economy, and the new Baikal-Amur Mainline railroad is the vital link to the vast Siberian hinterlands.**

by SHAN CHENG

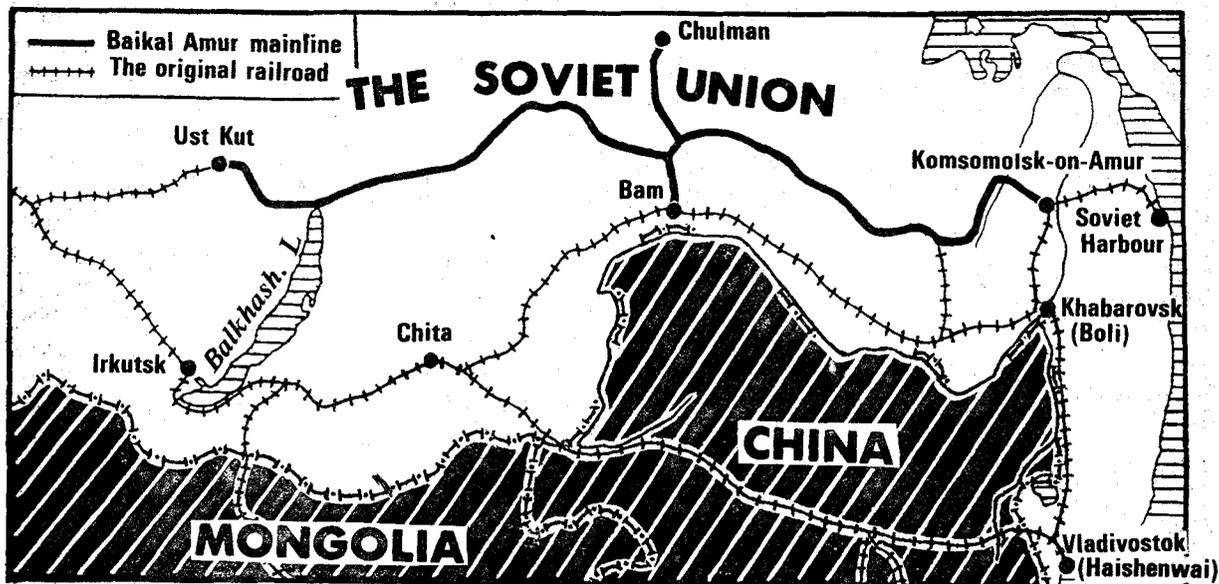
THE recently opened Baikal-Amur Mainline (BAM) stretches 3,510 kilometres from Ust Kut, north of the Mongolian border, to Komsomolsk-on-Amur, near the east coast. The giant project involved tens of thousands of labourers and took 10 years to build at a total price of US\$15 billion. The line was completed October 27, 1984. The BAM, together with a route of 3,550 kilometres from Tyumen to Ust Kut which had been completed long before, is known as the "second Siberian railroad."

BAM is economically crucial to the Soviet Union. Because the developed industrial areas west of the Ural Mountains are short on raw materials and energy, Soviet

planners hope to develop Siberia—with all its rich resources—as an independent industrial area. In the early 1970s Soviet authorities set out to develop the eastern areas at "super-speed". BAM is a key link in the realization of this plan.

Siberia is a vast region, covering about half of the Soviet Union's total area. Natural resources there are abundant. Siberia is estimated to have 88 billion tons of coal and 12 billion cubic metres of timber. It is also rich in nonferrous metals such as copper, gold, lead, zinc, tin, nickel and molybdenum. And its petroleum and natural gas reserves are large. The new rail link will help ferry this industrial material and energy from Siberia to the west.

According to its strategic long-



transportation is decisive in continental war zones. With two rail links to the Far East, Soviet troops could be mobilized quickly if the need arose.

The completion of BAM is important to the Soviet war zone construction. The railway's significance can be summed up in three factors:

1. Military transportation capacity will be greatly improved. The Trans-Siberian Railroad's annual military transportation capacity is about 40 million tons in normal times, and it can increase to 60 million tons through technical measures and by squeezing passenger space during wartime. Now, with the extra line, the military's annual transportation capacity can grow to more than 92 million tons.

2. Strategic depth will be increased considerably. BAM follows a route 200 to 500 kilometres north of the Trans-Siberian, deep within the heart of Siberia. Between the two routes there are three branches connecting them together. With the two routes and the connections, the Soviets now have a traffic net that gives them greater ability to manoeuvre their troops.

3. Transportation survivability

during wartime will be increased. Taking cover along the BAM is easy, for there are vast areas of rivers, mountains and forests sur-

rounding the railroad. The strengthened eastern line will allow the Soviet Union to expand its influence in Pacific region.

## Viet Nam

# Hanoi Attempts Deception Again

**Taking the opportunity of the Australian foreign minister's tour of Hanoi, Vietnamese authorities tried to sell their plan for the settlement of the Kampuchean issue.**

by XIN PING

VIETNAMESE authorities took advantage of Australian Foreign Minister Bill Hayden's recent visit to Hanoi to spread their lying propaganda and make diplomatic moves concerning Kampuchea.

Hayden visited Viet Nam March 6-9 as part of a Southeast Asian tour that included Malaysia, Thailand, Laos, Viet Nam and Singapore.

Hayden stated at press conferences in Hanoi and Bangkok that Vietnamese Foreign Minister Nguyen Co Thach insisted on the removal of Pol Pot and his group before settling the Kampuchean issue.

According to an Associated Press report, the Vietnamese envoy to the United Nations, Hoang Bich Son, unintentionally revealed Hanoi's motive for laying down this precondition. The envoy said at a news briefing on February 21 that of the three Kampuchean resistance forces, "the much larger Pol Pot forces are like a 'banyan tree' which shelters the plants of Son Sann and (Prince Norodom) Sihanouk." This report quoted him as saying "If Pol Pot's forces are wiped out, the banyan tree is cut down. You don't have to try to destroy the other plants."

However, despite its strenuous efforts in the current dry-season offensive, Hanoi has failed to achieve its objective of eliminating

the National Army of Democratic Kampuchea.

The Hanoi leaders told Hayden that "removal" did not mean "elimination." They want, they said arrogantly, the resistance forces to "lay down their arms" and be treated with "leniency." They further said that in future elections in Kampuchea, there will be only one legal political party, the Kampuchean Communist Party, a party fostered and controlled by Hanoi. Others must run as independents.

Hayden also disclosed "a series of steps" proposed by Thach for solving the Kampuchean problem. The steps include direct talks between Kampuchean Heng Samrin and Sihanouk; resolution of the Thai-Kampuchean, Thai-Lao and Sino-Vietnamese border problems; dialogue between Indochina and ASEAN; and an international conference on the security of the region.

By proposing these "steps," Viet Nam is apparently trying to cloud over its aggression in Kampuchea and create confusion to provide Hanoi with a pretext for keeping its troops in Kampuchea.

Hayden told the Vietnamese leaders that Australia favours the withdrawal of Vietnamese troops from Kampuchea. Failing this, he said, they become "occupation troops." But he added that Australia "understands" the reason for the Vietnamese military presence in Kampuchea. He said efforts should be made to create conditions under which Vietnamese troops could withdraw while preventing Pol Pot from returning to power in Kampuchea.

Under Hanoi's arrangements, Hayden met and held talks with Hun Sen, "premier and foreign minister" of the Phnom Penh regime, in Ho Chi Minh City on March 9. An Agence France-Presse report from Bangkok said the Hayden-Hun Sen meeting,

which lasted more than two hours, came as a surprise to observers. Indonesian Foreign Minister Mochtar Kusumaamadja said that Hayden's meeting with Hun Sen and his statements on Vietnamese troops in Kampuchea had impaired his credibility.

After his visit to Hanoi, Hayden on March 10 briefed Thai Foreign Minister Siddhi Savetsila on his talks with Vietnamese leaders. But he was told by the Thai leader that the Vietnamese were playing a double game. On March 11

## **Brazil**

# **Democracy Takes Another Step**

**With the election of Tancredo Neves as president of Brazil, the democratization of Latin America has taken yet another step.**

by LAN CHAIJI

**B**RAZIL'S 21-year-old military junta came to an end March 15 as newly elected Vice-President Jose Sarney took the oath of office. President-elect Tancredo Neves was hospitalized by illness so Sarney was chosen for his temporary replacement.

Brazil's transition to an elected government is a great leap in the democratization of Latin America. With a land mass covering nearly half the South American continent and a gross national product that constitutes one-third of Latin America's total, Brazil is the largest country in the region. Its political reform will undoubtedly have an influence on the region's political climate.

During the 1960s and 1970s, there were a total of 13 Latin American countries ruled by military regimes. Nine of them were in South America: Brazil, Ecuador, Peru, Bolivia, Uruguay, Paraguay, Chile, Argentina and Surinam. The other four (Panama, Honduras, El

Hayden arrived in Singapore and held talks with his Singapore counterpart, Suppiah Dhanabalan. The Singapore foreign minister said after the talks that Hanoi had shown no sign of any desire to solve the Kampuchean issue. He said Hanoi's proposals were aimed at diverting attention from the Vietnamese occupation of Kampuchea and undercutting those who oppose it. Hayden reportedly acknowledged in Singapore that Viet Nam's incursions into Thailand posed a setback to his efforts to mediate an end to the conflict.

Salvador and Guatemala) were in Central America.

In the late 1970s and early 1980s the situation changed dramatically. The military regimes were pressured into gradually withdrawing from the political arena to make room for democracy. Today, nine of the 13 military-ruled countries have held presidential and parliamentary elections to carry out the transition from military juntas to democracy.

With their different domestic conditions, the various Latin American countries have taken different courses on the march towards democratization. Whatever they have done, all have moved towards replacing military rule with democracy. This success shows best the strong desire of the Latin American people to eliminate oligarchies and replace them with democracies.

Military juntas have had a fairly long history in Latin America. In the early 19th century, Latin American countries began to win independence from the old colonialist powers. But rather than establish

constitutional governments, military rulers usually grabbed political power and established autocracies. Between the two World Wars, imperialist powers propped up the right-wing military cliques, which strengthened their influence. After World War II the democratic movement to oppose imperialism and colonialism grew stronger, spread across the continent and washed away nearly all of the old military juntas. But in the 1960s many Latin American countries saw frequent coups as military officers seized power again. But these military regimes were generally more nationalistic than their predecessors. Many military re-

gimes adopted measures to invigorate their national economy, measures that helped speed economic development in the 1970s.

However, in the late 1970s, the Western economic crisis rocked Latin America madly. Many Latin American countries with military governments were damaged by economic recession, a decline in productivity, runaway inflation and back-breaking debts. As the domestic situations grew worse, the call for democracy grew stronger. The intensified political, economic and social contradictions brought about Latin America's trend towards democratization.

process is complicated, time-consuming and can be used as a way to discriminate against certain exporting countries. The regulations have been criticized by many textile exporters in developing countries.

The final version of the regulations differs little from the initial draft, other than including a simplified procedure for entering US territory. The regulations are contradictory: Under the clause, the sewing of apparel pieces into finished garments from fabric components cut in another country is considered a substantial transformation while the joining of woollen components into finished garments in another is not.

When the "country of origin" regulations were released last August, China's Ambassador Zhang Wenjin twice warned US authorities that they should reconsider the discriminatory clauses to avoid retaliation. He protested that the new regulations completely change the trade rules and the basis for quotas as written in the Sino-American textile agreement. The changes will affect China's trade, he said.

However, US authorities ignored the protests and sincere efforts to reach a mutually acceptable solution, leaving China to conclude that the United States does not care whether its actions harm China's trade and economic development.

Under the spirit of the Sino-US trade agreement, the multifibre agreement and the bilateral textiles agreement, China expects harmonious development of trade in textiles and other products. But the unilateral action by the United States in disregard of China's interests will certainly harm trade relations. It is reasonable for China to reserve its right to compensation for any losses resulting from the "country of origin" regulations.

## United States

# A Move Towards Protectionism

**The final version of the United States' "country of origin" regulations will bring unwanted changes to the existing international trade order.**

by ZHAO ZIJIAN

THE final version of the United States Customs Service's "country of origin" regulations on textile imports, which was published March 5 and will go into effect next month, is a step by Washington to implement protectionism. The regulations will undermine the existing international trade order, violate existing trade patterns and restrict some of China's exports.

US Customs officials said they were adopting the regulations to keep nations from circumventing US textile import quotas by shipping half-finished textiles to other countries for finishing. Customs officials complained that countries were using third countries to escape their quotas and were flooding the US market with cheap textiles.

The "country of origin" regulations specify that the coun-

try in which the fabric components are cut will have the textiles counted against their import quota, no matter where they were finally assembled. In the past, the country in which the final sewing took place was considered the country of origin and quotas were calculated on that basis.

As a rule, garment manufacturers all over the world prefer finishing their products in different countries so they can take advantage of advanced technologies and cheaper labour. However, under the US "country of origin" regulations, a garment partially made in one country and shipped to another for finishing must be examined by the US Customs Service. After examining the product to see if it has undergone "substantial transformation," the inspector will then determine which country's quota the textile counts against. The inspection

# How China Views Its Budget Deficit

*In an interview with "Beijing Review," Vice-Minister of Finance Tian Yinong talks about China's budget deficit, its causes and effects. He also discusses the nation's financial policy and the relationship between the deficit and inflation. — Ed.*

**Question:** What accounts for the deficits that have occurred in the Chinese economy in the past few years?

**Answer:** Because government revenue generally makes up 30 percent of China's gross national income, the government's revenue and expenditure situation serves as the major barometer for the national economy.

China's balance of revenue and expenditure has dipped into the red since 1979 (see table), and for good reasons. In 1979 the state adopted the principle of "readjusting, restructuring, consolidating and improving" the national economy so as to cure the economy of the aftermath of longstanding "leftist" mistakes, the decade-long "cultural revolution" in particular. A series of steps have been taken to serve that purpose. Purchase prices, for example, have been raised for grain, cotton, oil-bearing crops, pigs and some other major farm and sideline products. Some rural taxes have been reduced or cancelled. State industrial and commercial enterprises have been given more say in management. Wages have been increased for workers, teachers, scientists and government office workers, and the bonus system has been introduced. More jobs have been



created and large sums of funds have been allotted to build workers' residential quarters and to improve the urban public utilities. All these measures have helped straighten out the national economy. They have also aroused the enthusiasm of peasants and workers, boosted the development of agriculture and light industry, and enlivened the market, thereby improving living standards in both urban and rural areas.

