

Vol. 25, No. 2

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BEIJING REVIEW



Better Year
Ahead

•
Financial Minister's
Report to the
NPC



A CHINESE WEEKLY OF
NEWS AND VIEWS

HIGHLIGHTS OF THE WEEK

China Sees Better Year Ahead

What are the prospects for China's socialist construction in 1982? A *Renmin Ribao* New Year's Day editorial lists three reasons for the nation's confidence in still greater achievements in this year (p. 5).

The Daqing Experience

The basic experience of Daqing, China's largest oilfield built in the revolutionary spirit of self-reliance and self-sacrifice, has been reaffirmed in a circular issued by the CPC Central Committee. A shining example of the capabilities of the Chinese working class, it demonstrates that China can build and manage modern enterprises by itself (p. 5).

China's Finances

Full text of Minister of Finance Wang Bingqian's report to

the National People's Congress on the final state accounts for 1980 and the implementation of the financial estimates for 1981 (pp. 14-23).

China's Population Growth

Using information provided by the State Family Planning Commission, a reporter analyses China's past, present and future population growth and stresses the need to take effective measures to control the increase in population in order to prevent difficulties for future generations (pp. 23-25).

Western Economy

A brief review of the situation of the industrialized countries in 1981 by reporters stationed in various capitals and a look at the problems these countries may face in the coming year (p. 10).

Afghan People's Heroic Struggle

Though ill-equipped, the Afghan people are fighting valiantly against the Soviet aggressors who invaded their country two years ago. Afghanistan's war of resistance has bogged down an increasing number of Soviet troops (p. 13).

Bai Hua's Letter of Self-Criticism

Gist of a letter of self-criticism by the army writer Bai Hua, and a synopsis of his film script *Unrequited Love* (p. 29).



Peasants on the outskirts of Beijing buying washing machines.

Photo by Wang Zhenmin

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Prospects of Employment

What is the prospect for solving the employment question in China?

Over 29 million people in China were given jobs from 1977 to 1980, and another 4.77 million people were employed in the first nine months of last year. The employment situation has gradually been eased. It is groundless for the foreign press to say that "unemployment in China is getting increasingly serious" and that "reduction in production has resulted in an inconceivable scale of unemployment."

The fact is the situation with regard to employment is steadily being improved. The reasons are:

- In the course of readjusting our national economy, changes are being made in the setup of production and in the makeup of the ownership system. This has resulted in economic growth, and a certain rate of development will be maintained for some years to come. Last year, there was an overall increase in agricultural production; light industrial production increased by a big margin, while production in heavy industry began to pick up after making readjustments in its service orientation; and domestic and foreign trade also expanded. Economic development has provided the most important condition for solving the employment problem.

- Under unified state planning and guidance, more job opportunities are created: job-waiting people are either given jobs through the recommendation of the labour departments

or they may get organized and find work for themselves. These job-waiting people in the cities and towns no longer have to wait for work in state-run enterprises; they may get work in various kinds of collectively owned units or engage in individual labour, which is encouraged and supported by the government.

- The development of commerce and the service trades provides ample job opportunities. From January to June last year, the number of workers and staff engaged in commerce and the catering and service trades was 1.12 million more than that of the corresponding period of 1980. The service trades in which most of individual labourers are engaged need to be further expanded in the next few years in the big and medium-sized cities.

- Educated youths who had settled in the countryside from the mid-1960s to the mid-1970s numbered 17 million. Those who should be called back to the cities have already returned and been assigned work. So there is no longer the problem of educated youths waiting for jobs in the cities.

As early as in 1958, the em-

ployment problem had already been solved. Soon after the founding of New China in 1949, the People's Government set about tackling the problem of 4 million unemployed left over from the old society. With the development of the national economy, they were given jobs one after another. From 1958 to 1966, our main effort was to arrange jobs for those young people who had grown up in the cities and towns. It was only in the mid-1970s that employment became an outstanding problem in China.

After five years' efforts, jobs were provided for over 30 million people, something inconceivable in a capitalist society.

The scope of employment in the cities and towns is, comparatively speaking, quite large in China. The number of employed in 1949 only accounted for 16.2 per cent of the non-agricultural population. The figure rose to 64.4 per cent in 1980. In other words, whereas in 1949 every employed person had, on the average, to support five persons, in 1980 he or she had to support less than one. It is expected that by 1985 the employment problem will be basically solved.

— Economic Editor
Wang Dacheng

Neither Jingoistic Nor Obsequious

Some people say that the Chinese are anti-foreign. What's your attitude towards the relationship between the Chinese people and the people of other countries?

China is no longer walled off from the outside world. It has established diplomatic rela-

tions with 120-odd countries and has economic, trade and cultural interflow with an even larger number of countries and regions. The adoption of an open-door policy has in the last few years brought about expanded exchanges with foreign countries and a booming tourist industry and, of course,

LETTERS

Changes in China

Reports and comments in "Articles and Documents" and "International" are fairly good. Nowadays we, in my country, are hearing that China is carrying out criticism. After the death of Comrade Mao Zedong the Chinese people are making changes in their leadership, foreign relationship and so on. Among them which are right and which are wrong should be understood by all of your foreign friends. We are interested to see these articles, because we can find the resolution of certain questions in connection with your Party leadership changes.

Jhalak Prasad Khanal
Gandaki, Nepal

"Unrequited Love"

"On the Film Script *Unrequited Love*" in "Opinion Digest"

No. 42, 1981, presented one viewpoint. What about the other side of the matter? Have there been any favourable comments about the script? What does Bai Hua himself have to say about the controversy? Could you cover this topic in a future issue?

Malik Idris Khan
Kalabagh, Pakistan

I hope with all my heart that China will be strong, because it is the country I like most apart from my own. For the same reason, I am worried that China may become ossified.

Making such a big fuss over trivial matters like the controversy over *Unrequited Love*, cannot help development.

I hope China will prosper and become a place cherished by the people of the world.

Shizuo Seo
Saitama, Japan

In this issue, we publish excerpts of a letter by Bai Hua, author of "Unrequited Love," and a brief synopsis of the film script (p. 29). Both may help answer some of your concerns. — Ed.

Hope to Get "Beijing Review"

I am an 18-year-old secondary school girl in a science class. I am interested in finding out about events in foreign countries, because our country lacks news reports, television and daily newspapers. I want to know about achievements in the study of history and geography as well as scientific research.

People tell me that China is a progressive country where the people work hard to meet their country's needs. So I hope I can receive *Beijing Review*.

Abdouroihamane Ahmed
Mutsamudu, Comores

wider and more frequent contacts with the people of other countries.

The Chinese people are known for their hospitality. It is our consistent policy that we should be friendly and polite to foreigners, neither condescending nor sycophantic. It is natural that unpleasant occurrences of one kind or another sometimes happen between our people and foreigners, given the differences in cultures, traditions, customs and habits. But we always handle these incidents in the spirit of friendship and, generally speaking, without taking actions against either side. It is true that some people are impolite to foreigners, but they are only a tiny minority and are invariably censured by the majority. These few incidents should not be used to back the accusation that we Chinese are anti-foreign. As a matter of fact, such things happen everywhere in the world. In our

country, whoever commits such mistakes is criticized so that he or she will not repeat the error.

On the other hand, a few people in China hanker for the decadent bourgeois life style of foreign countries. They barter away their dignity as Chinese for personal gains and fawn on everything foreign, and some even violate the law and discipline. Such things are not tolerated. Those involved are criticized and in some cases they are disciplined, or punished according to law.

What is most talked about abroad lately is love and marriage between Chinese and foreigners. There is no problem about marriage between a Chinese and a foreigner as long as both are willing and go through the required procedures conforming to China's Marriage Law. There have been more such marriages over the recent years than before

and this has raised no objections either at home or abroad. However, there are cases which have gone beyond the bounds of ordinary man-woman relationships and are therefore dealt with on their merits. This is in conformity with international norms. But some people abroad choose to raise a hue and cry and even allege that "the Chinese are anti-foreign" and that "the Chinese are against marriage with foreigners." Such charges are not helpful to the development of friendly relations between the Chinese people and the people of other countries.

China's open-door policy is no expediency. It is a long-term policy. Our people will adhere to the attitude of being neither jingoistic nor obsequious in their contacts with foreigners. This is our fundamental principle.

— Political Editor
An Zhiguo

POLITICAL

Better Year Ahead

Brighter prospects can be expected of the new year, said *Renmin Ribao*, organ of the Party, in its New Year's Day editorial.

The nation feels confident that still greater achievements will be made in 1982 in building socialism, now that China is moving from chaos to order and from poverty to abundance.

The paper cited three reasons for such confidence:

— The Party is united ideologically. The historical task of unifying the Party's guiding thought was accomplished at the Sixth Plenary Session of the 11th Party Central Committee in June last year.

— China has forged a new path for developing its economy suited to the nation's actual conditions. For more than 30 years, China has travelled a tortuous road resulting from an overly anxious desire for quick results in economic construction. The new 10 principles for developing the economy call for a more realistic rate of development and promise better economic results. The principles were put forward by Premier Zhao Ziyang in his government work report at the Fourth Session of the Fifth National People's Congress convened at the end of November, 1981.

— The people's initiative has been set on fire. The line, principles and policies adopted since the Third Plenary Session of the 11th Party Central Committee held at the end of 1978 have

brought tangible benefits to the people. In particular, the livelihood of the 800 million peasants has improved as a result of the implementation of various forms of the responsibility system in production. The Party's policies have aroused the initiative of the people for socialism. Such initiative is an invincible force.

ECONOMIC

Reaffirming the Daqing Experience

The basic experience of the Daqing Oilfield is still significant and has practical applications today, according to a recent national circular issued by the Central Committee of the Chinese Communist Party.