The gains notwithstanding, these steps are not without side effects. However temporarily, they have disturbed the balance of revenue and expenditure. Statistics show

that decreased revenue and increased expenses combined to reduce state revenue by about 350 billion yuan in the five years between 1979 and 1983. This resulted in huge deficits in 1979 and 1980, which continued during the ensuing years, though vastly reduced.

The 1979-80 deficits adversely affected prices and threatened to spark inflation. To forestall that prospect, the state adopted well-planned measures to cut down expenses. In 1981 allocations on capital construction were cut by more than 18.4 billion yuan, or 35.8 percent, from the 1979 figure, and the defence budget was reduced by 5.47 billion yuan, or 24.6 percent. To eliminate 1980's red ink, the state issued more than 4 billion yuan worth of treasury bonds in 1981, while calling upon people throughout the nation to increase production and practise economy, tap production potential and raise the economic results. This helped reduce the deficit to 3 billion yuan in 1981 from the previous year's 12 billion yuan, reinstating the basic balance between revenue and expenditure. In the years that followed, the red ink has remained around 3 billion yuan.

**Q:** Since the revenue has begun to pick up from the slump, how is it that there is still an annual deficit of 3 billion yuan?

**A:** As the old Chinese saying goes, "It takes more than one cold day for the river to freeze three feet deep" — the trouble has been brewing for quite some time. Fundamentally speaking, the deficits of these years all stem from the fact that the decade-long domestic turmoil kept a host of problems unsolved for too long. These problems are so many that they cannot be tackled all at once.

Beginning in 1982 steady growth

Unit: billion yuan

Year	Revenue	Expenditure	Difference (+ Surplus) (- Deficit)	Percentage of deficit in revenue
1978	112.1	111.1	+ 1.017	—
1979	110.3	127.4	- 17.07	15.5
1980	108.5	121.3	- 12.75	11.8
1981	108.9	111.5	- 2.55	2.3
1982	112.4	115.3	- 2.93	2.6
1983	124.9	129.2	- 4.35	3.5

in production brought a turn for the better in state revenue. Revenue grew considerably in 1983 over the previous year, and did even better in 1984. All this indicates that China's revenue has embarked on a course of steady growth.

But after all is said, the financial and economic situation has not been fundamentally improved. First, because so many enterprises are still handicapped by poor economic results, the state gains very little from improved management and efficiency. A lopsided price system has forced the state to pay heavy subsidies, which consumes a big hunk of state revenue.

The considerable growth in revenue in 1983 and 1984 was actually not much if the funds raised for construction of key energy and transportation projects and the amount gained from price increases were deducted.

The financial recovery has also been stunted by the contradiction between the need to boost revenue and the demands for more construction funds to maintain the tempo of economic development and lay the groundwork for a future economic takeoff. More key energy and transportation projects need to be built; education, science, culture and medical services should be developed; and the standard of living needs to be improved. All these demands for money make it hard to keep revenue and expenditure balanced, especially at a time when economic results have not been markedly improved. It will be some time before this problem can be solved.

But, after all, we have managed to bring down the deficits and have kept it low since 1981, thus achieving a basic balance between revenue and expenditure. That is a far cry from the situation in 1979 and 1980.

**Q: Will recurring deficits cause inflation?**

**A:** The deficit is not the only thing that affects prices. Whether a deficit can trigger inflation depends on its magnitude, its duration and the way it is tackled. If the deficit is too large (say, two-digit percentage in the revenue), lasts a long time and is reduced by issuing more bank notes, spiralling prices become unavoidable. Small, temporary deficits or deficits tackled without issuing more bank notes are unlikely to cause inflation.

China erased most of its huge 1979 and 1980 deficits by using bank loans. The deficits did contribute to price hikes in 1980, but the major cause was the state decision to increase the market prices of eight nonstaple foods.

But things have been different since 1981. Prices have risen with each passing year. Behind this phenomenon is the relationship between the volume of bank notes issued and commodity supplies. It also has something to do with the relation of supply to demand and problems in the price control system.

Prices change for complex reasons. While some prices were arbitrarily raised to irrational levels, many price increases were justified, such as in the case of quality products which were sold too cheaply before. Government decontrol of prices for some small commodities has also resulted in temporary price hikes. These and other factors should be carefully studied before proper measures are taken.

The annual 3-billion-yuan deficit since 1981 is unlikely to cause inflation because it accounts for only 3 percent of the country's revenue and is even more insignificant when compared to the total national income. Certainly this is not to say we can overlook the deficit just because it is small. The State Council is searching for ways to reform the price system, and

it is the Ministry of Finance's task to do everything possible to keep the basic balance of revenue and expenditure and to ensure the smooth progress of the price reform.

**Q: What is China's basic financial policy?**

**A:** Financial stability and balance are a major condition for realization of the four modernizations. Since the founding of the People's Republic, China has always followed the principle of keeping a balance between revenue and expenditure with a slight surplus. This is a correct principle because it suits the country's reality. Our experience shows there are two kinds of financial balance. One is based on sustained expansion in production, markedly improved economic results and steady and substantial increases in both revenue and expenditure. The other is a balance maintained on the basis of sluggish production growth, poor economic results and stagnant state revenue, which force the government to reduce expenses and curtail necessary investment in capital construction. What we want is the first kind of balance because it is healthy and stable. We should avoid the second kind of balance because it is unreliable and will put us at a disadvantage.

A stable balance in finances is a major sign of fundamental economic improvement, and that is exactly what we are striving for. But as things stand today, economic results for most Chinese enterprises are low. The rate of profit and tax against enterprise funds, for example, has not yet reached the highest level in history despite gradual improvement in recent years, and it still trails behind that of developed countries. We should, through comprehensive economic restructuring, work to improve our economy with each passing day. □

# Research System Undergoing Reforms

by **LI YONGZENG**  
Our Correspondent

**N**OW that the rural economic reforms have met success, China has turned its attention to urban economic reform, including the reform of the scientific research system. But there is no model to follow in this field, so people must blaze new trails. The Zhuzhou Electronic Research Institute of Hunan Province, for one,

has provided experience in reform and its actions have been highly commended by the government.

## Compensatory Scientific Services

The Zhuzhou Electronic Research Institute was established in 1978 on the basis of a trial-production group of an electronic plant. At that time its assets included only an uncompleted office build-

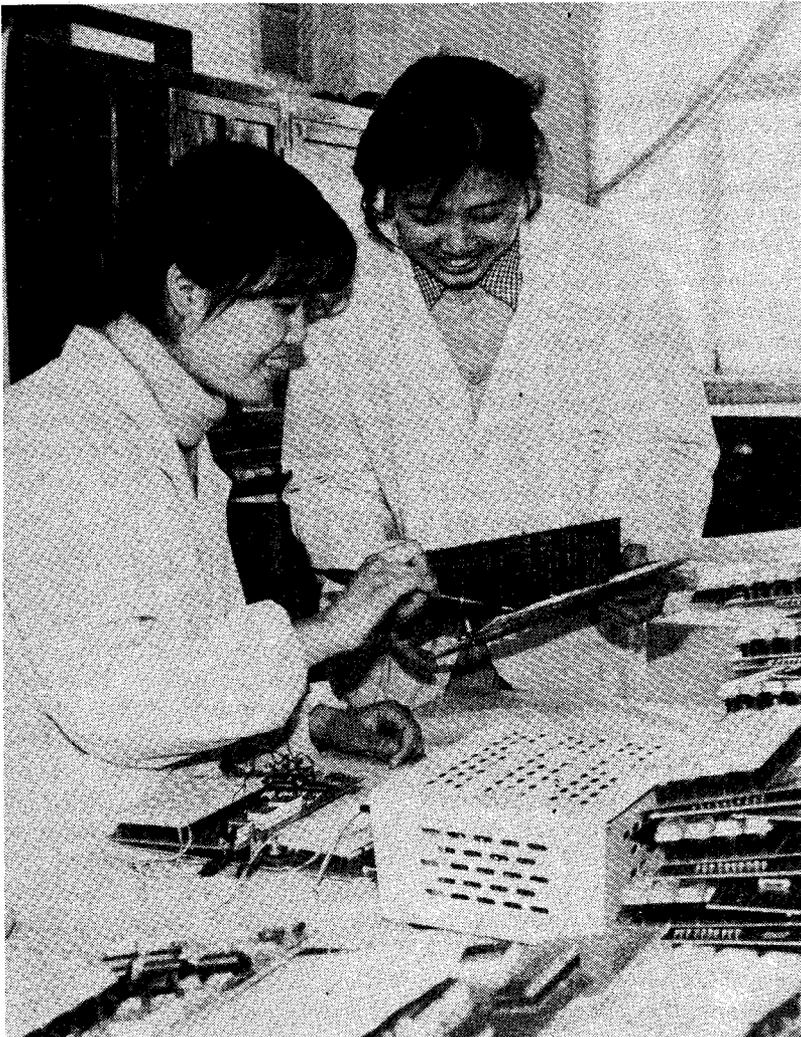
ing, a truck assembled with random parts from different automobile factories, several old machine tools and some other outdated equipment. Among its 58 staff members, only 19 had some technical training.

Generally speaking, research institutes are assigned tasks by the state and receive funds to do the work from the government. But at that time because the state was suffering financial problems and the Zhuzhou Electronic Research Institute was of little importance to the government, it received neither tasks nor money from the state.

The institute was under heavy pressure because it could not get funds from anywhere. It couldn't even pay wages to its staff members. The pressure forced the head of the institute to search out customers in need of scientific research. He conducted investigation tours of some 40 enterprises to gather information.

At first the institute concentrated its research on specialized computers. Customers would give the institute their technological requirements and the institute would design a circuit to meet the needs. But the service didn't attract many customers because the circuit parts were expensive and unreliable. Aware of this, the institute shifted its research focus to the microcomputer, which is small, low cost, has many functions and is reliable. Through exchanges with other research institutes and co-operation with foreign firms, the institute's technicians quickly mastered the basics of the large-scale integrated circuit. And they soon produced the CMC-80 microcomputer, which was designed to meet the require-

Young technicians of the Zhuzhou institute are conducting research on the CMC-80 microcomputer.



# Communique on Fulfilment of China's 1984 Economic and Social Development Plan

Issued on March 9, 1985, by the State Statistical Bureau

THE people of all nationalities in China, under the leadership of the Chinese Communist Party and the People's Government, continued in 1984 to implement the principles of invigorating the domestic economy and opening the country to the outside world. The nation quickened the pace of the restructure of the economic system, with the stress on urban reform, and made remarkable progress in national economic and social development. The total product of society\* came to 1,283.5 billion yuan, 13 percent higher than in 1983. Of the sum, the total output value of industry and agriculture was 1,062.7 billion yuan, 14.2 percent above the previous year. National income reached 548.5 billion yuan, up 12 percent from 1983. The total product of society, the total output value of industry and agriculture, and the national income, as well as the output of 13 major agricultural products and 89 major industrial products, fulfilled or overfulfilled the quotas set for 1984. Along with the growth of production, the domestic market was brisk, foreign trade was booming, living standards continued to rise, and new progress was made in raising the nation's cultural and ethical standards.

The major problems in national economic development continued to be shortages in the power supply and a continued strain on transportation; too rapid growth of consumption funds and too big investments in fixed assets; and substantial price hikes for some commodities.

## I. Agriculture

In 1984 the economic reform in the countryside continued to develop. The co-operative system, characterized by the contract responsibility system, which links output with remuneration, was further improved. Various kinds of specialized households and rural economic entities appeared in large numbers. The number of rural people engaged in industrial, commercial and construction undertakings, as well as in the service trades, increased rapidly.

The rural economy grew more and more specialized, commercialized and modernized. Commodity production developed rapidly, and the commodity rate of agricultural products (rate of agricultural products sold as commodities—*Tr.*) in 1984 reached 53.3 percent. Scientific agricultural techniques were further popularized. On the heels of strong growth in 1983, another good harvest was reaped in agricultural production.

The total output value of agriculture was 361.2 billion yuan, up 14.5 percent from the previous year, far exceeding the planned target of 4 percent growth. If the industrial output value produced by rural enterprises is deducted from this sum, the figure is 306.2 billion yuan, still a 9.9 percent increase over 1983. Of the total sum, crop cultivation brought in 214.1 billion yuan, an increase of 8.9 percent over 1983; forestry produced 15.1 billion yuan, an increase of 15.8 percent; animal husbandry yielded 54.3 billion yuan, an increase of 11.7 percent; sideline production brought in 70 billion yuan, an increase of 36.8 percent; and fishing produced 7.7 billion yuan, an increase of 13.2 percent.

Crop cultivation witnessed an overall growth. The output of major farm products—including grain, cotton, oil-bearing crops, jute and ambary hemp, and silkworm cocoons—met or topped the planned targets.

The output of major farm products were as follows:

\* Total product of society is the sum of the total output value of agriculture, industry, the building trade, communications and transportation, and commerce, including the supply and marketing of materials and equipment and the catering trade. National income is the sum of the net output value of the five above-mentioned material producing departments. All figures for the total product of society, total industrial output value, total agricultural output value and national income cited in the communique are calculated in terms of 1984 prices, and the rate of growth over the previous year is calculated on comparable prices.

	1984	Increase over 1983 (%)
<b>Grain</b>	407,120,000 tons	5.1
of which:		
<b>Rice</b>	178,090,000 tons	5.5
<b>Wheat</b>	87,680,000 tons	7.7
<b>Soybean</b>	9,700,000 tons	-0.7
<b>Cotton</b>	6,077,000 tons	31.1
<b>Oil-bearing crops</b>	11,852,000 tons	12.3
of which:		
<b>Peanuts</b>	4,810,000 tons	21.8
<b>Rapeseed</b>	4,194,000 tons	-2.2
<b>Sesame</b>	467,000 tons	33.9
<b>Sugar-bearing crops</b>	47,946,000 tons	18.9
of which:		
<b>Sugarcane</b>	39,662,000 tons	27.4
<b>Beetroot</b>	8,284,000 tons	-9.8
<b>Jute, ambary hemp</b>	1,489,000 tons	46.1
<b>Silkworm cocoons</b>	357,000 tons	5.0
<b>Tea</b>	411,000 tons	2.6

The production responsibility system in forestry was further implemented. Afforested areas in the country increased and the quality of work improved. The output of rubber increased 9.4 percent over 1983; tea-oil seeds, 20.5 percent; and tung-oil seeds, 0.7 percent. The output of other forestry products also increased at varying rates.

Animal husbandry continued to develop. Increases were registered in the output of pork, beef, mutton, milk, poultry and eggs, as well as in the numbers of large animals (horses, cattle, mules, donkeys, etc. — *Tr.*) and pigs in stock at year end. However, the number of sheep in stock at year end dropped. The output of pork, beef, mutton and milk all topped the planned targets.

Output of major animal by-products and numbers of live-stock are as follows:

	1984	Increase over 1983 (%)
<b>Output of pork, beef and mutton</b>	15,250,000 tons	8.8
<b>Milk</b>	2,210,000 tons	19.9
<b>Sheep wool and goat hair</b>	190,000 tons	-6.6
<b>Hogs slaughtered</b>	218,700,000 head	5.8
<b>Large animals at year end</b>	108,320,000 head	4.7
<b>Pigs at year end</b>	306,090,000 head	2.5
<b>Sheep and goats at year end</b>	158,240,000 head	-5.2

Fish production continued to grow. The output of aquatic products was 6.06 million tons, up 11 percent from 1983 and exceeding the state plan by 20 percent. The total catch of freshwater products increased by 15.6 percent, while marine products rose by 8.7 percent.

In sideline production, village-run industries developed quickly. The 1984 total output value was 55 billion yuan, an increase of 45.5 percent over the previous year.

State farms actively introduced the responsibility system last year mainly with worker families as the base and hence sparked the enthusiasm of the workers and staff. In 1984 state farms built on reclaimed wasteland achieved a total industrial and agricultural output value of 13.7 billion yuan, up 8.5 percent from 1983. Varying degrees of increases were recorded in the output of major agricultural products and animal by-products.

Conditions for agricultural production continued to improve. At the end of 1984, the aggregate power capacity of China's farm machines had reached 265 million horsepower, an 8.3 percent increase over 1983. The number of large and medium-sized tractors was 857,000, an increase of 1.9 percent over 1983; small-capacity and walking tractors, 3,289 million, an increase of 19.6 percent; trucks, 345,000, an increase of 25.5 percent; and irrigation and drainage equipment, 78,281,000 horsepower, the same as in 1983. A total of 17,731,000 tons of chemical fertilizers were applied during the year, a 6.8 percent increase over the previous year. The total consumption of electricity in rural areas was 46.2 billion kwh, an increase of 6.2 percent over 1983. Management of water conservation projects improved and farmers were better able to stave off drought and drain waterlogged fields.

The nation's meteorologists improved their weather forecast work and intensified scientific research, making a positive contribution to agricultural production and production in other fields.

At present, China's agricultural structure still cannot meet the needs of the market, and animal husbandry and fishing, in particular, remain weak.

## 2. Industry

In 1984 industrial enterprises received more decision-making powers. The pace of technical transformation, technology import and technological co-operation quickened. The consolidation of large and medium-sized key enterprises was basically completed. Co-ordinated development was achieved between heavy and light industries, and overall economic results improved.

The total industrial output value for 1984 was 701.5 billion yuan, an increase of 14 percent over 1983, a pace which exceeded the planned growth target of 5 percent. When added to the output value of rural industry run by villages (brigades), the total figure would be 756.5 billion yuan, a 15.9 percent increase over 1983. Of the total, the output value of state-owned industry increased 11 percent over the previous year, collectively owned industry

grew by 21.9 percent and industry of other kinds of ownership expanded its output value by 56.8 percent. The industrial output value of the four special economic zones — Shenzhen, Zhuhai, Shantou and Xiamen — increased 51.5 percent from 1983. The output of 89 of the 100 major industrial products met or topped state plans. They included coal, crude oil, electricity, television sets, cassette tape recorders, cameras, refrigerators, woollen piece goods, knitting wool, beer, pig iron, steel, rolled steel, chemical fertilizer, tyres, cement, machine tools and motor vehicles. Eleven industrial products failed to meet their 1984 planned quotas, including sewing machines, aluminium oxide and sulphuric acid.

The total output value of light industry in 1984 was 337.4 billion yuan, a 13.9 percent increase over 1983. The quality of light industrial products improved and the variety increased. Output of fine-quality and famous-brand products increased rapidly, but they still could not meet the growing demand of consumers.

The output of major light industrial products were as follows:

	1984	Increase over 1983 (%)
Cotton yarn	3,220,000 tons	-1.5
Cloth	13.4 billion metres	-10.0
of which:		
Chemical fabrics	5.8 billion metres	8.7
Chemical fibres	750,000 tons	34.2
Woollen piece goods	175 million metres	22.6
Machine-made paper and paper board	7,140,000 tons	8.0
Sugar	3,740,000 tons	0.8
Beer	2,190,000 tons	34.4
Cigarettes	53.125 billion packs	9.6
Chemical pharmaceuticals	52,000 tons	9.0
Detergents	810,000 tons	19.1
Bicycles	28,570,000	3.6
Sewing machines	9,320,000	-14.3
Wrist-watches	36,440,000	5.1
Television sets	9,960,000	45.7
of which:		
Colour sets	1,290,000	140
Radios	21,860,000	9.4
Cassette recorders	7,480,000	50.4
Cameras	1,270,000	37.0
Household washing machines	5,780,000	58.1
Household refrigerators	537,300	190

The 1984 heavy industrial output value was 364.1 billion yuan, up 14.2 percent from 1983. Primary energy output was equivalent to 766 million tons of standard coal, an increase of 7.4 percent over the previous year. Energy conservation efforts made progress, with industrial enterprises above the county level across the country saving a

total of more than 20 million tons of standard coal. But the supply of electric power and some raw and semi-finished materials still fell short of the needs of national economic development.

The output of major heavy industrial products were as follows:

	1984	Increase over 1983 (%)
Coal	772,000,000 tons	8.0
Crude oil	114,530,000 tons	8.0
Natural gas	12.4 billion cubic metres	1.7
Electricity	374.6 billion kwh	6.6
of which:		
Hydro-electricity	85.5 billion kwh	-1.0
Pig iron	39,980,000 tons	7.0
Steel	43,370,000 tons	8.4
Rolled steel	33,710,000 tons	9.7
Timber	55,000,000 cubic metres	5.1
Cement	121,080,000 tons	11.8
Plate glass	47,370,000	
	standard cases	13.7
Sulphuric acid	8,130,000 tons	-6.5
Soda ash	1,880,000 tons	5.0
Caustic soda	2,220,000 tons	4.6
Chemical fertilizers	14,820,000 tons	7.5
of which:		
Nitrogenous fertilizer	12,260,000 tons	10.5
Phosphate fertilizer	2,520,000 tons	-5.3
Chemical insecticides	310,000 tons	-6.8
Plastics	1,160,000 tons	3.2
Mining equipment	230,000 tons	13.6
Power-generating equipment	4,650,000 kw	69.8
Machine tools	131,400	8.6
Motor vehicles	315,000	31.4
Tractors	39,700	7.3
Walking tractors	670,000	34.7
Locomotives	658	11.7
Steel ships for civilian use	1,440,000 tons	11.1

Industrial economic efficiency improved. Throughout the country 662 products were awarded gold or silver prizes by the state, an all-time high. Per-capita productivity for financially independent state-owned industrial enterprises rose 8.7 percent over 1983. Sales income of budgeted state-owned industrial enterprises increased 10.4 percent. Their profits and product sales taxes went up by 10.5 percent. And their total output value increased 10.6 percent. Synchronized growth between the three figures was achieved. Enterprise losses dropped 23 percent as compared with 1983. The turnover period for working funds was shortened from 108 days in 1983 to 102 days in 1984. The total cost of comparable products went up by 1.3 percent, primarily as a result of price hikes for some raw and semi-finished materials and the rising cost of transportation. But there were still some enterprises that did not perform well and showed no obvious improvement in economic efficiency.

### 3. Investment in Fixed Assets And the Building Industry

Capital construction in 1984 registered fresh progress in further implementing the principle of concentrating efforts and resources to build key construction projects and in actively reforming the administrative system. Total investment in fixed assets for state-owned enterprises came to 116 billion yuan, 20.8 billion yuan, or 21.8 percent, more than the previous year. Of that total, 73.5 billion yuan went into capital construction, 23.8 percent more than in 1983; the capital construction figure stood at 68.9 billion yuan after deducting the amount not included in the state plan, 6 percent more than the 65 billion yuan planned by the state, or 97.6 percent of the 70.6 billion yuan of the state's adjusted plan. Of this, 31.6 billion yuan was investment directly called for in the state budget, accounting for 95.3 percent of the state's adjusted plan.

Construction of key projects was strengthened. Of the investment in capital construction, 15.8 billion yuan went into energy projects, a 25.1 percent increase over the previous year; and 10.5 billion yuan was channelled into transportation and posts and telecommunications, up 34.2 percent. The proportion of investment in energy development and transportation increased from 1983's 34.4 percent to 35.8 percent. Investment in scientific research, education, and cultural and public health facilities rose by a big margin.

The tempo of the construction of 123 large and medium-sized projects enjoying top state priority was quickened, absorbing 17.6 billion yuan in investment, 900 million yuan more than planned. The amount of accomplished engineering work on key coal mines, oilfields, power stations and railways outstripped the annual plan. And the four special economic zones of Shenzhen, Zhuhai, Shantou and Xiamen used 2.2 billion yuan of investment in capital construction, 77.6 percent more than the previous year.

A total of 102 large and medium-sized projects and 132 single items attached to large and medium-sized projects were completed and put into operation in 1984. Eighty-eight percent of the planned large and medium-sized projects and single items were completed and put into operation on schedule, a record pace in recent years. The large and medium-sized projects and single items completed in 1984, include the Baishan hydroelectric power station in Jilin Province, with a total generating capacity of 900,000 kw; Liaoning Province's Jinzhou power plant, with a total capacity of 600,000 kw; a 3-million-ton-a-year open-cast coal mine in Inner Mongolia's Huolinhe mining area; the 3-million-ton-a-year Xiqupingtong coal mine in Shanxi's

Gujiao mining area; the Dongpang coal washing plant in Hebei's Xingtai mining area, with an annual capacity of washing 1.8 million tons of coal; a 540-km-long railway from the city of Wuhu in Anhui Province to Guixi in Jiangxi Province; the 218-km Handan-Changzhi railway; the 683-km Hairag-Golmud railway on the Qinghai-Tibet line; the 476-km Turpan-Korla railway in southern Xinjiang; the Jidong Cement Factory in Hebei, with an annual capacity of 1.55 million tons; Guangxi Province's Nanning plate glass factory, with an annual production capacity of 1.2 million standard cases, and Shandong Province's Yantai Synthetic Leather Factory, which is capable of producing 3 million square metres of synthetic leather.

Capital construction last year helped add the following industrial capacities: 18.13 million tons of coal a year, 13.1 million tons of crude oil a year (including capacities added through oilfield transformation or due to other investments), 3.5 million kw of power generating capacity, 1,247 km of new railways already in operation, 584 km of new double-track railways already in use, 695 km of electrified railways, 9.18 million tons of port cargo handling capacity, 25,000 tons of chemical fibres a year, 385,000 tons of sugar a year, 530,000 cubic metres of timber a year and 4.7 million tons of cement a year.

Headway was made in the technical revamping of existing enterprises. State-owned enterprises in 1984 made use of a total investment of 42.5 billion yuan in equipment replacement, technical updating and other purposes, 18.8 percent more than the previous year. Of this amount, 30.4 billion yuan was invested in equipment replacement and technical updating, surpassing the planned 29 billion yuan investment by 4.8 percent. Of the investment in equipment replacement, technical updating and other measures, 10 billion yuan was used to expand production and in energy conservation projects, 33 percent more than in 1983; and 4.5 billion yuan was used to increase the variety of products and to raise the quality of products, a 25 percent rise. Of the 74,000 projects undergoing equipment replacement and technical updating last year, 39,000 were completed, which played a major role in improving the quality of products, increasing the output of products in short supply, and saving energy and raw and semi-finished materials. Last year also saw the first steps in the technical transformation of the Anshan and Shoudu iron and steel complexes and some other key enterprises.

Initial results were reaped in the reform of the administrative systems of the building industry and capital construction. Various forms of investment contract system were introduced in 230 large and medium-sized projects, accounting for 31 percent of

such projects under construction. Half of the state-organized top priority 123 large and medium-sized projects came under the investment contract system. And 4,200 contracts, involving 16 million square metres of floor space, were put out to bid. The investment contract and bidding systems benefitted construction projects by shortening the time of construction, lowering the costs and raising engineering quality. The popularization of the contract system in state-owned building and installing enterprises helped make the entire building industry more efficient, increasing per-capita labour productivity by 15.5 percent over that of the previous year and boosting the percentage of engineering work rated "excellent" from 65.9 to 68.5.

Investment in fixed assets in 1984 was a bit too heavy, the supply of building materials was strained and the number of ordinary projects undertaken fell short of expectations. The percentage of capital construction projects finished and going into production dropped from the previous year's 53.2 to 48, the percentage of housing completed went down from 52.3 to 49, and the percentage of fixed assets put to use also somewhat declined.

Geological surveying work registered remarkable achievements in 1984. More than 200 mines worth tapping were found across the land. Geologists verified new reserves of 13 major minerals, including petroleum, coal, iron, copper, aluminium, phosphorus and sulphur, at rates faster than planned. Newly verified reserves included 24 billion tons of coal and 880 million tons of iron ore. Tunnelling footage completed in the year totalled a record 11.07 million metres, 1.57 million metres more than in 1983.