Daqing, the largest oilfield in northeast China's Heilongjiang Province, was built in the early 1960s, when China was blockaded by Soviet hegemonism and faced extremely difficult conditions. Its construction under gruelling conditions terminated the age in which China was dependent on imported oil. The revolutionary spirit of self-reliance and self-sacrifice of the oilfield workers and staff members caught the imagination of the whole nation and demonstrated the fine qualities of the Chinese working class.

The oilfield remains an advanced example of socialist construction in industry, one which the whole country can learn from, the circular said. The workers and staff members who constructed and developed it believe their experience indicates that China can build and

manage modern enterprises by itself.

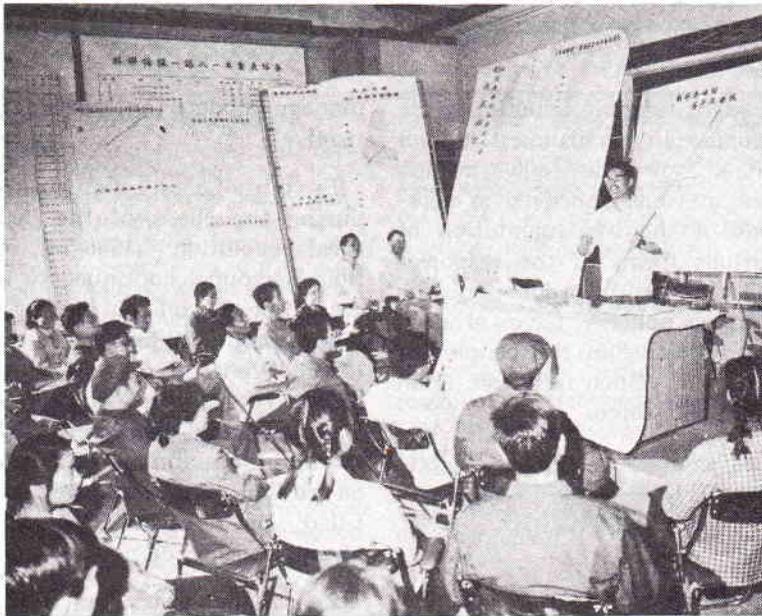
In spite of many disturbances during the chaos of the "cultural revolution" (1966-76), oilfield personnel continued to increase crude oil output by a large margin. When the output of "old" oilfields began dwindling in recent years, workers of Daqing made every effort to maintain an annual output of 50 million tons, and they fulfilled last year's state plan ahead of schedule.

For many years the slogan "Learn from Daqing" was adopted by advocates of the erroneous "Left" thinking, who invariably linked the Daqing experience with class struggle and the struggle between two lines. As a result, numerous problems cropped up because of the absolute terms in which it was publicized and propagated as a model to follow irrespective of the actual conditions.

The circular blamed the "Left" thinking on the particular historical conditions and on those who led the Party Central Committee and other leading bodies at the time.

The circular spoke highly of Daqing's workers and staff members who have carried forward the revolutionary tradition and displayed the practical abilities of the Chinese working class. Their patriotism and national pride helped them to defy difficulties and become real masters of the country.

Consciousness and matter transform themselves into each other under specific conditions, the circular said. This is a fundamental tenet of Marxism. While criticizing the erroneous viewpoint that "con-



Daqing workers discussing a readjustment plan for the oilfield.

sciousness is omnipotent," it is wrong to negate the effect of revolutionary spirit on changing the objective world. We are opposed to those who disregard objective conditions and try to do things which cannot be achieved even through great efforts. But a scientific approach should be combined with the revolutionary spirit in an effort to do things which can be accomplished through efforts. In this way, the national economy will maintain a certain pace of development in the course of readjustment and good results will be obtained in economic construction.

New Power Generating Sets on the Changjiang

Two 170,000-kilowatt water-turbine generating sets have recently been put into operation at the Gezhouba Dam near Yichang, in central China's Hubei Province and on the middle reaches of the Changjiang River. They are the first power generating sets installed on the Changjiang, China's longest river.

The two generating sets, which are the largest ever made in this country, will generate 1,800 million kwh of electricity a year. They are automatic, but can also be operated manually or by remote control. They are equipped with an alarm system and are capable of shutting down automatically in case of emergency.

At the dam site, two islands divide the course of the river into three channels which are known as the Dajiang (main channel), the Erjiang (second channel) and the Sanjiang (third channel). The two generating sets have been installed at the Erjiang power station which is the last item in the first-stage construction of the Gezhouba project. When completed, the Erjiang power station will have seven water-turbine generating sets with a combined capacity of 965,000 kilowatts. The other five sets, each with a capacity of 125,000 kilowatts, will be installed in the next two years.

The Gezhouba project now under construction is the biggest of its kind in China. It not only supplies electricity but al-

so facilitates navigation. When the whole project is completed, two of its three shiplocks will be capable of serving 10,000-ton-class vessels and its two power stations with a total capacity of 2,715,000 kilowatts will on the average produce annually three times as much electricity as the national total on the eve of liberation in 1949. At present, two shiplocks are already open to navigation and one power station has begun supplying electricity.

Foreign Investment in South China

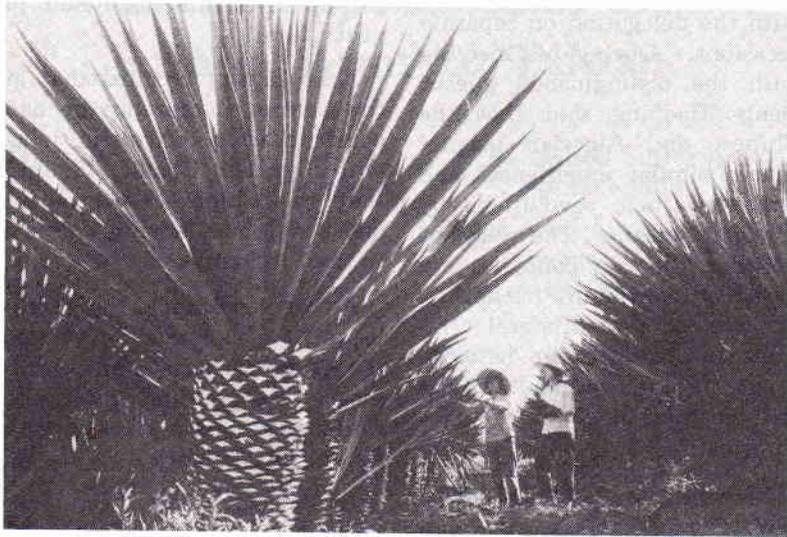
The people's government of Guangdong and Guangxi in south China have decided to adopt the policy of using foreign capital to develop their economies.

Guangxi Zhuang Autonomous Region. Located in the subtropical zone, the region is rich in natural resources and produces a variety of special products. It has dozens of potential projects for foreign investment. Priority is being given to hydropower resources, nonferrous metals and building materials.

Guangxi's hydropower resources are estimated at 16.75 million kilowatts, ranking sixth in China. Ten staircase power stations can be built on the Hongshui River alone, with a total generating capacity of 10 million kilowatts and an annual power output of 50,000 million kilowatt-hours. The state has provided policies, plans and projects for developing the Hongshui River.

It is verified that Guangxi has over 60 kinds of minerals, 19 of which are among the nation's largest reserves. The region has several thousand small and medium-sized enterprises which are

EDUCATIONAL



A high-yield sisal hemp plot of the Dongfanghong Farm in Guangdong Province.

looking forward to co-operation with overseas firms to technically updating them. This is particularly true of the region's foodstuff industry.

According to Zhou Guangchun, vice-chairman of the people's government of the Guangxi Zhuang Autonomous Region, preferential treatment will be granted to foreign firms, overseas Chinese and Xianggang, Aomen and Taiwan compatriots who invest in Guangxi.

Guangdong Province. The Guangdong provincial government has decided to develop Hainan Island, which has abundant natural resources. Preferential treatment of the sort awarded in special economic zones will be given to overseas investors building factories there and those pursuing joint ventures with China.

Hainan Island, with a total area of 32,200 square kilometres, is China's second largest island next to Taiwan. Foreign capital and technology will primarily be

used to expand cultivation of tropical and subtropical plants, tropical forestry and timber industry, animal husbandry, breeding aquatic products, communications and energy sources. The island is noted for its production of rubber, cocoa, coffee and other tropical plants.

Foreign investors will enjoy preferential tax treatment as is the case in the province's special economic zones of Shenzhen and Zhuhai. The rate of income tax levied on special economic zone enterprises is, in general, 15 per cent, according to Guangdong Province's August 1980 regulations regarding the special economic zones.

The Chinese partner in a joint venture on Hainan Island will claim a smaller proportion of the total profits than in a joint venture in the special economic zones. Charges for the use of land for the new enterprises will be less and workers will be paid lower wages.

A Peasants' Paper

A bi-weekly especially for peasants and rural cadres joined China's 32 national newspapers with marked success in its initial publishing period. Launched in April 1980, *Zhongguo Nongmin Bao* (The Chinese Peasant Paper) has rapidly gained popularity, with a total circulation of 700,000 in 1981.

Published every Thursday and Sunday, it devotes its four pages to stories of outstanding people and new moves in the countryside, and to explanations of the government's rural policies, particularly economic policies. It also provides agrotechnical information on topics such as the propagation, breeding and cultivation of hybrid rice. The articles are usually short and easy to understand, in consideration for the peasant's educational level.

The paper receives an average of 700 letters and articles a day from its readers and reporters. The peasants' letters mainly ask for help on questions about the responsibility system in production, scientific farming and public welfare. Others seek counselling on family affairs and on right and wrong in everyday life.

As a general practice, the paper publishes letters together with the answers dealing with topics of common concern.

Lu Hongbin, member of a commune in Jiangsu Province's Dongtai County, wrote glowing praises of the paper in his letter. He said he subscribed to 15 newspapers and periodicals, *Zhongguo Nongmin Bao* includ-

ed, from which he gained cultural and scientific knowledge as well as a better understanding of Party and government policies. He added that access to such information was beneficial to production.