#### **4. Transportation, Posts and Telecommunications**

The transportation industry adopted various measures to raise its shipping capacity, resulting in a considerable increase in the volume of freight and number of passengers carried in 1984. The various transportation departments handled 1,451 billion ton-kilometres (a ton-kilometre means one ton carried over a distance of one kilometre) of goods, up 9.1 percent from 1983. Of this, the railways handled 724.7 billion ton-kilometres, a 9 percent increase; trucks handled 35.9 billion ton-kilometres, up 7.2 percent; ships and boats handled 632.9 billion ton-kilometres, up 9.3 percent; and planes handled 310 million ton-kilometres, up 34.9 percent. The volume of oil and gas carried through pipelines was 57.2 billion ton-kilometres, up 9.2 percent. The volume of cargo handled at major seaports was 275.5 million tons, up 10.4 percent.

The gross volume of passenger transportation was 357.6 billion person-kilometres, a 15.5 percent

increase over 1983. Of this, the railways carried 204.6 billion person-kilometres, up 15.2 percent. The volume of road passenger transportation was 129.4 billion person-kilometres, an increase of 17 percent. The volume of waterway passenger transportation was 15.2 billion person-kilometres, down 1.3 percent, and the volume of air passenger transportation was 8.4 billion person-kilometres, up 42.4 percent.

China's posts and telecommunications continued to develop. Transactions throughout China in 1984 amounted to 2.49 billion yuan, up 12 percent from 1983. The number of letters handled went up 12 percent; newspapers and magazines distributed went up 23 percent; and long-distance telephone calls were up 18.9 percent; but the number of telegraphs dropped by 3.3 percent. The year-end number of telephone subscribers in urban areas registered a 13.3 percent increase over the previous year.

During the structural reform, monopolized management of transportation enterprises gave way to multi-layered and multi-channelled management, resulting in an increase in the number of collectives and individuals engaged in transportation businesses. According to incomplete statistics, the nation's individual and co-operative transportation companies owned 130,000 motor vehicles and 2.7 million vessels of various kinds.

Economic results improved somewhat in the transportation and posts and telecommunications departments. Per-capita productivity for railway transportation was up 7.7 percent over the preceding year. The average productivity of each locomotive rose 1.9 percent a day. Locomotive fuel consumption per 10,000 ton-kilometre went down 5.8 percent. The average annual productivity per ton of the ships directly under the administration of the Ministry of Communications was 6.8 percent more than in the preceding year. Foreign trade ships were docked at seaports an average of 8.8 days, a day less than the 9.9-day average last year. Nonetheless, there are still many problems to overcome in the development of transportation, posts and telecommunications if they hope to keep pace with the nation's economic development.

#### **5. Domestic Trade**

The supply of market commodities continued to grow in 1984, bringing in its wake increased retail sales. The nation's 1984 retail sales reached 335.7 billion yuan, a 17.8 percent increase over 1983 (14.6 percent if price increases are factored).

Of the total retail sales, consumer goods grew 18.7 percent and farming materials and equipment increased 12.7 percent.

Retail sales of most principal consumer goods increased over the previous year. Increases included

grain, 19.5 percent; edible oils, 18.1 percent; pork, 3 percent; eggs, 16.1 percent; sugar, 9.7 percent; cotton-chemical fibre blended fabrics, 4.9 percent; chemical fabrics, 13.3 percent (but cotton cloth dropped 3.3 percent); woollen piece goods 23.8 percent; silks and satins, 19 percent; knitting wool, 29.6 percent; knitwear, 5.8 percent; wristwatches, 24.6 percent; bicycles, 9.9 percent; cameras, 17.7 percent; electric fans, 54 percent; television sets, 53.3 percent; cassette tape recorders, 59.7 percent; washing machines, 83.7 percent; and refrigerators, 130 percent.

During the current commercial structural reform, China has established a commercial network characterized by diversified forms of economy and management and circulation channels. By the end of 1984, the state had decontrolled 489 second-level industrial goods wholesale centres, accounting for 82.3 percent of those which should be decontrolled, and set up 2,248 urban trade centres — 1,254 for industrial goods, 753 for farm and sideline products and 241 for all-purpose trading. A total of 58,060 small state-owned enterprises in the retail business, the catering trade and other service trades were given a free hand in management. Of these, 46,589 were leased to collective management, 5,554 were turned over to collective ownership, and 5,917 were leased to individuals. The number of commodity fairs in both the cities and the countryside increased from 48,000 in 1983 to 56,000 in 1984. Retail sales in all sectors of the economy increased, with the joint-management\* and the individual economic sectors registering faster growth. The total amount of retail sales in the public-owned sector increased 9.7 percent, while retail sales in the collective sector rose 16.4 percent and sales in the joint-management sector increased 110 percent. Sales in the individual sector went up by 76.4 percent and retail sales by peasants to non-agricultural residents went up 27.8 percent.

Sales of major means of production in 1984 rose over the previous year. Coal sales rose 6.3 percent; rolled steel, 13 percent; timber, 5 percent; and cement, 12.4 percent. Of these, sales to rural areas by material departments increased 26 percent for coal, 7 percent for rolled steel, 31 percent for timber, 11 percent for cement and 28 percent for heavy-duty trucks. In order to invigorate the economy and expand the circulation of commodities, sales centres increased to more than 30,000, some 1,000 more than in 1983. These included 96 trade centres having to do with the sales of various kinds of ma-

\* This refers to enterprises run jointly by the state and collectives or by the state and individuals, by supply and marketing co-operatives and other collectives or by supply and marketing co-operatives and individuals. They also include joint ventures with Chinese and foreign investment.

terials. But the proportion of fulfilled contracts for some state-allocated goods was lower than in 1983.

Market prices rose to varying degrees, and the prices of some commodities saw considerable increases. The general price indices for state purchases of farm and sideline products rose an average of 4 percent over the previous year. This was caused by increases in the amount of grain purchased, the proportion of above-norm purchases at increased prices and the increasing amount of grain purchased and sold according to negotiated prices.

The general retail price index in 1984 rose 2.8 percent over 1983 and was 4.2 percent higher in the last quarter of 1984 than in the corresponding period of 1983. The price of fresh vegetables rose 7.5 percent; meat, poultry and eggs, 5 percent; aquatic products, 11.1 percent; fruit, 9.5 percent; preserved fruit, 4 percent; traditional Chinese medicines, 9 percent; Western medicines, 2.1 percent; and farming materials and equipment, 8.9 percent. Prices for grain, garments, cultural and recreational goods, and household electrical appliances remained basically the same as in the previous year, and there were actually price reductions for some of these commodities.

The cost of living index for workers and staff rose 2.7 percent over 1983. Of this, prices for consumer goods rose 2.5 percent and those for service trades went up 5.4 percent. There were some serious price problems, such as the fact that some enterprises forced up the prices of certain commodities or raised prices in disguised forms.

## 6. Foreign Trade and Tourism

1984 saw considerable growth in China's import and export trade and a further expansion in economic and technological exchanges with other countries. According to customs statistics, imports and exports came to 120.12 billion yuan, a 39.7 percent rise over 1983 (19.6 percent when price increases and fluctuating exchange rates are considered).

Exports totalled 58.06 billion yuan, 32.5 percent more than in the previous year (14.6 percent with fluctuations in prices and exchange rates deducted); imports totalled 62.06 billion yuan, up 47.1 percent (24.7 percent with fluctuations in prices and exchange rates deducted). Imports outstripped exports by 4 billion yuan.

The manufactured goods exports rose 12.6 percent, accounting for 54.4 percent of the total, and primary product exports increased 24 percent, accounting for 45.6 percent of the total.

In imports, the proportion of manufactured goods rose 42.6 percent, accounting for 81 percent of all imported goods; and primary products dropped by 10.3 percent, accounting for 19 percent of all imports.

In 1984 the nation used US\$2.66 billion of foreign funds, 35.7 percent more than in 1983. This included US\$1.32 billion in loans, 25.7 percent more than in 1983, and US\$1.34 billion in direct foreign investment, a 47.3 percent increase. Joint exploration and development of offshore petroleum utilized US\$0.52 billion of direct foreign investment, 79.3 percent more than in 1983.

China agreed to 585 contracts for overseas projects and labour service, worth altogether US\$1.68 billion, 82.6 percent more than 1983. Contracts worth US\$0.55 billion were fulfilled, a 22 percent rise.

The tourist industry attracted 12.85 million visitors from 162 countries and regions, 35.6 percent more than in 1983. Of these, 1.13 million were foreigners, 30 percent more than the previous year; and 11.72 million were overseas Chinese or compatriots from Hongkong and Macao, up 36.2 percent. Foreign exchange earned through tourism was US\$1.13 billion, up 20.2 percent over 1983.

## 7. Science, Technology, Education And Culture

Advances were made in science and technology, which played a remarkable role in aiding economic development in 1984. Some 10,000 scientific and technical research results won prizes from State Council departments and local governments. Prize winners included 264 inventions and discoveries approved by the state, 52 more than 1983. Seven innovations received first-class national awards, including the new MIG arc welding technique and a technological method for propagating woolly-headed crabs in salt water (the water can be purified and recycled so that the cost is greatly cut). The successful completion and operation of an experimental device called HL-1 lifted China's research into controlled thermonuclear fusion to a new plain. And China's success in building, launching and positioning its first communications satellite placed the nation among the world leaders in rocket and telecommunications satellite technology.

The reform of the scientific and technical system made headway in 1984. A number of scientific and technological findings have been applied to production. This has increased farm output and promoted the technical progress of industry. The contingent of scientists and technicians continued to expand. In 1984 the nation's state-owned enterprises boasted 7.35 million natural science professionals and technicians, 500,000 more than in 1983.

The education system quickened its pace of readjustment and reform. In higher education, diversified standards and forms of multi-layered teaching were introduced. While teaching quality was improved, the number of students grew considerably.

Institutions of higher learning enrolled 23,000 postgraduates, 7,000 more than in the previous year. There were 57,000 postgraduates studying in the country, 20,000 more than in 1983.

Universities and colleges enrolled 475,000 students in 1984, 84,000 more than in 1983, thereby overfulfilling even the 1985 quota as stipulated in the Sixth Five-Year Plan. These schools had a total student body of 1,396,000 last year, 189,000 more than in the previous year. Last year 287,000 students graduated from these institutions.

Adult higher education institutions (including TV and radio college courses, correspondence courses, evening schools and part-time colleges for workers, peasants, managerial personnel and middle-school teachers) enrolled 474,000 students last year, 61,000 more than in 1983. That increased the total student body to 1,292,000 last year, 366,000 more than the year before. Graduates from these schools totalled 164,000 last year.

Restructuring continued in secondary education. The number of senior middle school students was 6,898,000 — 608,000 more than in the previous year. The number of junior middle school students was 38,643,000 — 956,000 more than in 1983. Secondary technical schools had 1,322,000 students, up 179,000. Agricultural middle schools and vocational middle schools had 1,745,000 students, 525,000 more than in 1983. Workers' training schools had 639,000 students, an increase of 114,000. There were 5,160,000 students studying at adult middle schools and 827,000 at adult secondary technical schools. With the rapid development of various kinds of vocational and technical schools, the structure of China's secondary education was bettered.

New progress was scored in popularizing primary school education. In 1984 there were 135,570,000 pupils in primary schools, about the same as in the previous year. Considerable headway was made in pre-school education and programmes for the blind, deaf, mute and mentally retarded.

Cultural units and the media made strong contributions towards developing socialist culture and ethics. Last year 144 feature films were produced, 17 more than during the previous year, and 181 new full-length films were released, an increase of 11. The country had 178,000 cinemas and film projection teams, 3,397 performing art troupes, 3,016 cultural clubs, 2,217 public libraries, 618 museums and 2,924 archives. There were 161 radio stations, broadcasting a total of 2,767 hours per day; 595 radio transmitting and relay stations; 104 television stations; and 466 television transmitting and relay stations, each with a capacity of more than 1,000 watts. Central Television aired 454 TV plays. Some 18.06 billion copies of national and provincial newspapers and 2.18 billion copies of various kinds

of magazines and 6.27 billion books and picture books were published in 1984.

## 8. Public Health and Sports

Public health work was strengthened in 1984. The number of hospital beds reached 2,168,000 by the end of the year, an increase of 2.8 percent. Many hospitals in the cities and countryside instituted home-based care, to the delight of the people. Professional health workers numbered 3,341,000, up 2.7 percent as compared with the end of 1983. The total included 1,377,000 doctors (including 715,000 physicians in traditional Chinese and Western medicine), a 1.8 percent increase; and 616,000 nurses, up 3.4 percent. The incidence of 15 acute infectious diseases in 1984 — including hepatitis, diphtheria, whooping cough, measles and poliomyelitis — dropped by 20 percent from 1983.

Sports made further headway. The Chinese athletes wrote a glorious chapter in the nation's sports history when they won 15 gold, eight silver and nine bronze medals at the 23rd Olympic Games in Los Angeles last summer, ranking fourth in the medal tally.

In 1984 China's athletes won 37 championships in world tournaments and world cup competitions (including the Olympic Games) and broke 12 world records on 17 occasions. They also broke 102 national records on 256 occasions. A total of 30,000 sports meets were held at the county level and above, and 33 million people met the requirements prescribed by the "State Standards for Physical Culture and Sports Training." In 1984 the nation built 1,534 sports facilities of various kinds. And sports activities became more popular all over the country.

## 9. Living Standards

Living standards in both the cities and the countryside were bettered in 1984. A sample survey of 31,435 peasant families in 600 counties in 28 provinces, autonomous regions and municipalities showed an average annual per-capita net income of 355.3 yuan (including 313 yuan from productive activities and 42.3 yuan from cash and articles remitted or brought back by family members working away from home and relief funds issued by the state), 14.7 percent more than the previous year. Average per-capita living expenses were 273.4 yuan, up 10.1 percent.

A sample survey of 12,050 worker and staff households in 82 cities across the country showed an average annual per-capita income of 608 yuan for expenses, an increase of 15.5 percent. Even allowing for the rise in the cost of living, real income for workers and staff still rose by 12.5 percent.

But peasant families in some poor areas and workers with low income and large families found it hard to make ends meet.