A reader from Henan Province's Mixian County wrote to the paper that every household in his brigade subscribed to this peasants' paper. This high subscription rate is unusual, but it is an indication of the Chinese peasants' need and desire for newspapers.

Many peasants read newspapers in the past, but usually the papers were subscribed by the people's communes and production brigades. It is a new phenomenon that individual peasants subscribe to newspapers. This can be attributed to the development of agricultural production in the last few years. With increased incomes and a higher standard of living, the peasants, particularly the young, are eager to know the affairs of the nation and learn the experiences of advanced areas as well as cultural and scientific knowledge.

Zhongguo Nongmin Bao is the only national peasants' paper. Before it began publication, there were about a dozen provincial-level papers serving the special interests of the peasants.

FOREIGN RELATIONS

Government Delegation From Algeria

An Algerian government delegation led by Mohamed Hadj Yala, Member of the Political Bureau of the Party of the National Liberation Front and

Minister of Finance, paid a visit to China recently.

Vice-Chairman Deng Xiaoping and Premier Zhao Ziyang met with the delegation on separate occasions. During his meeting with the distinguished guests, Deng Xiaoping said that the Chinese and Algerian peoples shared similar experiences and had won their revolutions by the same means. The relations between the two countries are based on a militant friendship. He stressed that bilateral relations and co-operation between them in international affairs will be strengthened in the days to come.

Referring to the world situation, Deng Xiaoping said that the third world countries would have to wage struggles in their development. He pointed out: "Since imperialism, hegemonism and old and new colonialism do not want to see us developed, we should strengthen our friendly relations and broaden the scope of our co-operation."

During his meeting with Minister Yala, Premier Zhao Ziyang said that the Chinese and Algerian peoples have a profound and militant friendship. Prospects are broad for economic, trade, scientific and cultural co-operation between the two countries. During the delegation's visit, both sides have reached agreement on a number of economic and technical co-operation items.

The Premier said that this is a good beginning and expressed the hope that both sides will make joint efforts to develop the existing good relations and co-operation based on the principle of equality and mutual benefit.

Minister Yala expressed the hope that the leaders of the

two countries at higher levels will get in touch with each other in the coming months, that is, to make it a fact for President Chadli Bendjedid to visit China.

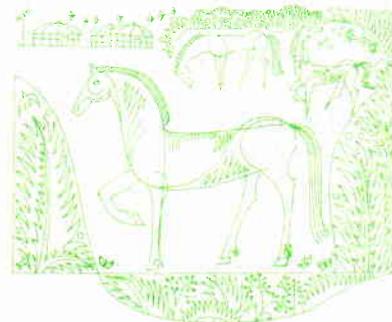
Zhao Ziyang recalled that at the Cancun Conference he had constructive and fruitful talks with President Chadli. He said that the Chinese Government and people are looking forward to the President's visit to China.

An agreement on the establishment of a mixed committee for economic, trade and technical co-operation between China and Algeria was signed in Beijing on January 1.

At the same time, three other documents were signed: the 1982-83 plan for cultural exchanges, an agreement on railway co-operation and an agreement on co-operation in science and technology.

News in Brief

Zhao Ziyang's Message to New UN Secretary-General. Premier Zhao Ziyang on January 1 sent a congratulatory message to Javier Perez de Cuellar on his assumption of the office of UN Secretary-General. The Premier wished him every success in fulfilling the important functions mandated to him by the membership of the United Nations.



China Opposes Sales of Foreign Arms to Taiwan

THE People's Republic of China established diplomatic relations with the United States three years ago. Thanks to the joint efforts of the two governments and peoples, the two countries have since made good progress in bilateral relations in the political, economic, scientific, technological and cultural spheres. These developments conform to the common desire and interest of the Chinese and American people and have won their wholehearted support.

But there is an obstacle to developing Sino-US relations, the issue of sales of US weapons to Taiwan. News reports from Washington indicate that the US Government will not only continue to sell weapons to Taiwan, but is also contemplating an escalation in this respect, and it has even asserted once and again that the Chinese Government has no right to make an issue of it. This has made the matter more serious and a settlement has become imperative.

China has always been clear-cut in its position on Taiwan: There is only one China — Taiwan is part of China — and the Government of the People's Republic of China is the sole legitimate government of China. An important principle for establishing formal diplomatic relations with any country is that it must recognize China's position on the Taiwan question. The Chinese people are adamantly against any attempt to create "two Chinas" or "one China and one Taiwan."

The United States Is No Exception

China has always opposed sales of weapons to the Taiwan authorities by foreign countries. Those countries which maintain diplomatic relations with China should not sell any arms to the local authorities in China's Taiwan Province, since they recognize that there is only one China, and recognize the Government of the People's Republic of China as the sole legally constituted government of China, and Taiwan as part of China. Those who insist on selling arms to Taiwan encroach upon China's sovereignty and interfere in its internal affairs. The United States is no exception.

China demands that the United States genuinely respect China's sovereignty and territorial integrity by not interfering in China's internal affairs. This demand is the very minimum for a sovereign state. The Chinese people have fought for independence and sovereignty for well over a century and at a very great cost in lives and blood. They have stood up today and will in no case tolerate any attempt by any foreign country to infringe upon their national sovereignty, divide their territory and interfere in their internal affairs. This is a matter of their national feeling. The Chinese Government represents the will of the Chinese people and certainly will not adopt an attitude of unprincipled accommodation involving the country's territory and sovereignty.

China has abided by principles and has been most reasonable in dealing with the issue of the United States selling arms to Taiwan. Here, a fundamental principle must be established first of all, that is, the United States must adhere to the criteria governing international relations and the China-US joint communique on the establishment of diplomatic relations by truly respecting China's sovereignty and refraining from interfering in China's internal affairs by selling arms to Taiwan. Once this principle is established and recognized, the two sides may negotiate ways and means of settling this issue.

But to China's regret, the United States Government, during the three years since it entered into diplomatic relations with China, has failed to honour its commitment as it should have done in accordance with international norms and the joint communique on the establishment of diplomatic relations between the two countries. Instead, it has resorted to various prevarications to absolve itself of its commitment.

If the United States desires to preserve and develop its relations with China, it must seek, on the basis of genuine respect for China's sovereignty, a solution to the issue of selling arms to Taiwan. There is no other way.

China Seeks a Peaceful Solution

The Chinese Government has declared more than once that it will make every effort to solve the Taiwan question by peaceful means and has stated time and again that it is ready to discuss in various ways the reunification of the country with

the Taiwan authorities. This was reiterated by Ye Jianying, Chairman of the Standing Committee of the National People's Congress, on September 30 and was given concrete expression in the nine-point policy enunciated by him.

The Chinese Government's unremitting efforts have brought about new prospects for the settlement of the Taiwan question. They have consequently created conditions most favourable to ending US arms sales to Taiwan and US involvement in China's internal affairs and for the removal of whatever threatens the relations between the two countries.

What Are the US Intentions?

Nevertheless, the United States continues to sell arms to Taiwan and insists on infringing upon China's sovereignty and obstructing China's peaceful reunification. Under the circumstances, one is fully justified to ask: What are the United States' intentions concerning China's territory of Taiwan? Is it not hegemonism for the United States to flout criteria governing international relations by encroaching upon the sovereignty of another country and interfering in its internal affairs?

The Chinese Government always has global strategic considerations in mind in handling its relations with the United States. In the matter of settling the issue of the United States selling arms to Taiwan, it has also given due consideration to global strategy, while upholding its own national sovereignty.

The Chinese people and the peoples of other countries who cherish peace and uphold justice are watching to see whether the United States Government chooses to settle the issue of

arms sales to Taiwan properly. This is a severe test for the United States Government which will show whether or not it truly treasures its relations with China and whether it has

the global strategic pattern in mind.

(Excerpts from "Renmin Ribao" commentary, Dec. 31. Subheads are ours. — Ed.)

Review and Prospects

Western Economy

"Renmin Ribao" correspondents abroad filed year-end comments on the economies of some Western countries. Following are their views. — Ed.

MOST of the West European countries were past the worst of last year's economic recession by the third quarter. This year will see a slow and modest recovery.

Impact of the Recession. European analysts say the economic recession exerted great influence on political and social issues in Western Europe. In May 1981, the French Socialist Party leader Francois Mitterrand was elected President. This ended the 23-year monopoly by France's conservative parties. In June, a coalition government with General Secretary of the Italian Republican Party Giovanni Spadolini as its Prime Minister, was formed in Italy. This ended the Christian Democrats' 30-year hold on the post. Greece formed a "Left-wing" government after its October elections, the first since World War II. There were riots and demonstrations in some West European countries, a sign of mass discontent. All these events took place during the recession.

The economic recession provided a severe test for the monetarist economic theory. The monetarist economic policies of the British Conservative government encountered gains and losses. The nation's infla-

tion rate declined, but the unemployment problem was aggravated. British citizens have begun to demand new policies designed to stimulate the economy and create more jobs. The West German government has increased expenditures in order to stimulate the nation's economy. In France, President Mitterrand has reinstated Keynesianism and sought to devalue the franc. Given Europe's present economic situation, people are questioning the validity of monetarism and Keynesianism.

(Xu Qingmei reports from London)

EEC's Headaches. In reference to the European situation during the past year, a spokesman of the 10-member West European Economic Community said: The Common Market summit held in March 1981 in the Netherlands was a "thoughtful meeting" and the Luxembourg meeting in June was an "expectant meeting," while the London summit in November was a "failure." Despite one year's effort, neither of the EEC's three key problems — budget, agricultural policies and financial allocation — has been solved.

Although Greece has been an EEC member for less than one year, it is threatening to withdraw unless it is given "special care." Spain and Portugal are demanding immediate EEC membership. This has provid-

ed the EEC with a dilemma regarding the question of whether it should engage in a "second expansion."

Europe has never felt such a pressing need for readjustment, said the spokesman.