In 1984 jobs were given to 3.53 million people in urban areas. The nation had 118,240,000 workers and staff by the end of the year, 3,090,000 more than at the end of 1983. Self-employed workers in the cities and towns totalled 2.96 million, 650,000 more than at the end of the previous year. The annual wages of workers and staff in 1984 totalled 111.23 billion yuan, up 19 percent from 1983. Of this, bonuses and wages paid for above-quota piece work came to 17.92 billion yuan, a 48.1 percent rise. The average annual cash wage for workers and staff was 961 yuan, 16.3 percent more than 1983. The actual increase in workers' wages stood at 13.2 percent when the cost of living increase was factored in. The second half of 1984 saw the rise of a grave problem — some departments and organizations indiscriminately issued bonuses, allowances and consumer goods to their workers and staff.

Urban and rural savings deposits continued to grow. By the end of 1984, individual bank savings had amounted to 121.47 billion yuan, 36.1 percent more than the 1983 year-end figure.

Housing for both urban and rural dwellers was improved. Houses completed by state-run and collective enterprises in cities and towns in 1984 totalled 100 million square metres of floor space. This did not include the 600 million square metres of new housing built by peasants.

Social welfare continued to improve, as well. Rural collectives provided for 2,711,000 elderly, disabled, widowed and orphaned people who had nobody else to support them, up 50 percent from the 1983 figure; and the 21,000 homes for the aged in rural areas housed a total of 241,000 elders, a 42.6 percent increase.

There were 1,198 social welfare institutes and children's welfare institutes in cities and towns in 1984, providing for some 70,000 people.

The nation stepped up efforts to help poor village families develop production. In 1984 assistance was given to 2.43 million such families, and 1.3 million of these families were able to shake off their poverty.

## 10. Population

According to a sample survey of 472,354 residents in 2,971 groups (villages) in 379 counties and cities in 29 provinces, autonomous regions and municipalities, China's birth rate in 1984 was 17.5 per thousand and the mortality rate was 6.69 per thousand, and the natural growth rate 10.81 per thousand. Calculations made on the basis of data obtained from sample surveys indicated that by the end of 1984 China had 1,036,040,000 people. □

Note: All figures in the communique exclude those for Taiwan Province.

ments of Chinese industry. The computer, which was adapted from other domestic and foreign designs, was made with the domestic demand in mind. When the computer hit the market it was an immediate success. The institute sold 1,653 units between July 1982 and April 1984.

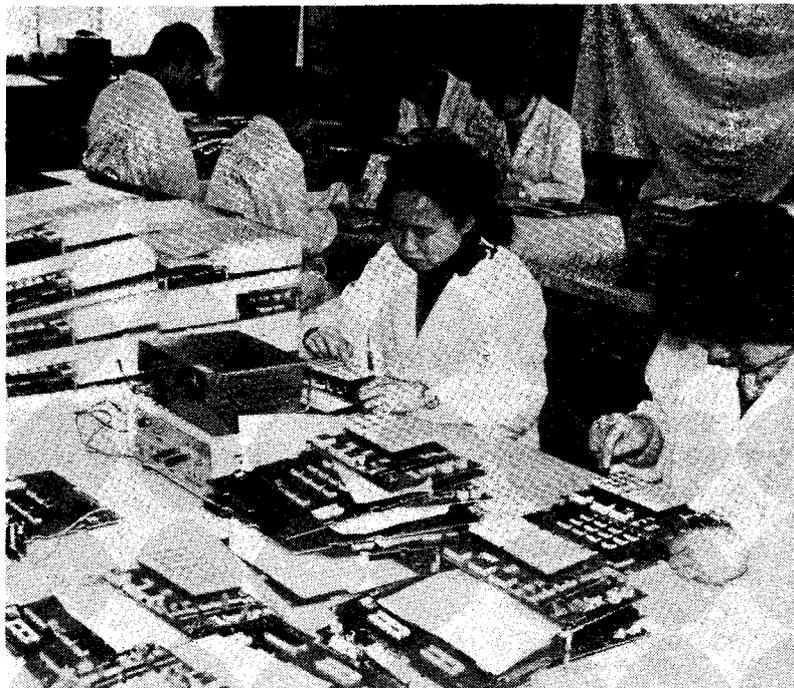
By marketing the computer and taking on research tasks for customers, the institute supported itself. Over the past five years the institute took on more than 50 research contracts. Six were given by the state, but the rest were obtained by the institute. The contracts produced enough income to pay wages and bonuses, and there was surplus to fund further scientific research. The institute now employs 155 people and consists of four research offices and one information office. Its technicians average 34 years of age.

### **Responsibility System Takes Hold**

Technicians in most institutes don't care much about how they spend funds. They don't give much thought to efficiency when purchasing equipment and materials. Their only concern is the research result. Waste and overstocking are rampant and overstaffing is common. But the institutes don't worry because the state pays the money.

But this is not the case with the Zhuzhou institute. The institute's manager has taken responsibility for its management and is fully responsible for the profit or loss. He can't afford overstocking or overstaffing. But since it is impossible for the head of the institute to attend to every detail, the institute has implemented a system in which each staff member takes responsibility for his own work.

The system works this way: The institute is divided into several re-



**Workers are assembling the CMC-80 microcomputer.**

search groups. Each group contracts with several customers to carry out research projects. The customers pay the group for the research results. The group uses the income to buy its research equipment and materials, to depreciate its fixed assets and to pay wage. Any money remaining serves as profits that can be distributed as bonuses to the group members.

Each research group has the power to manage its own business. It plans carefully before purchasing instruments or materials. The more it spends, the less the profit and the lower the bonus. Under the system, the head of the group is entitled to choose his group members. It is acceptable for him to turn down any person assigned to the group by the institute.

Since a person's performance is directly linked to his economic reward, his initiative is stimulated. For example, one technician earned a bonus of 900 yuan, more than 12 times his regular monthly salary, due to his great contribution to the group. But if a group fails

to turn a profit, the members can get no bonus but their regular wage.

Most groups now contract several research projects simultaneously. In the past some projects took one or two years to finish, but now five or six months are usually enough. After research work is completed, each group sends technicians to the users to help test the computer and to teach the customer how to use it.

### **Management Strengthened**

The institute has a chart listing the owners of CMC-80 microcomputers all over the country. The chart shows that in just two years the CMC-80 has made its way into more than 90 percent of the provinces, municipalities and autonomous regions of China.

In most institutes in China, once the research result is accepted by the state, the institute has no more responsibility for the project. The state assigns research tasks, allocates funds, makes up for the

losses and, of course, takes away all the profits. In many institutes the research process usually goes through three stages: development, exhibition and waste. Research results can never become competitive commodities. This is because most research institutes never take part in management and they know nothing about production and marketing.

But the Zhuzhou institute doesn't follow the common path. If it did, the CMC-80 microcomputer would never have been distributed so quickly throughout the country. Since the institute is enterprise-oriented, it makes sure its products get out quickly and compete well. Otherwise, its income would be reduced. Naturally the institute puts great effort into the management of its products.

One of the deputy directors of the institute is in charge of the office which organizes the production and marketing of the CMC-80 microcomputer. The institute demands that every research group leader learn management techniques, be acquainted with market trends and pay attention to market feedback and economic results. One group head gathered two suitcases full of literature about microcomputers produced both at home and abroad. He is so familiar with the literature that he can recite the price and performance capabilities of any number of microcomputer parts.

The institute has also attached importance to providing technical service and to popularizing its products. It invested a lot of money and manpower to open technical training classes throughout the country. The classes have earned the institute name recognition and won customer trust. As a result, CMC-80 have enjoyed a ready sale in the past two years and the institute earned more than 700,000 yuan in 1983.

Nevertheless, the Zhuzhou in-

stitute had to break through many barriers to see through its reform. Many people with old-fashioned ideas frowned upon the innovations. They criticized the institute's purchase, through legal channels, of components needed in research work as "illegal transaction." They criticized the institute's sales of research products in line with state price policy as "illicit deals" and as "changing the nature of scientific research" and the reform of the bonus system as "indiscriminately issuing bonuses." In October of 1983 some government departments froze the institute's funds and refused to give it materials, bringing operations to a standstill. A debate about the institute's reform methods raged on in scientific research circles.

Because China is now in an era of reform, the Party Central Committee, the media and the people all favoured the reform. The institute's reform was backed by the overwhelming majority. In his report on government work submitted to the Second Session of the Sixth National People's Congress in May 1984, Premier Zhao Ziyang affirmed the institute's experience in reform and this boosted the reform of the scientific research system throughout the country.

### **Prospects for Further Reform**

The Zhuzhou Electronic Research Institute carried out its reform in light of its reality, but the reform bears much broader significance. The reform measures are targeted at the defects of China's scientific research system.

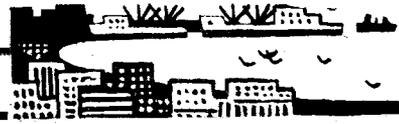
China's scientific research should serve economic construction.

Most of China's research institutes are now under the management of the state. They are not held responsible for their eco-

nomical results. Technical personnel have no incentive because no matter how much they do they earn the same fixed salary. As a result, institutes don't know what technological problems in economic construction need to be solved. Even when they do solve these problems, their research results seldom reach society quickly enough. Many institutes have not established an economic responsibility system and are still run through administrative means. It's no wonder that these institutes suffer low efficiency. The signing of contracts between the Zhuzhou institute and economic organizations on transferring research results with compensation and the establishment of the responsibility system in the institute are the effective ways to solve the above problems.

It is high time that China's scientific research system was reformed. No reform, no development. And it is the common view that the reform hinges on the change of the system of operational expenses.

According to incomplete statistics compiled by the State Science and Technology Commission, only 188 of the nation's 5,000 research institutes have implemented the contract responsibility system and achieved economic independence from the state. Another 506 have begun to implement the responsibility system in the hope of making their own way financially. In addition, some institutes have established joint research-production entities which streamline the process of research and manufacturing. Some large cities have begun to sponsor technological trading fairs, at which institutes can exchange information and market their services. The appearance of such technology markets should further promote the application of scientific results. □



## Port City Profiles

# Zhanjiang – Planning for Prosperity

In the new Zhanjiang main post office, a mosaic covers one wall. It shows the mail being delivered in ancient times on horseback on the left side. On the right, in a new Zhanjiang, with tall, gleaming buildings, modern cars and jets, a huge harbour and clean, sunny streets, a computer processes the mail. It is the vision Zhanjiang's people hope to make a reality.

## The Advantages of Nature

by HAN BAOCHENG  
Our Correspondent

THE plane from Guangzhou to Zhanjiang seems to descend into an endless sugarcane field. The square patches, crisscrossed by bright red clay roads, appear to slowly diminish before the scythes of the cane cutters. But their vastness reveals that they are in no danger of disappearing, and the cutters seem like ants straining to move a wall.

This first impression offers a vivid lesson: Unlike its neighbouring ports, agriculture is an important part of the economy in Zhanjiang. The value of its agricultural output was 1.22 billion yuan in 1984, compared with 1.13 billion yuan for industry. What's more, a great part of the industrial income stems from processing agricultural products such as the sugarcane.

Before 1979 much of the 310,000 cultivated hectares in Zhanjiang were sown to grain. This was due to a dogmatic approach in developing agriculture and did not reflect good farming sense. In 1979, when policies changed, the natural advantages of sugarcane were exploited. By 1983

56,000 hectares were sown to sugarcane; by 1984 this had been expanded to 70,000 hectares and this year 90,000 hectares are covered with the purple, bamboo-like stalks. Small county-run processing factories have sprung up to meet the growing demand.

Zhanjiang city is divided into three districts and a suburban area. Chikan and Xiashan are separated by about 7 km of vegetable and sugarcane fields. Across the bay, only Potou, the new oil base, is purely industrial.

The small tractors and ox carts which ply their way between the two districts heavily laden with sugarcane might give the impression that this is Zhanjiang's only crop. But since 1980 the area's farmers have been planting more and more varieties of fruits and vegetables. The diversity has brought them much higher incomes.

Last year 60,000 tons of peanuts brought much-needed oil to many Chinese cooking pots. Tropical fruits such as oranges, pineapples, coconuts and bananas, which are available in local markets all year round, are also being shipped to

A shopping area in Chikan District.



other parts of China and abroad. The local sisal hemp plantation is the largest in the country, and Zhanjiang's rubber and black tea exports are gaining an international reputation for quality.

The local farmers no longer worry about fulfilling quotas for unprofitable grain crops, according to Wu Qijing, deputy director of the Zhanjiang Agriculture Committee. "During his inspection tour of Guangdong Province last year, Premier Zhao Ziyang suggested that we should make best use of the land in this subtropical region and need not consider grain production in our agricultural development plans," Wu explained. "Premier Zhao has greatly encouraged us, and now we do not hesitate to grow anything we like."

## Building "Oil City"

Much as sugarcane dominates the city's agriculture, oil dominates industry. When the Ministry of Petroleum decided to base its operations in Zhanjiang in 1974, it brought with it a wave of new construction and development. Potou, once a desolate beach, became an oil command centre.

According to Lin Weiqiang, deputy director of the economic liaison department of the city's special development zone planning board, Zhanjiang will one day be an oil city like Houston or Aberdeen. It is already well on its way, with a satellite communications tower, a computer centre, special wharves, a heliport and a modern residential quarter with homes, schools, shops, hotels, restaurants and recreation facilities.

French, American, Japanese and British companies have set up headquarters alongside China's Nanhai West Oil Co. Large oil and gas reserves are what attracted them. In the western part of the South China Sea, 32 exploration wells have been sunk, and a big oilfield has been discovered beneath the Yingge Sea. Two trial wells there are now mostly yielding natural gas, but the presence of oil and gas has also been confirmed around Hainan Island.

In the Beibu Gulf, a joint venture with the French company Total has begun to extract oil on a trial basis and will begin full-scale production next year. East of Hainan Island, two of the three wells sunk in the Sino-American joint exploration area have struck oil.

Drilling vessels flying many flags are now busily plying the western sector of the South China Sea, seeking to tap the rich deposits. In another recent round of international bidding, many companies vied for drilling rights, even though oil prices on the international market are dropping.

Nanhai West offers many services to these companies, from hotel accommodations to prospecting ships, drilling rigs, equipment and maintenance, telecommunications and transportation. And the scope of its services is constantly expanding.

Potou itself is dominated by the 60-metre-high communications tower and a Z-shaped white building, the Petroleum Exploration and Exploitation Institute of Nanhai West. It is staffed with more than 700 experts and engineers busy analysing and appraising data on geological formations, oil deposits, earthquakes and drilling results.