People are concerned about how to make a readjustment. Some EEC experts believe that economics constitute the foundation of politics. Since some EEC members seem to be only concerned about their individual economic circumstances, the alliance is experiencing difficulties.

Every West European country has its own problems. How to develop the internal structure of EEC has become a major problem of common concern.

(Xin Shufan reports from Brussels)

Economic Crisis in the United States. The beautiful trees and brilliant decorations of Christmas 1981 have not dispelled the shadow over the United States' economy. Many enterprises are experiencing decreased production and poor sales. As a result, they have had to lay off numerous employees. The government's economic projections are generally discouraging. The nation has entered its eighth economic crisis in the post-war period.

Despite President Reagan's suggestion that the crisis will be mild, many high-ranking government economists are not so optimistic. Some private economic organizations are predicting that the recession will be the most serious one since the 1930s depression.

US officials say that the economy will significantly im-

prove during the latter half of 1982. But most economists are convinced that 1982's economic prospects are unencouraging.

The impact of the economic recession is many-sided. Increased unemployment and reductions in social welfare programmes will further destabilize the society. Moreover, potential foreign trade war resulting from the deterioration of foreign trade will further strain US relationship with its allies. The Reagan administration will have its hands full in 1982.

(Yuan Xianlu reports from Washington)

The Japanese Economy. The Japanese economy continued to expand in 1981 at an officially estimated rate of 4.1 per cent.

Considering the fact that the economic growth rate in most other industrial countries was at or below 1 per cent, this was conspicuous. Japan's unemployment problem is not as serious as in Europe and the United States. Furthermore, its rate of price rises was reduced; and its international balance of payments was favourable. The favorable balance of foreign trade in 1981 was estimated at about 23,000 million US dollars. By the end of November, its foreign exchange reserve was 28,779 million US dollars. The Japanese Government and fi-

nancial analysts suggest that the nation's economic growth over the past two years was due to increased exports.

Japan's domestic demand, they admit, is at a low level. This is because of insignificant increases in the real income of workers. Industrial production increased at a snail's pace and development between departments relying heavily on export and those dependent on the domestic market was uneven. Many of those relying on the domestic market had to be assisted with government subsidies.

The increase in Japanese export has led to intense economic friction between Japan and the United States and between Japan and Europe.

Recently, the Japanese Government released its 1982 estimate of the nation's economic prospects. The expected rate of increase for the Japanese GNP is 5.2 per cent. Some believe the goal cannot be achieved. They point out that it will not be easy to concurrently expand domestic demand and dispel international economic friction. Japan may make some progress with its economic plans in the new year, but the road will not be smooth.

(Chen Powei and Chen Hong report from Tokyo)

Latin America: Last Year's Major Events

Opposition to Foreign Intervention. The situation in Central America was the main topic of debate at the 11th conference of the Organization of

American States (OAS) held in Castries, capital of Santa Lucia, from December 2 to 11, 1981.

Most Latin American countries at the conference support-

ed the principle of non-interference and expressed opposition to external intervention. The conference adopted a resolution expressing support for the settlement of El Salvador's internal conflict through a general election. The resolution reaffirms that El Salvador's problems can only be solved by Salvadorians themselves in accordance with the principle of non-interference.

Speaking at the conference, US Secretary of State Alexander Haig charged that Cuban adventurism, backed by the Soviet Union, poses a threat to peace and stability in Central America. To support his charge, he provided the conferees with information gathered by the United States concerning infiltration by the Soviet Union and Cuba in the region.

US-Latin American Economic Relations. The 27-nation Latin American Economic System (SELA) held a ministerial level conference on November 30 in Panama City. The conference focused on economic relations between Latin America and the United States. Such relations have become so unfavourable to Latin American countries that they are seriously hindering the normal economic development of these countries. The Panama Declaration approved by the conference contains a common strategy for Latin American countries to effect a change in

their economic relations with the United States.

Civil War in El Salvador. On January 10 last year, Salvadorian guerrillas launched a general offensive on four battlefronts against government forces in a bid to take over state power. Fierce fighting spread to the capital, San Salvador, and to most other sections of the country. But the fighting came to a halt two weeks later and the guerrillas failed to achieve their aim. The two sides proposed formulas for a political settlement of the conflict, but no agreement has been reached. The civil war continues. The guerrillas control about a quarter of the country's territory.

General Election in Honduras. Honduras held a general election on November 29, its first one in the past decade. Roberto Suazo Cordova of the Liberal Party was elected president. This will soon end nearly 18 years of military rule. This is considered an event of major importance in the region.

Cuba Becomes More Isolated. The Jamaican Government severed diplomatic relations with Cuba on October 29 because of Castro government's interference in the internal affairs of Jamaica. Costa Rica and Colombia broke off relations with Cuba for similar reasons during the spring. The Ecuadoran Government downgraded its relations with Cuba to charge d'affaires level on March 29 and some other countries have also de-emphasized relations with Cuba.

Two More Independent States. Antigua and Barbuda, a British colony in the east Caribbean sea, proclaimed independence on November 1. Prior to this, Belize, also a British colony, became independent on September 21. The birth of these two sovereign Caribbean states has brought the number of independent states in Latin America to 32.

Change of President in Argentina. The Argentine ruling junta named Army Commander Leopoldo Galtieri President on December 11 to replace Roberto Viola, who had been in office for only eight months. Some analysts think this change represents the military's determination to readjust the government guidelines.

Chinese Premier's Visit to Mexico. Premier Zhao Ziyang paid an official visit to Mexico from October 24 to 27 at the invitation of Mexican President Lopez Portillo. This was the first time a Chinese premier visited a Latin American country. During Premier Zhao's stay, he and the Mexican President discussed the international and regional situation and bilateral relations. They also reached extensive agreement on these issues. The trip, together with the visit to Venezuela and Colombia in August by Vice-Premier and Foreign Minister Huang Hua and the visit to China on October by Venezuelan President Luis Herrera Campins, contributed to last year's gratifying progress in relations between China and Latin America.

— Xin Ji



Afghan People's Two-Year Struggle Against Soviet Occupation

Report From Islamabad

IN recent interviews with us, leaders of Afghanistan's resistance forces stressed that Afghanistan is fighting a superpower. They say observers should understand that Afghanistan's resistance forces, supplied only with outdated weapons, have dealt crippling blows to Soviet troops.

The Basic Situation

As things stand today, Afghanistan's rural areas are increasingly controlled by the resistance forces while its cities and militarily strategic points are generally controlled by Soviet troops.

The regions basically controlled by freedom fighters include the Panjshir Valley and Nouristan in the northeast and Hazarajat in central Afghanistan, where the people have organized their own administrative institutions.

Identity and Difference

Pointing to one of the devel-

opments in the war of resistance, Chairman Gulbuddin Hekmatiyar of the Afghan Hezhi Islami said it has now expanded to the plains and to urban and suburban areas. Resistance armies, he noted, have successfully attacked Soviet and Karmal regime officials and army officers, destroy military installations and raided barracks and bases in major cities, including the capital of Kabul.

Afghanistan's second largest city, Kandahar, has been the scene of fierce fighting. Skirmishes also have occurred with increasing frequency near Kabul, Hekmatiyar said.

Hekmatiyar said resistance troops have become better equipped with weapons captured from Soviet troops and have become more combat experienced. But because of the absence of a unified leadership and shortages in arms and manpower, he added, resistance troops are unable to defeat concentrated enemy forces.

An Afghan professor from Kabul University also referred to the fact that the various resistance forces, while all being determined to stop Soviet aggression and expansion, lack a concentrated and unified leading body, a major weakpoint in the resistance movement.

Change in the Balance of Military Strength

Another conspicuous change in the balance of military strength in Afghanistan is the reduction of government troops from 80,000 to less than 30,000. Government recruits are reported to be suffering from low morale. Desertion has become a serious problem. Though Afghan government forces originally were intended to be put on the front line, their constant desertions have forced the Soviets to use their own troops as primary battle units with the result of increasing casualties.

In order to crack down on the Afghan people's resistance, Soviet troops have resorted to indiscriminate retaliatory bombing. This, however, has evoked even stronger indignation and opposition from the Afghan people.

The Soviet Union has engaged in expansion and intervention in many parts of the world. But in Afghanistan it is faced with nationwide armed resistance for the first time. The Afghan people have succeeded in bogging down this superpower for the past two years, scoring one victory after another. This development has made the Afghan people more confident and has served as an encouragement to the people throughout the world.

— Shen Yuqiang and
Zhong Fengzhun



Three students who crossed the Soviet border to join the Afghan resistance movement.

Report on the Final State Accounts for 1980 And Implementation of the Financial Estimates for 1981

(Delivered at the Fourth Session of the Fifth National
People's Congress on December 1, 1981)

Wang Bingqian

Minister of Finance

Fellow Deputies,

I have been entrusted by the State Council with making the report on the final state accounts for 1980 and the implementation of the financial estimates for 1981, which I now submit for your examination.

I. The Final State Accounts For 1980

In 1980, the whole people of our country, under the leadership of the Communist Party and the People's Government, gave effect to the principle of readjusting, restructuring, consolidating and improving the national economy, and scored new achievements in production and construction. During that year, our state finances contributed to the growth of industrial and agricultural production and met the needs of investment in construction. While economizing on expenditures, we appropriately increased allocations for culture, education, public health work and science. On this basis, financial deficits were reduced as compared with the preceding year, and there was a turn for the better in the financial situation.

The final accounts for 1980 are essentially as follows:

Revenues totalled 108.52 billion yuan, or 102.1 per cent of the budgeted figure. Expenditures totalled 121.27 billion yuan, or 106.1 per cent of the budgeted figure. There was a deficit of 12.75 billion yuan, 4.31 billion yuan less than the previous year's 17.06 billion yuan.



Of the total revenue in the final accounts for 1980, domestic receipts accounted for 104.22 billion yuan, or 101.3 per cent of the budgeted figure, and foreign loans totalled 4.3 billion yuan, or 126.9 per cent of the budgeted figure. Of the two major items of domestic receipts, income from the economic enterprises totalled 43.52 billion yuan, or 94.5 per cent of the budgeted figure, and tax receipts totalled 57.17 billion yuan, or 105.1 per cent of the budgeted figure.