Zhu Xilin, deputy director of Nanhai West, has spent the past 30 years searching China for oil. He explained that the institute and its foreign counterparts operate as equal partners. "At first some

## Some Basic Informations

### Area and population:

Zhanjiang is located in the north-east part of the Leizhou Peninsula in Guangdong Province at 110°07'-110°38'E longitude and 20°52'-21°27'N latitude. It covers 12,471 square kilometres and has a population of 4.62 million. The city proper covers 80 square kilometres with a population of 880,000, of which 300,000 live in the urban area and 580,000 in the suburban area.

Zhanjiang city is divided into three districts: Xiashan, Chikan and Potou and the suburbs. It has five counties under its administration, Xuwen, Haikang, Suixi, Lianjiang and Wuchuan. The city government is in Chikan.

### Topography and climate:

Zhanjiang has a subtropical oceanic climate, with abundant rainfall and high temperature. The average temperature exceeds 23°C, with a low of 2.8°C and a high of 38°C. The average rainfall is 1,534.6 mm per year. Most of the rain falls between April and September.

The city's topography combines tableland and flatland. It has 1,300 km of winding coastline. There are numerous islands, bays and coral reefs.

### Industry and natural resources:

There are 1,012 industrial enterprises in the city producing machinery, chemicals, electric power, ships, foodstuffs, sugar, textiles, electronics and household electric appliances.

Zhanjiang's main natural resources are arenaceous quartz, volcanic ash, silica and ilmenite.

### Culture, education and health work:

Zhanjiang city has 5 colleges, 12 secondary technical schools and 2,353 middle schools and primary schools, with about 830,000 students and pupils. The city also has 15 scientific institutes and 6,400 technicians.

There are 553 hospitals and health departments with 12,000 doctors and nurses.

foreign companies did not realize the necessity of having parallel operations in China," he said. "However, when they compare our research achievements with theirs, they find our work is accurate and has been done carefully. They have changed their views."

However, training Chinese oil engineers and platform workers is still a big part of the contracts foreign oil companies have signed in China. In general, most of these programmes are going well. The biggest problem seems to be the Chinese trainees' impatience to learn too much too quickly.

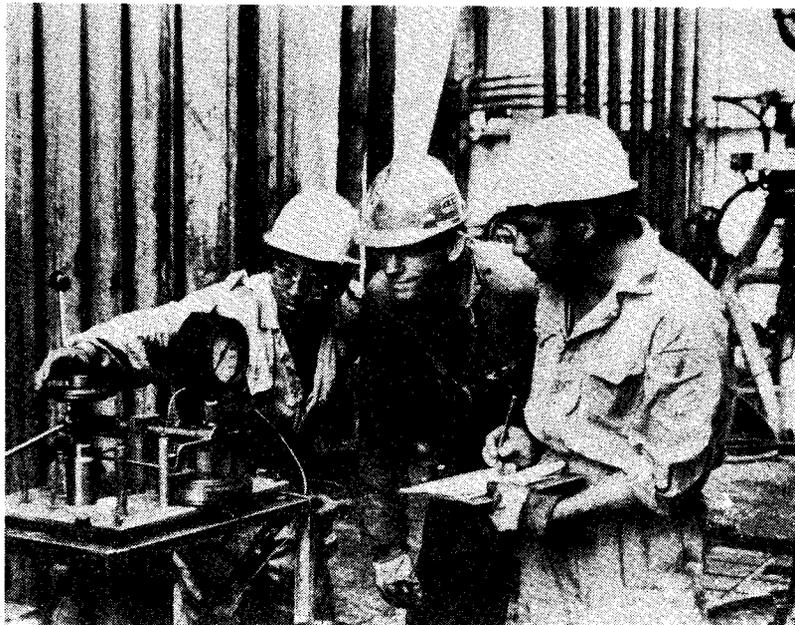
"I've been in this business 31 years, and the Chinese want to learn everything I know in 20 minutes," one American oil executive remarked.

Zhu said that Potou's role as an oil base will be vital to developing all of Zhanjiang. First of all, the influx of oil company personnel is creating a huge demand for hotels, restaurants and recreation facilities. It is also bringing in foreign currency, which Zhanjiang authorities can use to further develop the local industry. Last year more than 1,000 engineers and business representatives from abroad visited Zhanjiang, and 20,000 Chinese workers and their families have moved to Potou. Many more foreign business people would like to move their families from Hong-kong to Zhanjiang, and they await only the construction of adequate facilities.

### Important Harbour

The key to the city's industry, and to its agriculture, is Zhanjiang Harbour. After more than 30 years of expansion, it is now the eighth largest harbour in the country and the deepest in southern China. It can handle more than 12 million tons of cargo a year.

City planners pin their hopes on this convenient harbour. They



Chinese and foreign oil workers work side by side on offshore oil rigs.

hope to make the city a kind of clearing house for goods on their way out of China and items coming in. At present Zhanjiang is open to navigation for ships from about 70 countries and is linked by air, rail and road with much of China.

The harbour is China's closest to Europe, Africa and much of Southeast Asia and is a direct link with Hainan Island. Three operation areas take in 17 berths, 11 of which can handle ships of more than 10,000 tons. The harbour is navigable day and night in all seasons.

At the gateway to the port, three small islands serve as a natural breakwater, ensuring smooth seas. A natural channel 35 km long and 1,000 metres wide leads into the harbour, and a wide coastline provides the space to build a hundred more deepwater berths.

"I have visited many harbours in other countries and have never seen any with as excellent natural conditions as Zhanjiang's," said

Guo Maohui, director of the harbour bureau.

### Improving Transportation

At the moment Zhanjiang Harbour is the city's most developed transportation facility. But better roads, airports and railroads are already under construction. A new airport very close to town and to the train station will open in a few months, and air service — now just a daily flight from Guangzhou — will be expanded to provide connections to Guilin, Beijing and Hongkong.

Many roads stretch out from the city south along the Leizhou Peninsula as well as in other directions. And roads within the city limits are being improved. The 7-km Renmin Road was recently opened to traffic, though still unpaved. It runs between Chikan and Xiashan, and at 60 metres wide can accommodate four lanes of traffic.

### Special Development Zone

It is along Renmin Road that the city authorities plan to build

their special development zone on what is now waste ground and sugarcane fields.

By the end of January, 36 agreements had already been signed with foreign investors, and the city's businesses and departments have made a shopping list of 46 specific projects for which they hope to find partners.

For example, the Triangle Electric Appliances Factory, which is famous throughout China for its electric rice cookers, wants to find a foreign partner to help produce a line of microwave ovens, according to its general manager, Li Xiusen. He would also like to join with a US company to produce fluorescent light frames. Although Triangle's aluminium frames already sell well in Hongkong, Li acknowledges that US-made frames are the best in the world. He'd like to find out why.

Factories like Triangle are very eager to expand their export business in order to earn the foreign currency needed to import better production equipment. Although Li's factory is now efficient and is growing quickly, the

majority of the assembly work is still done by hand.

## Fish and Pearls

Another industry anxious for foreign co-operation is fish farming. "Many investors are interested in developing food processing because it yields quick profits, but they can't see the vast potential of fish farming," complained Chen Mansheng, head of the breeding department of the Zhanjiang Aquatic Products Bureau.

Zhanjiang is the biggest fish farming area in Guangdong Province and one of the largest in

China. The reason is that most of its coastline is shallow and pollution-free. Many farms are run by township authorities who contract out small underwater plots for cultivation.

One of the most successful projects is an oyster farm covering about 600 hectares of shallow seabed. But it also illustrates the problem of attracting investors: Oysters take two and a half to three years to grow big enough to harvest. However, they have other advantages. A few chance discoveries gave Chen's bureau the idea of setting up a pearl farm, which is doing quite well.

## The Advantage of Enthusiasm

BETH ADELMAN

ZHANJIANG is not crowded with modern skyscrapers, streets lined with smart shops, shiny new cars or luxury hotels. At least, not yet. What it is full of is big plans and enthusiastic people to see those plans are carried out.

The contrast between the reality and the plans is striking. At present the city is underdeveloped. Many buildings with a faint European flavour — a legacy of French occupation at the turn of the century — are in disrepair. Chickens and oxen pulling carts share the streets with pedestrians.

But open policies have breathed new life into a once sluggish economy and made possible concrete plans for development. Construction is going on everywhere. Increased exports and new management system in the factories, based on the responsibility system, have boosted productivity to the point where wages have gone up dramatically while the work day has been shortened.

## Recreation Facilities

But Zhanjiang has long been known as a city where there is nothing to do. City leaders faced the prospect of thousands of bored young people with plenty of money and free time, soon to be joined by thousands more bored foreign

The author is an American working on the staff of *Beijing Review*. — Ed.

The computer centre of China's Nanhai West Oil Co.



oil workers, and co-operative venture partners.

This problem is being taken very seriously, according to Ke Yubin, a staff member of the city's publicity department. The city started by bringing in thousands of billiard tables, which were sold or leased to every rest stop, cafe, tea house or shop who wanted one. Within a few months, billiards has become the craze of Zhanjiang. Even little tea shacks by the side of country roads have a few tables set out under an awning. Clustered around them are men and women of all ages. Even children, whose noses barely come level with the table tops, stretch to shoot the balls into the table pockets.

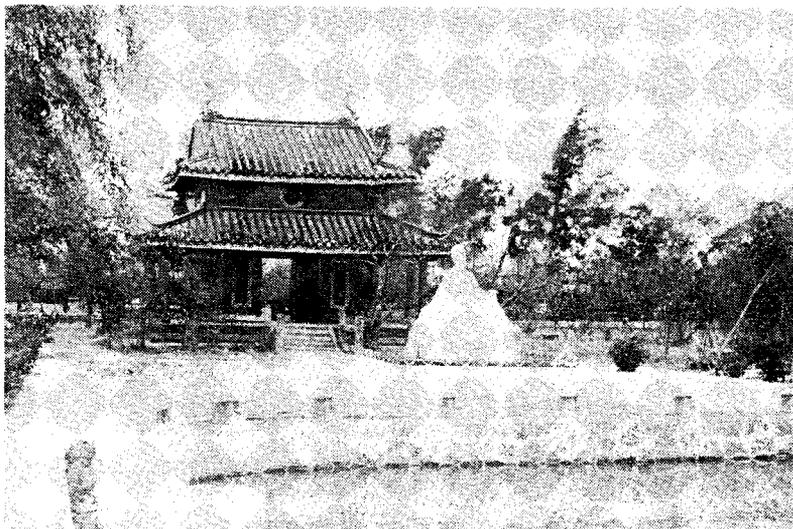
### Zhanjiang Disco

By far the classiest and most popular night spot in Zhanjiang is the Drunken Sea Garden, a restaurant and disco in Xiashan district. Young people dressed in their best gather in a glass walled but roofless pavilion overlooking the sea to eat hot pot, a bubbling cauldron of flavoured water in which pieces of seafood, meat and vegetables are briefly boiled. After dinner a live band plays popular Chinese and foreign music, and couples take to the floor to waltz, tango and two-step.

Ke said the city authorities are not at all concerned that the dancing might bring with it some unsavoury behaviour, as some conservative people asserted in the past. This is because couples go out dancing in groups of people they know well, and also because most of the time the men dance with men, and the women with women.

The disco is so popular that tables must be set up outside, and there are plans to build another pavilion out over the sea.

It seems that as fast as the city builds recreation facilities, they



A statue of Song Dynasty poet Su Dongpo is located in Xi Hu (West Lake) Park.

become packed and more are needed. Large factories and departments also sponsor their own dances, lectures and sporting events, but still the demand grows.

### Something From Nothing

A similar problem exists in the neighbouring counties under Zhanjiang's jurisdiction. In nearby Haikang, just 70 km south along the Leizhou Peninsula, there was not so much as a park a few months ago. But now parks, pagodas, museums and recreation halls are all in the works.

Xi Hu (West Lake) Park, an ancient garden built by the Song Dynasty (960-1279) poet Su Dongpo, is now being renovated after it was almost completely destroyed during the "cultural revolution." The park surrounds a clear lake and is dotted with temples and pavilions, some of which will serve refreshments. The work is still going on now, and local people stand at the gates to watch the progress of their first park.

The restoration work will cost 160,000 yuan, all of it from county funds. Although it is a lot of money, county governor Liu Jinchun said, recreation is an ur-

gent need in Haikang, and the money is well spent.

### Croissants and Steak

There is even less to do for the foreigners who live in Zhanjiang, partly because they are used to more varied entertainment and partly because they are still an unusual sight on the streets of Zhanjiang and attract more attention than they would like.

As a result, most of the people working for foreign oil companies spend their time off in Hongkong. "There is just nothing to do here," said one American oil executive. "We have people over to our hotel for dinner and watch a lot of videos."

But the people who look after the oil workers are trying hard to improve things. "Our hotel only receives permanent guests, so we want them to feel at home," said Zhu Guochong, manager of the Nanhai Hotel in Potou. "Those who come are also our teachers."

For example, when the French company Total decided to build their own residences and restaurant, they hired several French chefs. Zhu sent two of his Chinese chefs to learn from them, and now soft, buttery croissants can be had fresh out of the oven.

The Nanhai Hotel has also invited two Hongkong hotel managers to help them set up better recreation facilities for the guests, and the management imports much of its Western style food from Hongkong.

"I was surprised to find that you can get a good New Zealand beefsteak here," said an American living at the Nanhai. "The food's almost like home."

### Business Changes

A more difficult change for everyone to adjust to is the change in business methods, especially since Zhanjiang was declared an open city.

"We are a newly opened city and foreign investors have to be patient with us," said Lin Weiqiang, deputy director of the economic liaison department of the city's special development zone planning board. "This is just our beginning and we lack understanding of foreign countries."

And while the vice-mayor in charge of foreign affairs, Tang Wenfan, said Zhanjiang has been given far more decision-making powers, which have been passed on to smaller managerial units, many foreign oil executives find their Chinese colleagues extremely reluctant to make a decision.

"Decision-making is a new thing for many of us," Tang said. "We need some time to gain confidence." Meanwhile, the city is running classes for factory and department heads to study Party and government documents and decisions, so that they will have a good understanding of current policies and feel more confident about making decisions.