The fairly good results for state revenues in 1980 were closely related to the increase in industrial and agricultural production. Because the peasants' enthusiasm for production rose with the implementation of the agricultural policies formulated by the Third Plenary Session of the 11th Central Committee of the Party in December 1978, total agricultural output value increased by 2.7 per cent in 1980 as com-

pared with 1979, despite serious natural calamities. The situation in industry was also good. Total industrial output value was 8.7 per cent higher than in 1979, with an increased proportion accounted for by light industry. There was an increase in the variety of many industrial products, an improvement in their quality, and a reduction in the consumption of energy and of raw and semi-finished materials for their manufacture. State plans for transport were overfulfilled. The total value of commodities purchased by the commercial departments and of retail sales registered a fairly big increase over 1979. Business was brisk in both urban and rural markets. All this played an important role in helping to realize the revenue targets for 1980.

These targets were attained side by side with the continued enforcement of several important economic measures. Since 1979, the government has successively adopted such measures as raising the purchasing prices of farm and sideline products, reducing or remitting taxes in certain rural areas, increasing the wages and salaries of workers and staff and providing more jobs, so as to promote agricultural and industrial production, increase peasant income and improve the living standards of our urban workers and staff. They have all yielded good results and will continue to do so. Their initial enforcement, however, unavoidably entailed temporary reduction in state revenues. In 1980, the outlay for them totalled over 33 billion yuan, more than 15 billion yuan above the 1979 figure. Of this sum, 16.8 billion yuan, or 8.5 billion yuan more than in 1979, went to raising the purchasing prices of farm and sideline products; 2.5 billion yuan, or 0.5 billion yuan more than in 1979, were accounted for by reduced or remitted taxes in certain rural areas; and 14 billion yuan, or 6.5 billion yuan more than in 1979, were spent on raising the wages and salaries of workers and staff, creating employment and issuing bonuses. Mainly because of these changes, state revenues in 1980 were lower than in 1979, even though industrial and agricultural production increased as compared with the previous year.

Of the total expenditures in 1980, domestic outlays amounted to 113.97 billion yuan, or 105.5 per cent of the budgeted figure, and appropriations for capital construction out of foreign loans amounted to 7.3 billion yuan, or 115.4 per cent of the budgeted figure. The following were the principal domestic expenditures: appropriations for capital con-

struction, 34.64 billion yuan, or 111.7 per cent of the budgeted figure; funds for tapping the potential of existing enterprises and for financing their technical transformation and the trial manufacture of new products, totalling 8.05 billion yuan, or 115.2 per cent of the budgeted figure; additional allocations of circulating funds, 3.67 billion yuan, or 98.6 per cent of the budgeted figure; financial aid to people's communes and other agricultural undertakings, 8.21 billion yuan, or 106.1 per cent of the budgeted figure; funds for culture, education, public health work and science totalling 15.63 billion yuan, or 105.4 per cent of the budgeted figure; expenditures on national defence and preparations against war, 19.38 billion yuan, or 100.3 per cent of the budgeted figure; and administrative expenses, 6.68 billion yuan, or 115.6 per cent of the budgeted figure. Administrative expenses were rather higher than the budgeted figure because the necessary additional organs were set up and staffed for improving the legal system and tightening up market control.

The 1980 expenditures helped to boost industrial and agricultural production. Eighty-two large and medium-sized complex projects and 216 large and medium-sized single projects were completed and commissioned that year. Increases in production capacity in 1980 were mainly as follows: coal extraction, over 8.2 million tons; crude oil extraction, over 5.7 million tons; installed capacity for generator sets, over 2.8 million kilowatts; iron ore mining, over 2.7 million tons; railways opened to traffic, more than 1,000 kilometres; loading and unloading capacity of harbours, more than 8.1 million tons; cold storage capacity for commercial use, over 180,000 tons; and storage capacity for food grains, 750,000 tons. There was a considerable increase in investment in urban housing, with a total floor space of more than 82 million square metres completed in 1980. With state assistance, farming, forestry, animal husbandry, sideline occupations and fisheries all expanded. The afforested area increased by over 4 million hectares. Total output of pork, beef and mutton reached more than 12 million tons, and that of aquatic products more than 4.4 million tons. Rural sideline occupations also grew fairly rapidly.

Expenditures in 1980 also contributed to the development of culture, education, public health work and science. The number of students newly enrolled in institutions of higher learning last year totalled over 280,000,

in secondary technical, general and vocational schools, over 20.11 million, and in primary schools, over 29.42 million. More than 38,000 hospital beds were added, and there was some improvement in medical and health-care equipment. Scientific research institutions and personnel were reinforced, and more equipment was made available for them. Successes were scored in more than 2,600 major scientific research projects throughout the country, and 107 inventions were recognized by the state. The 10 years of turmoil held up the development of China's culture, education, public health work and science, which are still far from meeting the needs of our construction programme. This problem has to be solved step by step as our financial resources increase.

The financial deficit for 1980 totalled 12.75 billion yuan, 4.75 billion yuan more than the budgeted figure of 8 billion yuan. This increase was due mainly to overly high expenditures on capital construction. Expenditures for tapping the potential of existing enterprises and financing their technical transformation, for aiding agriculture, for financing cultural, educational and public health undertakings and for meeting administrative expenses were also somewhat in excess of the budgeted figure. Moreover, state funds for reserves of materials, which were not originally included in the budget but were to be covered by bank loans, were later appropriated out of state revenues, thus adding to expenditures.

In order to make up the deficit, 8 billion yuan was borrowed in bank loans in 1980 and 4.75 billion yuan was appropriated out of receipts from state treasury bonds issued in 1981.

The general economic situation in 1980 was good, with the financial deficit somewhat smaller than in 1979 as a result of the concerted efforts made by all sections of the people. However, we are still confronted with considerable financial difficulties, with dangers latent in the national economy. The deficit of more than 17 billion yuan in 1979 was followed by another of over 12.7 billion yuan last year. Consequently we had to resort to bank loans again, leading to the issuance of more currency. The average retail price index rose by about 6 per cent in 1980, with prices of non-staple foodstuffs going up by 13.8 per cent. This shows that the financial problem remains a major difficulty in our economic development, which has to be overcome gradually through effective measures in line with the further readjustment of the economy.

II. Implementation of the Financial Estimates for 1981

Around the end of last year, the Central Committee of the Party and the State Council held several meetings to take stock of the overall economic situation and analyse existing problems. To exploit the favourable conditions and rid the economy of latent dangers, the Central Committee of the Party set forth the policy of continuing to readjust the economy and achieving greater political stability and called for efforts to bring about a basic balance between revenues and expenditures and between credit receipts and payments as well as basic price stability in 1981. At the 17th meeting of the Standing Committee of the Fifth National People's Congress in February this year, Vice-Premier Yao Yilin, on behalf of the State Council, delivered a Report on the Readjustment of the 1981 National Economic Plan and of State Revenues and Expenditures, which the meeting examined and approved. The readjusted financial estimates put total revenues at 105.66 billion yuan and curtailed total expenditures to the same figure. Since it was anticipated that there might be further changes in the course of implementing these estimates, the meeting of the Standing Committee called on all quarters concerned to strive for a basic balance between state revenues and expenditures in 1981.

Some 11 months of the fiscal year 1981 have now passed, and fairly good results have been obtained on the whole, thanks to the efforts of the localities, departments and units to increase production, practise economy and overcome all kinds of difficulties. As the final accounts for 1981 will not be available until after the end of the year, I would like to report on the expected overall results.

Total revenues for 1981 should be 105.86 billion yuan, or 100.2 per cent of the estimate. Of this sum, domestic revenues should amount to 97.86 billion yuan, or 100.2 per cent of the estimate, and revenues from foreign loans to 8 billion yuan, or 100 per cent of the estimate. Of domestic revenues, taxes should reach 60.9 billion yuan, or 104.9 per cent of the estimate, judging from the fairly successful fulfilment of the estimates so far; and income from the economic enterprises should total only 34.72 billion yuan, or 92.9 per cent of the estimate, as the current under-fulfilment of the estimates suggests.



A corner of a Shanghai market.

Total expenditures for 1981 should be 108.58 billion yuan, or 102.8 per cent of the estimate. Of this sum, domestic expenditures should amount to 100.58 billion yuan, or 103 per cent of the estimate, and capital construction appropriations drawing on foreign loans to 8 billion yuan, or 100 per cent of the estimate. The breakdown for domestic expenditures is essentially as follows: 25.06 billion yuan, or 103 per cent of the estimate, for capital construction appropriations; 5.83 billion yuan, or 115.9 per cent of the estimate, for tapping the potential of existing enterprises and for financing their technical transformation and the trial manufacture of new products; 7.3 billion yuan, or 98.5 per cent of the estimate, for aiding people's communes and financing other agricultural undertakings; 17 billion yuan, or 106.6 per cent of the estimate, for culture, education, public health work and science; and 16.87 billion yuan, or 101.2 per cent of the estimate, for national defence and preparations against war. Administrative expenses should reach 7.24 billion yuan, or 121.3 per cent of the estimate. This item will be significantly larger than the estimated figure mainly because improvements in public security, procuratorial and judicial work and the transfer of military officers to civilian jobs have entailed an increase

in salary payments and administrative and operating expenses.

According to the above reckoning, expenditures this year will exceed revenues by 2.72 billion yuan, or 2.6 per cent of the estimate for balanced revenues and expenditures. It may thus be said that there will be a basic balance between revenues and expenditures this year. Great efforts were required to achieve this basic balance after the imbalance in the previous two years with their annual deficit of over 10 billion yuan. This shows that the financial and economic situation in our country has taken a turn for the better. This major achievement is an immense contribution to political unity and political and economic stability throughout the country and to the steady growth of the national economy.