Another problem is contracts. "We were led to believe that once you sign a contract, everything is settled," said one American oil executive. "But that's when the real negotiations begin. What you think each stipulation means is not



Tang Wenfan, vice-mayor of Zhanjiang.

always what the Chinese think it means."

### Language Barrier

The executive thinks the main reason for this is the language barrier, and he said most companies employ their own interpreters from Hongkong to ease the problem. He spent six months studying standard Chinese before he came to Zhanjiang, but was discouraged when he found all the local people speak Cantonese, the major dialect of southern Guangdong Province and of Hongkong.

Lin said Zhanjiang is also sending many young people to universities and foreign language institutes to learn English, French and Japanese, and is encouraging those in the city to follow TV and radio courses. His planning board also sponsors night classes in English, which he attends whenever he has the time.

But Lin said he believes understanding can be as big a barrier as language. "I am always willing to consult with foreign investors, but some Chinese people simply do not understand them," he said.

### Understanding

Another obstacle to understanding is that the foreign business representatives feel their Chinese colleagues will not socialize with them. "I can never see a Chinese except to talk about business,"

complained one. "There are plenty of banquets and meetings, but they are very formal." Another said he feels the local Chinese are discouraged from making friends with foreigners, but Tang insists that this is absolutely untrue. He said there are no stipulations regarding friendship between Chinese and foreigners, and suggests that language and cultural differences are more to blame for any lack of socializing.

Both Tang and Lin agree that overcoming these barriers will take time. And one American oil executive observed, "The one thing China teaches you is patience."

In many areas, patience has paid off. The backward state of Zhanjiang's communications, for example, used to be a constant headache for oil executives who had to keep in touch with their offices and families in Hongkong. "I guess they would just decide you had talked long enough after a few minutes and cut the line," complained one American. But now there are 12 new phone lines direct to Hongkong, and another 200 are being planned. Everyone agrees that things have gotten much better.

On Potou, modern facilities are rising from nothing, and most people agree that accommodations have vastly improved, despite the occasional power cuts and lack of hot water.

"From the window of my office

I can see a really beautiful new bridge," said one American oil executive. "It was built mostly by hand, with only a few pieces of heavy machinery brought in at the end, and it is one of the finest pieces of low capital, labour intensive designing I've ever seen. Watching this bridge go up every day reminds me that the Chinese are capable of doing almost anything they set their minds to."

### Changing Chinese Businesses

Changing business practices have been much easier to adapt to in Chinese businesses. At the Triangle Electric Appliance Factory, for example, General Manager Li Xiusen has been aggressively marketing and modernizing his products since he was given the power to do so. The changes in the workers' lives have been great.

"I really feel like if I work harder I can earn more," said Jian Zhoujin, 24, a worker in the statistics department. Her salary was 30-40 yuan a month when she began work six years ago, but as production has gone up, her wages have risen to about 150 yuan a month. She said the open policy will help the factory expand production, which will also be good for her. "Under the responsibility system I link myself to the efficiency of the factory," Jian said.

Welfare benefits have also increased, and the factory now has the money to sponsor dances, movies and sporting events.

With these kinds of incentives, workers have not balked at accepting the responsibility for their work. They know this responsibility includes better education, and are willing to study. "Under the open policy, the factory will be

importing equipment from abroad," Jian said. "It will be very complicated to run."

But they also know that the new technology bars them from rising much higher in the company, because neither has a college education. "I never think of promotion," said Jian. "But I also don't worry."

"I know I can never become a leader," agreed Liang. "But I wouldn't want to leave this factory. It is so prosperous."

### Individual Businesses

All over the city, the flexible open policies and the prospect of a huge influx of foreigners and Chinese has whetted the business appetite.

Wu Peijun, 48, has built his Shou Ji Restaurant from a small thatched hut to a two-room eatery since 1980, and he is planning to open another branch now that the restaurant business is booming. He has two boys and one girl. "If I work hard I will earn a lot and my kids will have no worries," Wu said.

Li Shangjin, 42, runs a small grocery shop stocked with everything from oranges to Johnnie Walker Red whiskey, which he buys in nearby Shenzhen. He hopes his three children will carry on the business, but believes the most important thing is to be able to send them to college. "All parents in China hope for this," he said.

Even in rural Haikang County, the peasants are thinking about how the new open status of Zhanjiang can change their lives. Chen Chunbao, whose family specializes in growing sugarcane, also keeps ducks, pigs and geese. Asked what the new policies might mean for him, he replied, "You know, I could probably sell my pigs and chickens to the hotels in town for a higher price." □

Li Shangjin takes stock of his grocery shop.



## An Analysis of 100 Divorces

from "MINZHU YU FAZHI"  
(Democracy and Legal System)

From the chart below, one sees that women sought two-thirds of the divorces surveyed. Why? Should women be blamed for these divorces? The answer is no. In most cases, it was the men who forced their wives to file the divorce case with the court. Of these 100 cases, men were ruled at fault in 21 cases, women in only four. Both sides shared the blame in 35 cases, and seven cases were ruled no-fault divorces.

An important reason why women were forced to be plaintiffs is connected with traditional Chinese customs. A Chinese woman usually moves to her husband's home when she gets married. Once a marriage falls apart, the wife is forced to leave the home. She has nowhere to turn except to the court.

Why are most divorcing couples

under the age of 35? Many young couples under 35 have no children, so a divorce is not as much trouble. Furthermore, younger people have more opportunities for romance outside of the marriage. So young couples confront the most challenges in the early years of their bond.

Sociologists have concluded that children are strong pillars in supporting a marriage. Then why did one-third of these broken families have children under the age of 6? This may indicate that the role of children in maintaining marriage has been reduced in modern cities. This is especially true when the children are very young.

There are many factors which contribute to a divorce. But a major one is the division of family chores between wife and husband. Twenty-eight divorces out of the 100 surveyed were caused by fights over dividing the chores.

There were no other major contradictions in these couples.

There were 20 divorces caused by the presence of a third party in the marriage. But only two of the interlopers aimed at breaking up the old marriage to establish a new one. The other extramarital affairs merely reflected the existing problems between the wife and husband. When a marriage falters, one spouse often goes out to seek the pleasure of another partner. These people consider fidelity a feudal concept. They are attracted to the sexual freedom popular in the West, and they take a careless attitude towards marriage.

Nine marriages were broken because one spouse was disciplined or imprisoned due to embezzlement or theft.

Another seven broken marriages involved economic disputes within the family. Some young couples are not good at making ends meet. Some have arguments about supporting their aging parents. And some remarried spouses are

Some statistics about 100 broken marriages:

sex of plaintiff	men	33	length of marriage		occupations of litigant	worker	146	children in families		number of re-married among the 100 couples (200 people)
	women	67	the longest	27 years				no children	49	
educational level of litigant	below junior middle school	131	the shortest	3 months		government employee	18	children under the age of 6	32	men 14 women 10
			under 35	133						
	senior middle school	47	36-55	64		other occupations	7	children from 7-17	14	
	college	22	over 56	3						

distrustful of one another in economic matters. Others feel uncomfortable in a family where each family member controls his or her own money.

Five couples separated because they said they had no love for one another. Some young people get married without thinking of love. Instead they seek other ends, such as acquiring a house. Some get married because they have already had sexual relations. The girl feels she has no other choice. Others care little about the survival of their marriage because they felt the union was doomed from the start.

In another five cases the divorce was blamed on the stepmother not treating her stepchildren and her own children equally.

In some marriages, in-law problems cause trouble. Traditionally,

a wife has some conflicts with her mother-in-law. But disputes are not simple these days. The old and the young have different viewpoints on many things as a result of the generation gap. If these disagreements are not handled properly, the two generations will frown on one another. This may sometimes cause troubles in a marriage. Three of the 100 broken marriages fell in this category.

There were many other reasons for marriage failures: Some young people fell in love at first sight and got married but soon had doubts about the union (five cases); one spouse had serious medical troubles, usually a mental problem (five cases); some couples were sexually incompatible (four cases); and one couple was strained when one spouse received a promotion and looked down upon the other (one case).

buy 20 kg of milk and 5.5 kg of fish per year by 2000.

**Clothing:** The average consumer will purchase 6.2 metres of fabric in 2000, of which 35-40 percent will be synthetic and the remainder natural. The percentage of cloth used for clothing, home decoration and in industrial production will account for 60 percent, 20 percent and 20 percent respectively in the year 2000, as compared to 80 percent, 7 percent and 13 percent at present.

**Consumer goods:** About 60-70 percent of the population above 14 years old will own a wrist-watch by 2000. Some 40-50 percent will own bicycles and 50-60 percent will have radios. About 60-70 percent of the households will own TV sets, 30-40 percent will have tape recorders, 30-40 percent will have washing machines and 20-30 percent will have refrigerators.

**Housing:** In the year of 2000 urban residents will have an average of 8 square metres of living space per person while rural residents will have 15 square metres.

## Consumption Changes Forecast

from "SHICHANG YUCE"  
(Market Forecast)

**T**HE consumer goods study group of the State Council's Technological and Economic Centre recently predicted that there will be major changes in consumption habits of the Chinese people by the year 2000. Expenditures for non-staple foods will increase more quickly than those for staple items. And consumers will be spending more for better-quality woollen and silk garments, while spending less for low-grade clothes. The cost of daily necessities will decrease, while spending on durable goods increases.

**Food:** In the year 2000, people will consume an annual average of 172.5 kg of grain as compared to 225.5 kg in 1982, 22.5 kg of meat as compared to 11.75 kg, 10 kg of eggs as compared to 2.5 kg, 5.5 kg of vegeta-

ble oil as compared to 3.5 kg and 6 kg of sugar as compared to 4.4 kg. In addition, consumers will

## The Key to Choosing a Spouse

from "ZHONGGUO FUNU  
BAO"  
(Women of China Weekly)

**W**HAT do Beijing people consider the key factors in choosing a spouse? Recently the China Marriage and Family Research Institute surveyed 525 people in five trades, asking them to choose among 19 factors.

They found 31 percent of those surveyed cited good character as the key factor in choosing a spouse, the highest number.

Another 12 percent chose high educational level, 8 percent cited good looking and good manners, and 6 percent relied on well-

matched social and economic status.

In fifth to tenth places were respect, concern and caring, loyalty, striving for progress, availability of housing and a good job.

Good political background ranked 17th in the list of factors. A family's high political position and few family members brought up the rear, with only 0.4 percent combined.

According to the survey, most women choose factors like good financial situation, high educational level, striving for progress and respect. Surveyers believe this may reflect a lingering dependent mentality in some women.

## Shenyang to Focus on Foreign Trade

Shenyang has been pegged to become an international economic and trade centre in northeast China. As the biggest key city in northeast China, it already serves as a hub of communications, commerce, trade, finance and posts and telecommunications.

The city, on its own, has established economic and trade relations with foreign countries. It enjoys the same administrative and management power as a province in its foreign trade. The purchasing system in its import and export business has been gradually replaced by the system of acting as an agent. Fourteen foreign economic and trade companies, including firms involved in textiles, foodstuffs, light industry, machinery and economic and technical co-operation, have been set up.

In order to accelerate the pace of building Shenyang into a trade centre, the city is doing work in the following fields:

— The city will expand the scale of absorbing foreign capital and speed up the import of technology. From 1985 to 1990, the city will absorb foreign capital and import technology, valued at US\$200 million, for 500 projects each year.

— It will increase its number of exports and the scale of economic exchanges with foreign countries and develop more export-oriented commodity production bases so as to make more Shenyang products available on the international market.

— The city will join northeast China and eastern Inner Mongolia in developing economic relations and trade with other countries. It will also make concerted efforts with cities in the central part of

the province to establish a foreign trade centre and an export commodity base, and together with them sponsor talks on economic and technical co-operation with other countries.

— While developing posts and telecommunications services and building an international airport, the city will also use foreign capital to erect an international trade building, build an exhibition centre, a financial centre, branch offices of foreign banks, shops and hotels.

## Special Zones Record Advances

Born as a result of the implementation of the open policy, the Shenzhen, Zhuhai, Shantou and Xiamen special economic zones have made notable achievements in absorbing foreign capital, importing advanced technology and in increasing their industrial and agricultural output value in 1984. Following are some major achievements:

Officials of the four special economic zones signed 1,400 contracts on economic co-operation with foreign countries. These contracts involved a total foreign investment of US\$900 million. Of that total, US\$330 million was actually invested in 1984 projects, the biggest one-year total in recent years. From the time they were established through the end of 1984, the special economic zones had signed 4,000 agreements on economic co-operation with foreign investors, with a total value of more than US\$4 billion. Of that total, US\$800 million had actually been invested.

The four special economic zones last year invested 2 billion yuan (about US\$700 million) in capital construction, 73 percent more than in 1983. Formerly a small border town, Shenzhen has been transformed into a burgeoning city complete with a modern infrastructure, new factory buildings, commercial buildings and tourist facilities. The three other special economic zones have also been updated to attract foreign investment.

The output value of industry and agriculture in the four special economic zones reached 3.34 billion yuan (about US\$1.1 billion), 62 percent more than in 1983. The Shenzhen Special Economic Zone saw a 100 percent increase in its output value.

The zones' revenue totalled 700 million yuan (about US\$250 million), a 40 percent increase over 1983. Revenue growth in Shenzhen went up by 50 percent.

Advances have also been made in the 14 coastal cities that were opened to the outside world last May. The cities signed more joint venture, co-operative enterprise and foreign-owned enterprise contracts in 1984 than in the past five years combined. The volume of investment, the number of technology-import projects and the amount of investment funds used by these coastal cities also took off at the same record pace.

## Customs Reduces Import Duties

China has reduced import duties in the hope of expanding import and export trade and stepping up the pace of modernization. The duty reductions are reflected in the Regulations on Import

and Export Duties and in the Customs Regulations on Import and Export Tax, both of which took effect March 10 this year.

The reduction will be about 10 percent on the average, and big reductions have been made in the following fields:

— Raw and semi-finished materials, particularly those which have been limited by China's natural conditions and cannot be rapidly developed in the near future;

— New-type materials, new technical products and information transmission equipment;

— Machinery equipment, instruments and meters and their spare parts and components which cannot be produced in China or which are insufficient in quantity or low in quality;

— Foodstuffs, dietary and other materials needed for boosting tourism and improving living standards; and

— Tropical products imported in large quantities from the third world.