Practice in the past year has shown that the state policy of continuing to readjust the economy and achieving greater political stability is entirely correct. The measures for readjusting the economy and balancing state revenues and expenditures accordingly adopted have yielded marked results.

First, we have vigorously developed agriculture and light industry and expanded the production of consumer goods so as to increase revenues. Agricultural and light industrial production provides the basic condition for satisfying the people's daily needs: it is the vital material foundation of market stability and increased revenues. As a result of carrying out the policies for the rural economy formulated by the Party and government and of introducing various forms of the system of responsibility for production, farm and sideline output is steadily increasing, and the rural areas now present a thriving scene seldom known for many years. Despite this year's natural calamities, there should be an increase in total agricultural output value, which we estimate at about 4 per cent over 1980. To speed up the growth of light industry and of the production of goods for everyday consumption, the state has given it first priority with regard to raw and semi-finished materials, power, transport and funds. It has also systematically reoriented the production of the metallurgical, chemical and machine-building industries so that, besides serving production and construction in other fields, they will meet market needs. There should therefore be an increase in the output value of light industry this year which we estimate at 12 per cent. With the sharp growth in the output of goods for every-

day consumption, there are now more commodities on the market. This has substantially contributed to meeting the everyday needs of the people in town and country, to reabsorbing currency and to balancing revenues and expenditures.

Second, we have curtailed investment in capital construction to keep its scale in line with existing financial and material resources. Total investment in capital construction for 1981, it is estimated, should amount to 38 billion yuan, 15.9 billion yuan less than the 53.9 billion yuan last year; investments appropriated directly out of state revenues should account for 10.4 billion yuan of this reduction and those financed by localities, departments and enterprises themselves for the remaining 5.5 billion yuan. The state has taken such measures as the resolute suspension of projects which lack the necessary conditions for construction or for production after completion, and the suspension or postponement of overlapping projects which vie with existing enterprises for raw materials, fuel and power. Of the 1,714 projects originally scheduled for suspension or postponement in 1981, 1,546 were so dealt with in the first half of the year. Funds and materials were thus released for transfer to projects which can meet urgent production needs or can be completed and put into commission in a short time. These measures have not only saved financial and material resources and facilitated balancing revenues and expenditures but also speeded up key projects.

Third, we have cut some other expenditures in a planned way, while appropriately increas-

ing allocations for culture, education, public health work and science. Estimated expenditures in these fields in 1981 should amount to 17 billion yuan, an increase of 8.8 per cent over the 15.63 billion yuan spent in 1980. Operating expenses for education, public health work and science should increase by 8.1 per cent, 7.2 per cent and 21.3 per cent respectively. Allowances for families of deceased servicemen and others, social relief funds and urban maintenance funds also show projected increase over 1980. This year, many areas in China were hit by floods, or suffered from droughts, of a severity rarely seen in history. The state allocated a total of 1.09 billion yuan as relief funds in order to help restore production and provide aid to people in the afflicted areas. Apart from the foregoing items, expenditures have generally decreased as compared with 1980. Total expenditures in 1981 (including appropriations for capital construction) are estimated to be 13.39 billion yuan less than in 1980. This is essential for the achievement of a basic balance between revenues and expenditures. Cutting back on spending is, of course, an arduous task for the localities and departments. Nevertheless, putting overall interests first, they have volunteered to shoulder the burden and fulfilled the requirements for reduced spending.

Fourth, we have raised the wages and salaries of part of the workers and staff, continued to provide jobs for our urban youth and further improved the living standards of the people in town and country. The state plans gradually to raise the salaries of those working in government offices and scientific, cultural, educational and public health departments where no bonus system is practised. As of October this year there have been increases in pay first for teachers and staff in primary and secondary schools and for a section of the medical and physical culture workers. Owing to our limited financial resources, it will be only in the next two years that other personnel will successively get pay raises. By the end of 1981, the state will have provided jobs through various channels for 8 million of our urban youth. Urban public facilities and housing projects continue to increase, with a total



Commercial workers in Tianjin often go to the countryside to sell industrial products.

floor space of 80 million square metres scheduled for completion in 1981. Thanks to the growth of farm and sideline production and of trade at rural fairs, the peasants' living standards have improved significantly. The living standards of our people, whether in town or country, are still rather low and housing conditions are rather poor. But there must be a material foundation for improving their livelihood, and this can only be achieved step by step concomitantly with increased production and revenues. The state has made strenuous endeavours in this regard in recent years.

Fifth, we have issued state treasury bonds and borrowed surplus funds from the localities. In order to meet the financial deficit in 1980, it was planned to issue state treasury bonds to the tune of 4 to 5 billion yuan in 1981. The nationwide sale of these bonds has been completed and has raised a total of 4.87 billion yuan. The task of borrowing surplus funds from the localities has also been satisfactorily fulfilled. According to the financial estimates for 1981, central authorities should have a deficit of 8 billion yuan, but the localities should have some surplus. Therefore, to balance state revenues and expenditures, the local authorities have been asked to lend 7 billion yuan or more to the central authorities. This measure has won the support of the local governments at various levels, almost all of which have contributed their respective shares.

Not only will state revenues and expenditures be basically balanced this year, but the situation concerning bank credit receipts and payments is also good. According to the estimate of the People's Bank of China, less currency will be issued this year than last. Only a small proportion of this issue is allocated to fiscal purposes while most is allocated to normal economic purposes, that is, to meeting the needs of expanded production, expanded channels of commodity circulation, and increased trade at urban and rural fairs. Thanks to the achievement of a basic balance between revenues and expenditures and between credit receipts and payments and to the further increase in commodities on the markets, plus the measures adopted by the state for tighter price control, the general price index rose by a narrower margin than last year, and the prices of basic daily necessities remain stable, in spite of the rise in the prices of some commodities.

Of course, we should be aware that the latent dangers in the national economy have not been completely eliminated. The basic

balance between revenues and expenditures this year is not yet a stable one, because it has been achieved mainly by curtailing financial outlays. We still face considerable financial difficulties. For one thing, in the nature of the case the rate of growth in production cannot be very high while economic readjustment is taking place, which means that it will be some time before our revenues can increase rapidly. For another, state price subsidies for many items will increase, cultural, educational, public health and scientific undertakings will keep on expanding, urban construction and housing development in cities and towns will continue, and, in particular, there will be more investment on such parts of the infrastructure as energy and transport so as to lay the foundation for the rapid development of construction and production. Thus, the sharp contradiction between income and spending needs will remain, and the balancing of revenues and expenditures will continue to be quite a major problem. More time and much effort are required before the basic balance between revenues and expenditures and between credit receipts and payments can be maintained and before there is a basic turn for the better in the financial and economic situation.

III. Strive to maintain a Basically Balanced Budget

The year 1982, the second year of the Sixth Five-Year Plan, will be a crucial one. The Outline of the 1982 Plan for Economic and Social Development has been drafted, including tentative revenue and expenditure targets. According to these targets, total revenues will amount to 110 billion yuan, an increase of 3.9 per cent over the estimate for 1981, and total expenditures to 113 billion yuan, an increase of 4 per cent. Expenditures will exceed revenues by 3 billion yuan. We anticipate another small deficit next year, mainly because with the maintenance of steady economic growth it will be inappropriate to cut expenditures further, and certain outlays will inevitably increase somewhat, for example, those on increased wages and salaries for part of the personnel of administrative organs and institutions, and the debt service on foreign loans. We propose that this session first discuss the tentative budgetary revenue and expenditure targets for 1982, which will then be revised in accordance with the opinions of our fellow deputies. When the draft state budget for 1982 is ready, it will be submitted at an appropriate time next year



Peasants in the suburbs of Beijing are buying tape-recorders.

to the Standing Committee of the National People's Congress for examination and approval.

In the coming year we will continue to implement the principle of readjusting, restructuring, consolidating and improving the national economy so as to ensure a steady rate of growth for industrial and agricultural production and for national income. We will strive to increase state revenues through expanding production, improving economic performance and readjusting distribution policies. In order to meet the needs of key construction projects, guarantee indispensable expenditures and maintain a basically balanced budget.

Though we will be faced with many difficulties in carrying out our financial tasks in 1982, we enjoy many favourable conditions. Agricultural production this year has been excellent. In particular, there has been a big increase in the production of such cash crops as cotton, tobacco and oil-bearing plants, providing very favourable conditions for the further growth of the textile and other light industries and for an increase in revenues next year. The economic structure of industry and the relationship between its different sectors will become more harmonious, which will enable industry to yield better economic results on the basis of the process of readjustment in 1981 and 1982. Continued enforcement of measures for economizing on energy and raw and semi-finished materials will contribute to further growth in production. By and large, state expenditures this year have been curtailed

through our efforts. More important, we now have a series of economic policies and measures of demonstrated effectiveness. Therefore, our financial situation will certainly improve year by year provided our morale is high and we go all out in achieving successes in all fields.

The fundamental way to solve the financial problem is to expand production and improve economic performance. For one reason or another, we are now suffering from serious losses and waste in production, construction and circulation. In industrial production, there is waste due to overlapping projects and aimless production; pursuit of higher output value to the neglect of variety in and quality of products has led to a waste of energy and of raw and semi-finished materials and to overstocking of goods; there are cases where increased production fails to bring in more revenue because of excessive consumption of raw and semi-finished materials and high costs; and losses are incurred owing to incompetent management and serious waste. In capital construction, there are cases of projects abandoned half way owing to poor planning and non-co-ordination of items and of necessary links between different stages of construction; there are also projects which cannot be completed and go into production on time because of delay in construction work with excessive tie-ups of funds and materials; and there has been waste within projects which had to be entirely rebuilt because of poor design or shoddy construction. In commodity circulation, too many changes in planning and pointless purchases have led to overstocking of goods and tying down of funds, and arbitrary circumscription of circulation and stockpiling goods at all levels have blocked the flow of commodities and slowed down the turnover of funds. As for the administrative organs, extravagance and waste are found in quite a number of them. All these problems, which are inseparable from the influence of the "Left" deviationist mistakes of the past, have drawn our attention during the last two years. There has already been some improvement, but it still falls short of the requirements of socialist construction. With regard to consumption quotas for fuel, power and raw and semi-finished materials, two-thirds of our enterprises have yet to reach the fairly low previous levels, and as compared with the best world levels the gap is even wider. At present 13,000 industrial enterprises are still operating at a loss, totalling 4.2 billion yuan. Today, for every 100 yuan's worth of manufactured goods, a circulating

fund of 31.1 yuan is needed, or 11 per cent more than the 1965 figure of 28.1 yuan. And every 100 yuan invested in capital construction yields only 11 yuan in state revenue, a 50 per cent drop on the 22 yuan yielded in the period of the First Five-Year Plan (1953-57). What warrants our attention is that to varying extents quite a few units throw lavish dinner parties at public expense or squander funds in other ways. Some units have gone so far as to divide up products illicitly and engage in smuggling, bribery, speculation, profiteering, graft and embezzlement in major violation of laws and discipline. It will be difficult for us to boost production and obtain better economic results unless these problems are seriously tackled.

In socialist construction we aim at achieving the maximum in economic results at the minimum of cost so as to ensure the sustained growth of production and a gradual improvement in the people's living standards. As our progress was retarded by the 10 years of turmoil, our economy is still rather backward, and we must redouble our efforts to speed up production. With our huge and rapidly growing population and limited construction funds, our need for meticulous calculation is all the greater if our funds are to be used so as to yield the optimal economic results and if we are to completely eliminate waste and get rid of all unhealthy tendencies. Otherwise, our socialist construction will be retarded, and it will be difficult to achieve a high level of socialist cultural development. If the above problems in production, construction and circulation are conscientiously

solved through consolidation, it will be entirely possible for us to increase revenues and reduce expenditures, which might mean a total annual gain of 10 billion yuan or more. What's more, we can vastly augment revenue by exploring new possibilities in production, making comprehensive use of our resources and carrying out intensive processing of raw and semi-finished materials. There is even greater potential to be tapped. What is of key importance now is a full awareness that the achievement of better economic results is a long-term guiding principle for our socialist construction. We should arouse the cadres, technical personnel and workers to strive for this goal, to combat waste, and advance along a new course characterized by fairly steady tempo and better economic results, yielding more substantial benefits to the people.

It is gratifying that we now have a number of enterprises and other establishments whose managerial level is quite high and whose economic performance is fairly good. Their experience shows that with hard work our enterprises can not only reattain but surpass the fairly high levels of economic performance of the past. Take the Suzhou Region Motor Transport Company in Jiangsu Province for instance. Owing to rational planning, careful maintenance and reduced gasoline consumption, it has substantially raised its average profit per vehicle which was over 26,000 yuan last year, or more than four times the national figure. Another example is the construction of the Shanghai General Petrochemical Works. Its first stage, involving the installation of 18 sets of integrated equipment at a total cost of over 2.1 billion yuan, was completed and went into operation in three and a half years. By July this year, it had turned over to the state taxes and profits amounting to 2.2 billion yuan. A third example is the Capital Iron and Steel Company in Beijing. The total value of its output this year was expected to drop by 2 per cent as compared with last year owing to readjusted production plans. However, it has worked hard to open up new avenues for production and income, curtail expenditures and improve management, so that there has been no fall in income despite the lower output, and its estimated profits this year is over 28 million yuan more than last year's. A fourth case in point is the Fushun No. 2 Refinery in Liaoning Province. The amount of crude oil allotted it by the state for refining was reduced in both 1980 and 1981,



Each member of a commune in Huma County, Heilongjiang Province, has an average of 388 yuan in bank savings.

but it strove to renovate equipment, change the product mix, tap production potential through more intensive processing and diligently apply business accounting. As a result, its profits increased by more than 37 million yuan in 1980 and by a further 17 million yuan in January-October this year. Such enterprises can be found in all parts of the country and in all branches of production. If all our enterprises can follow their example in tapping their own potential, striving for better economic results and wiping out waste, they may be able to increase their income even when output is reduced for one reason or another. We believe that as the processes of readjusting the national economy and consolidating our enterprises go deeper, our enterprises in their hundreds of thousands will gradually experience a major change and achieve better and better economic results if they rely on the concerted efforts of the cadres and masses.

As far as financial work itself is concerned, an urgent task confronting us today is to endeavour to increase the sources of income and reduce expenditure, and to improve management so as to suit the needs of the developing situation and give better service to socialist construction. To be specific, firstly, the enterprises should be encouraged to explore more possibilities for production, create more social wealth and open up new sources of income. It is necessary to encourage the rural areas to develop diversified undertakings and increase farm and sideline production; to encourage light industry to increase variety, improve quality and yield more profits; and to encourage heavy industry in its continued effort to readjust service orientation and internal structure and ensure an increase both in output and income. We should also work in co-ordination with the various enterprises in the systematic updating of equipment and technical transformation and in the comprehensive use of materials. Secondly, it is necessary to help the enterprises improve financial management and business accounting. The State Council has decided to accomplish the consolidation of enterprises, by stages and by groups, within two to three years. In co-ordination with this effort, there will be a general checkup on the financial work of enterprises next year. Its purpose will be to improve enterprise management and business accounting and strictly enforce financial discipline, to firmly check and do away with illegal practices such as holding back profits that ought to be delivered to the state, inflating production costs and trans-

ferring funds for unauthorized purposes, and to eliminate all forms of reducing payments to the state, a phenomenon prevailing in many enterprises. Thirdly, it is necessary to perform the task of raising funds well. Besides restoring taxes on certain items, we should introduce some new ones. Necessary readjustments should be carried out with regard to price subsidies. We should improve our work with respect to the issuance of state treasury bonds. Fourthly, it is necessary to ensure the optimal use of funds, tighten financial control and ensure the maximum results. It is necessary to exercise more strict supervision over the use of funds in matters of planning and management, the consumption of materials and the standards set for routine expenditure. Diligent investigation of cases of waste of state funds should be carried out in order to establish the financial responsibility of those involved, and serious misdemeanours should be dealt with according to law.

In 1982, we shall adopt further measures for reforming the financial system and step up work on financial legislation in conjunction with the restructuring of the economic system. Most of the initial reforms of the last two years in our financial system, in the financial work of enterprises, in the taxation of industrial and commercial enterprises, and in financial work of the capital construction and administrative, cultural and educational departments are still in their trial stage and have yet to be perfected. We shall keep on with these reforms, correctly handle the interests of the state, the enterprises and the workers and staff, and earnestly sum up our experience so as gradually to improve the various measures we have taken. At the same time, we shall incorporate into relevant statutes our useful practical experiences accumulated over the years, and especially our recent successful experiences in reforming the financial system. As a first step in this direction, next year we plan to draft and enact separate statutes on book keeping, production costs and depreciation of fixed assets of enterprises as well as some basic statutes concerning taxation. To initiate supervision through audits, the State Council has decided gradually to establish auditing bodies at the central and local levels to supervise the relevant activities of all economic organizations. This will play an important role in doing away with malpractices and unhealthy tendencies in the economic field and in enforcing state laws and discipline.

Fellow deputies, under the leadership of the Party and the government the people of all

our nationalities have conscientiously carried out the principles and policies laid down since the Third Plenary Session of the 11th Central Committee of the Party and have achieved great successes in all fields of endeavour. The national political and economic situation is getting better and better. This provides a sound foundation for new successes in our socialist construction. We must strengthen our morale, seek

truth from facts, get a deeper understanding of the actual conditions, conscientiously study new developments, solve new problems, devise new ways and open up new prospects for our work. We are convinced that through the joint efforts and hard work of all our people we shall be able to surmount the difficulties confronting us one by one and ensure steady progress in our socialist construction. □

Developmental Trends in Chinese Population Growth

by Li Shiyi

I WOULD like to share some noteworthy information I received from the State Family Planning Commission about China's population problem:

1) By the end of 1980, China's population (not including that of Taiwan Province) was 982.55 million. With the Taiwan population included, it had surpassed 1,000 million.

2) The net increase of population in 1980 was 8.97 million, with 14.99 million births and 6.02 million deaths. The natural growth rate dropped to about 10 per thousand — the lowest rate since the founding of New China in 1949.

3) In the first half of 1981, 6.73 million couples were married, as against 3.26 million in the corresponding period a year earlier, a two-fold increase. There were 6.39 million babies born in the first half of 1981, an increase of 290,000 new-borns over the corresponding period in the previous year. This marriage and baby boom is expected to continue.

4) Half of the total population is under 20, and 65 per cent of the total population is under 30. Only 5 per cent are people older than 65. With an average age of 26, China has the youngest population composition in the world.

At the outbreak of the Opium War in 1840, China's population exceeded 400 million. In 1954, more than 110 years later, it had grown to more than 600 million. Then, 15 years later in 1969, it surpassed 800 million and by 1980, only 11 years later, it had swelled to over 1,000

million. Thus, in the past 140 years, the cycle for every 200-million person increase became shorter and shorter.

The population increase in the past 30 years was astonishing. Two population booms in the 50s and 60s meant that in 1980 there were 122.5 million women of reproductive age (20-49), whose average birth rate was 2.3 babies. If this rate continues unchecked, China's population will rise to 1,280 million by the end of this century: and 100 years from now, it will exceed 2,500 million. Since half of the present population is under the age of 20, they will progressively come of marriageable age as the century draws to a close, resulting in a new baby boom.

Mouths and Hands

A Chinese saying goes: "More people, more hands, less people, less food consumed." This expresses the view of population held by small producers living within a natural economy.