The Customs Regulations of the People's Republic of China on Import and Export Duties and the Provisional Rules on the Implementation of the Customs Regulations of the People's Republic of China on Import and Export Duties which were both promulgated by the government back on May 14, 1951, have been abolished.

According to the new regulations duties on products that are already sufficient to meet domestic needs in recent years will be raised so as to protect the development of production in China. Meanwhile, in order to encourage exports, many commodities will be exempted from export taxes. A few products such as coal and medicinal herbs will still be subject to taxes at the original rate.

A spokesman for the General Customs Administration said that

the measure for preferential customs treatment adopted after the Third Plenary Session of the 11th Party Central Committee will remain in effect.

#### **Fur and Leather Garments Fair.**

Not long ago the 11th China Fur and Leather Garments Fair, the biggest of its kind, was held in Beijing under the sponsorship of the China National Native Produce and Animal By-Products Import and Export Corp.

On display were more than 1,000 styles of fashionable fur and leather garments, camel's hair products and other leather and fur goods. The fair drew more than 300 foreign business representatives from 20 countries and regions, including the Federal Republic of Germany, Britain, France, Italy and Japan, as well as buyers from Hongkong and Macao.

Last year China earned a total of US\$230 million from the export of fur and leather garments, 20 percent more than in 1983.

Mink pelts, one of the three pillars of the international fur trade, accounted for one-third of China's fur export volume. The export volume of China's raw mink accounted for 10 percent of the world market total. As mink pelts were in short supply this year, mink prices at the fair were little higher than at the 1984 Autumn Guangzhou Commodities Fair.

It is estimated that the fur and leather export volume this year will surpass that of last year, due to the recovery of the world economy, cold winters in Japan and the United States and the latest fashion of fur and leather garments worldwide.

Tsang Kam-tong, manager of the animal by-products department of the trading firm Teek Soon Hong and general agent of the China Na-

tional Native Produce and Animal By-Products Import and Export Corp. in Hongkong, pointed out that fur and leather garments made in China have made progress in style, tailoring and accessories. The quality of some products at the fair was up to the international level, he said. But compared with the best quality products made in other countries, Chinese goods lag behind. Style, production techniques delivery period and advertising problems should be solved, said Tsang.

### **News in Brief**

• Now 99 of China's ports and border towns are open to international trade and travel. These include four special economic zones, 14 coastal cities and Hainan Island. Eventually, China's entire eastern coastline will be opened to the world.

At present, more than 20 Chinese cities have frontier trade with the Soviet Union, the Democratic People's Republic of Korea, Nepal, Pakistan and Burma. The trade volume has gone up every year. In addition to these, China has another 130 frontier trade areas.

• The authorities of Anhui Province plan to import technology and use 1 billion yuan worth of capital from abroad in 1985 and 1986 to promote the technical transformation of its enterprises and update and upgrade its products.

In April or later a meeting on commodity exports and technology imports will be held in the province. Representatives from foreign businesses and from trade and financial circles will be invited to attend.



# Korean Troupe Impresses Beijing

Beijing audiences were overwhelmed in January by the spectacular performances of a Korean ethnic art troupe from Yanji City, Jilin Province. Using the simple folk style and artistic traditions of their Korean heritage, the troupe brought a splash of colour to the Beijing stage.

Most of the performers, including the announcer, were dressed in traditional costumes. The actresses wore their hair pinned up and showed off brightly coloured floor-length skirts. The actors wore white shirts under traditional vests. The costumes, of course, were not reflective of the clothes worn by young Koreans today. Women now prefer ankle-length, skirts of subdued colour and men have begun wearing Western-style suits.

About 100 years ago many Koreans emigrated from the Korean Peninsula to China. Today, nearly half of the 1.76 million ethnic Korean population lives in the Yanbian Korean Autonomous Prefecture in northeast China, with Yanji City as its capital. The ancient site of Tianchi Lake is located nearby. The region is rich in dense forests, mountains, waterfalls and hot springs. It is a major producer of rice, edible fungus, ginseng and apples. And it ranks first in the nation in the percentage of people attending school.

The visiting troupe won the admiration of Beijing audiences with sweet folk songs, solo ballads and the women's chorus.

The Korean dances were the most impressive and memorable. The first dance, *A Place Even the Angels Seek*, immediately captured

the audiences. It eulogizes the hometown of the dancers in north-east China.

The performers, through the language of their graceful dance movements, equated their homeland with a fairyland.

Li Lushun, born to a poor peasant family, produced this group dance. A dancer for 30 years, Li choreographed almost all of the numbers performed in the Beijing show. Her works included *Celebration of the Festival*, a humorous pas de trois of strong rhythm and free movements portraying the joyful atmosphere of a festival; *The Fisherman and the Princess*, a dance drama portraying a legend; and the amusing and exotic *Dance of Nuns*, depicting a nun who is tired of the secluded life and finds happiness in the secular world. A first-class dancer herself, Li performed a typical Korean solo dance. With a large drum hanging at her waist, she spread her arms, twisted her waist, flexed her legs and spun around. The dance reflected both the grace of classical dance and the enthusiasm of modern choreography. But who could imagine that this energetic dancer is 47?

The audience also appreciated a grand dance created by Li's colleagues. The big production celebrated the establishment of the Yanbian Korean Autonomous Prefecture, which marked its 35th anniversary last year. Against a backdrop of fireworks, the dancers sang and danced a song of joy. During the middle of this dance, several humorous folk dancers appeared on stage. They performed such numbers as the *Mask Dance* and the *Tug of War*, both of which

showcased traditional Korean song and dance styles. *Happy Peasants* was the last dance. It climaxed with the men whirling 1-16 metres long golden ribbons on the top of their caps and the women dancing beside the whirling ribbons. In this exciting atmosphere, the production came to an end.

All the artists in this three-year-old troupe, whose average age is only 21, realize they can improve both artistically and technically. They have already set a clear goal for the troupe: Using the Korean minority's classical and folk performing arts to portray the vitality of their modern life.

## Zoologists Count Yunnan Monkeys

An estimated 76,000 to 83,000 rhesus monkeys inhabit the tropical and sub-tropical forests of Yunnan Province in southwest China, according to a recent survey.

Following a 10-month study, zoologists found an average of less than one monkey per square kilometre in the natural habitats of southwest and northwest Yunnan. To help preserve the rhesus population, they have proposed a ban on the hunting of monkeys that live in groups of fewer than 20.

Rhesus monkeys are used in medical and scientific research because of their biological similarity to human beings. They are native to China, ranging through Yunnan, Guizhou, Sichuan and Guangdong provinces and in the Guangxi Zhuang Autonomous Region.

The survey, the first in China,



Rhesus monkeys frolic freely in the Nanwan Peninsula Nature Reserve, Hainan Island.

was sponsored by the Xishuangbanna Primate Experiment Centre and the Southwest Forestry Institute.

Also part of the study were surveys of pig-tailed monkeys, snub-nosed monkeys and gibbons. Only 900 to 1,000 pig-tailed monkeys (*macaca nemestrina*) were found, and zoologists say the rare species needs special protection. About 3,000 snub-nosed monkeys were seen, together with what the scientists called "very small" numbers of gibbons. Proposals for a gibbon reserve are now being prepared.

## Team to Survey Loess Plateau

The Commission for the Comprehensive Survey of Natural Resources under the Chinese Academy of Sciences has organized a 200-member expedition to conduct a large-scale study of northwest China's loess plateau this May.

Scientists are now studying existing data about the plateau so as to work out detailed survey plans. The survey will cover 600,000 square kilometres, an area with a population of 80 million in Shanxi, Shaanxi, Gansu, Henan and

Qinghai provinces, and the Ningxia and the Inner Mongolian autonomous regions.

Survey projects will include studying the plateau's natural conditions and resources; determining the pattern of soil erosion and possible ways to stop it; finding ways to rationally use existing water, land and energy resources; studying how to best distribute industry, agriculture, forestry, animal husbandry and transportation; and investigating environmental problems caused by industry.

The loess plateau is a unique region of loess-clad hills and barren mountains situated between the north China plain and the deserts of the west. It has an elevation of 800-2,000 metres, and many mountains on the plateau reach over 2,500 metres. Most of the plateau is covered with a layer of loess between 20 and 50 metres thick. In some places the loess is more than 150 metres deep. The loess is particularly vulnerable to erosion by water; ravines and gorges are consequently carved into the plateau. The natural vegetation has been seriously reduced. The Huanghe (Yellow) River flows across the loess plateau, and the middle and lower reaches are often

silted up and flooded because of the loess erosion.

Since its founding in 1956, the natural resources commission has organized more than 30 survey teams to carry out investigations throughout the country. Survey teams have studied tropical biological resources, pasture land, hilly areas, climatic resources, salt lakes, sand control and projects for diverting water from the water-rich south to the arid north. It has also mounted two expeditions to the Qinghai-Tibet Plateau, the highest plateau in the world.

Many of their research results have been applied to production, yielding marked economic benefits. These surveys have also provided scientific data to help the state exploit, utilize and protect natural resources, and to develop national and regional economic development programmes.

For instance, surveys in south and southwest China identified 1.3 million hectares of land suitable for rubber trees, a finding that enhanced the country's rubber production. So far, China has 373,000 hectares of rubber plantations producing 128,000 tons of dry rubber annually.

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Correction: In issue No. 10, page 32, third column, the first sentence of the sixth paragraph should read: "The most valuable ancient artifacts uncovered were a crude jade axe and a bone needle about 7 cm long and 3 mm in diameter."

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## Women Athletes at the Forefront

Calm in the face of challenges and difficulties, China's women athletes scored remarkable success in 1984.

Numerous hearts were pounding around TV sets as the battle between China's volleyball players and their American opponents, televised alive from Los Angeles, reached its climax. The squad never let the people down, capturing the Olympic gold medal as a crowning achievement to winning the 1981 World Cup and the 1982 World Championship. The volleyballers were the pride of the nation, inspiring TV shows and theatre productions about their success.

Sixty-five Chinese women have won world championships since 1978 and 21 women athletes have broken world records. At the Los Angeles Games, of the 70 Chinese

athletes who captured medals, 50 were women. Of the 24 gold winners, 16 were female.

Only 50 years ago Chinese women were still subject to the feudal practice of having their feet bound. Today they no longer suffer such crippling humiliation. Their achievements in sports and in all other aspects of society are ascribed to women's liberation.

Women athletes often outdo their male counterparts in capturing world titles or breaking world records in such events as the high jump, race walking, archery, skydiving, shooting, gymnastics and international chess.

Chinese women have also demonstrated their talents in team sports. They overcame their lack of height and strength by devoting years to training and conditioning. In addition to the volleyball team,

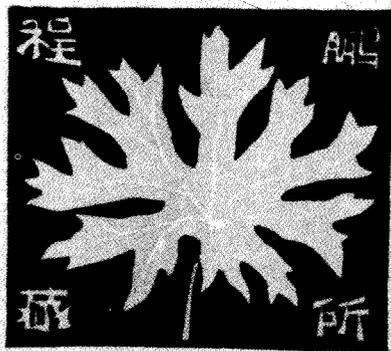
the women's table tennis squad had repeatedly grabbed world titles. In 11 world championships, they came away with the team title six times, and individuals won 17 titles. Since 1978 China's women's badminton team has captured 13 championships, in both individual and team competitions. The women's basketball team, previously an uneven performer, won third place in two recent tournaments. The handball team took the bronze medal at the 23rd Olympics. And the softball team has defeated some of the world's top diamond squads, including New Zealand, Canada and Japan.

China's first world champion in 1985 was a woman, Zhang Xiaodong, who took two golds, one bronze and a fourth place in the 11th World Windsurfing Championships in Australia.

Right: Ma Yanhong took the title in the women's individual all-round event at the 1984 Beijing International Invitational Gymnastics Tournament.

Left: Li Lingwei beat her opponent 2-0 in the 1984 Uber Cup women's team badminton competition.

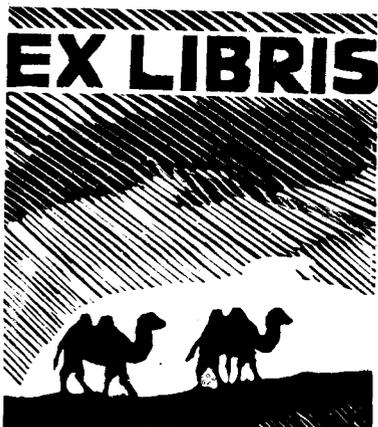
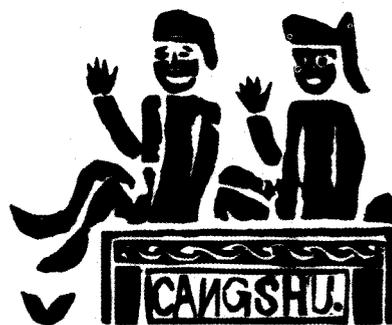




## Engraved Chinese Bookplates

Beautiful and practical, a bookplate identifies a book's owner in a uniquely personal way. It is usually engraved or printed, and then pasted on the inside front cover of a book — called also ex libris.

Many people find bookplates interesting to collect. These were made by artists of the Chinese Graphic Art Ex Libris Research Society.



## ART PAGE



Coming Out Soon!

## Two Volumes of Current Interest



*The Hongkong Solution* (No. 6 of the "China & the World" series) will help readers understand the "one country, two systems" concept and its application to Hongkong.

In addition to the full text of the Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hongkong, the book includes the elaboration by the Chinese government on its basic policies regarding Hongkong and speeches made by the Chinese and British heads of government. It also contains talks and articles by Chinese leaders and famous experts on the "one country, two systems" concept, on the establishment of the Hongkong Administrative Region and maintenance of Hongkong's economic prosperity and social stability. Background information about the region is also given.

A second book *Open Policy at Work* (No. 10 of the "China Today" series) will feature speeches by Chinese leaders and carry articles by officials from the Ministry of Foreign Economic Relations and Trade about principles and policies on use of foreign funds, technology import, contracting foreign projects, providing labour services, extending aid to foreign countries and accepting international aid.

The book will feature background materials and regulations relevant to economic relations with other countries.

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