But, evidence suggests it is extremely difficult to boost economic development by simply increasing the number of hands (labourers). China's population was less than 60 million during the 1,500 years from the mid-Han Dynasty (206 B.C.-220 A.D.) to the late Ming Dynasty (1368-1644). During the Qing Dynasty (1644-1911) the population jumped to 400 million in less than 300 years. However, in spite of this population boom, the feudal economy failed to do wonders. The population model was characterized by a high birth rate, a high death rate and a low rate of increase.

The author is a reporter of the magazine *Liaowang* (Observation Post).



All the women of childbearing age in Nanche Production Brigade in Rongcheng County, Shandong, have volunteered to have only one child.

After liberation, the socialist system brought about an upswing in our economy and a rapid population growth.

The growing population causes two major problems. First, it is necessary to find jobs for people so they can be productive. On the other hand, food and other goods must be produced to feed their mouths and meet their other needs.

For a fairly long period of time, our population increased at a high annual rate of 10-20 million. In the 50s, every year one million urban people became wage-earners. Today 6-10 million people will find jobs annually. An estimated 2,200 yuan is needed to care for a child for the first 16 years of life. Approximately 30 per cent of the money comes from the state. So about half of the annual net increase in national income will be required just to bring up the annual net increase of 10-20 million babies.

Every 100 million births produce 20 million city employees. If 10 million go to work in factories or mines when they join the work force, the state will need to invest 100,000 million yuan, an equivalent of the annual state revenue (based on the calculation that one worker is responsible for 10,000 yuan of fixed assets). But where will the money come from?

Another problem arises from the fact that technically trained and qualified personnel are indispensable for the realization of the four modernizations, and it is therefore necessary to develop education. The total number of college, middle and primary school students in China is 210 million, roughly the total population of the United States.

However, even though educational expenditures in 1980 were 60 per cent more than 1976, the per-capita expenditure was lower than that during the 60s. In 1965 about 20 yuan per capita was spent for primary school pupils and 88 yuan for middle school students. But in 1978, funding per capita was 16 and 39 yuan respectively. Why the drop? Because the development of educational undertakings was slower than the population increase. As a result, a young person's chance to enter a college is half what it was before 1966.

The growing population has literally eaten up expanded agricultural production. Grain production has more than doubled in the past 30 years — from 110 million tons in 1949 to 318 million tons in 1980. But in the same period, the population also nearly doubled — from 500 to 1,000 million. So the increased portion of grain was consumed, and the people's livelihood improved at a snail's pace.

In 1949 the average grain output per capita was 209 kg, and 307 kg in 1956. Twenty years later, the figure still stood at 307. In the last few years, efforts to increase grain production and to control population resulted in a 35 kg per-capita increase over 1976. Although the food problem has somewhat abated, the average grain per capita should at least be raised to 400 kg. But if the population grows to 1,200 million by the end of the century, the total grain output will need to be 480 million tons, or 50 per cent more than the total output for 1980. This will be a difficult task.

In the early 50s, China averaged 2.5 *mu* of cultivated land per capita, compared to 1.5 *mu* today (one *mu* is one-fifteenth of a hectare). In order to enlarge cultivated land, forests and grasslands were destroyed and lakes were filled to create land to grow crops. These practices caused water erosion, a deteriorating ecological balance, and aggravated destruction caused by natural disasters.

An estimated 500 million *mu* of reclaimable land sprawls along the northeast, northwest and southwest frontiers. But reclaiming the wastelands is problematic and could be costly. Even if all the wasteland could be tilled, it is unclear if it could produce enough to alleviate the food shortages of a rapidly expanding population.

Most Suitable Population Size

What is the most suitable population size for China? This is a question of major strategic importance to the future development of our nation. By suitable, I mean that the growth of population should coincide with the growth of land resources and economic development. Then, with the four modernizations, people can lead a prosperous life.

The concept of "suitable population size" was put forth more than 2,000 years ago by Shang Yang of the Qin Dynasty. In 1957 Professor Sun Benwen of the geography department of Nanjing University held that "800 million is the most suitable population size for China." In the last few years, a population research group headed by the scientists Song Jian and Hu Baosheng, using cybernetics and systems engineering, made an analysis based



Chen Yiming, who works at the No. 8 Workers' Hospital in Kunming, and his wife teaching their only child new words.

upon calculations of dozens of factors such as economic growth and potential of resources. They designed several population models and their best estimate suggested that 100 years from now the most suitable population would be 650-700 million. A larger population would force people to lead a poorer life; to limit the population to less than 650 million would require drastic population control measures that

would not be acceptable to the people. To attain the ideal population size one century hence, population reproduction will need readjustment—a process which will require at least 70 years. So the next 30-40 years will be of crucial importance. The only correct course is to encourage every couple to have only one child. Forty years from now, to maintain ideal population growth, it will be advisable for each family to have an average of 2.16 babies.

Why do we keep the target at 700 million? To cite just one example: At present the daily intake per person is 2,000 large calories and only a small proportion of the food is protein, which is insufficient nourishment. In order for the Chinese people to have a modernized life by 2080, agriculture and animal husbandry must grow three and a half times larger than the present level. If the population is kept to no more than 680 million, people will eat better, with a daily consumption of protein at 15 per cent of the total food intake, or 85 grammes. If the population exceeds this figure, people will have to eat less protein.

Paying for the Past

Unquestionably it will be very hard to reduce the population to 700 million. During the "cultural revolution" (1966-76), the net population increase was 200 million—300 million births minus 100 million deaths. It won't take many years for these youngsters to marry and produce a new baby boom. Even if our next generation has only one child per family, the population will continue to increase for another 25 years. But if we begin now to encourage one child per couple, the baby boom will be checked before the population reaches 1,100 million. Twenty-five years from now, the population would begin to shrink and 50 years from now it would be reduced to the 1978 level; 75 years from now it would drop to 700 million. Hesitance in taking effective measures will mean even heavier costs in the future.

It should be made clear that one child per family is not our permanent population policy, but rather an emergency measure, a social payment for the unplanned population reproduction from the 50s to the 70s. After weighing the pros and cons, we consider it our best alternative. Failure to limit population now will only mean greater difficulty for our future generations. □

Beginning with this issue, we are expanding "Opinion Digest" into "From the Chinese Press," which will also include interesting items about people and their lives, short comments, etc. — Ed.

OPINION

Let Foreign Visitors Know the Truth

HU YAOBANG, Chairman of the CPC Central Committee, recently pointed out that visiting foreign comrades and friends should be shown the real situation in China, and departments concerned should provide them with the actual conditions. "Introducing actual conditions is one of our basic principles in receiving foreign friends," he said.

Foreign friends come to China with the common purpose of enhancing mutual understanding and friendship. Mutual understanding is the basis for establishing and developing friendship. For foreign friends to understand China, it is imperative to let them see and learn the real situation. They should be allowed to see our good points and progress, as well as backwardness, shortcomings and mistakes in our work, our successes, as well as our failures.

Since foreign friends' stays in China are generally short, they cannot visit many sites. It is thus understandable that their Chinese hosts arrange for them to see a few relatively advanced factories, enterprises and better-off people's communes.

But they should also be in-

formed of the number of such advanced enterprises in China and of the situation prevailing in the majority of factories, enterprises and the rural areas. When foreign friends visit factories, they should not be shown exclusively to spacious workshops with sophisticated equipment.

In the countryside, they should not be guided only to the experimental fields covered with good crops. It is improper to orchestrate their visits so they only see the new dwellings. They should be allowed to drop into any of the houses so that they can learn about the hous-

PEOPLE

"My Cause Is in China"

AT the 1981 Hanover International Fair, visitors were captivated by four new hydraulic techniques invented by a Chinese scholar while he was studying at the hydraulic and pneumatic research institute of Universitat Essen-Gesamthochschule of West Germany.

Nearly nine years of research in this extremely technical field

ing conditions and living standards of the majority of ordinary people.

This will make the foreign visitors feel the sincerity and true friendship of the Chinese people. Moreover, this kind of visit will enable them to see the truth that China is a developing country with a relatively backward economy and low living standards, but that confronted with many difficulties, the Chinese people are striding forward. In this way, foreign friends will understand that the Chinese people sincerely hope for a comparatively long period of international peace so they can strive for a promising future.

In short, we should allow foreign visitors to see our achievements as well as our difficulties and shortcomings. But in many places, people failed to do so in the past. We should educate the Party organizations and cadres at various levels to pay attention to this.

(Fortnightly Review)

finally bore fruit with the work of Lu Yongxiang, a visiting scholar from the hydraulic transmission and control office of the machinery department of the Chinese Zhejiang University. Other hydraulic engineers praised the inventions, predicting they would be the "brand-new hydraulic technique of the 1980s" which would "create a



new family of hydraulic elements" "undoubtedly of economic benefit."

The biggest hydraulic companies of England, West Germany and Switzerland vied with each other for the patent on the inventions, and invited Lu Yongxiang to visit them as a distinguished guest.

The director of an American transnational company expressed an interest in hiring him at an annual wage of 80,000 German marks, in addition to paying the costs of moving his wife and children from China to West Germany.

Declining this offer with thanks, Lu Yongxiang said: "China is my motherland. My cause is in China. It's my hope to meet you in Shanghai next year!"

A 1964 graduate of Zhejiang University in hydraulic machinery, his academic achievements so impressed the faculty there that Lu Yongxiang was hired on as an instructor. He continued to pursue new discoveries in his field and won many prizes for scientific study and research. He won a Humboldt-Stiftung scholarship to study in West Germany for two years beginning in February 1979. In that short time he invented five new hydraulic techniques and earned a doctorate in engineering science, which usually requires 5-6 years.

Before leaving West Ger-

many, his tutor and friends expressed sincere hopes that he would remain to work. Lu Yongxiang said: "I'll never forget the friendship and kind help of the German people. I know 80 per cent of Germany's buildings were destroyed during World War II, but, in the stress-

ful postwar period, each of you took part in rehabilitation work. Despite the low pay, which amounted to little more than several pieces of potatoes a day, you didn't go abroad to seek a

cosy life. Now, my own great motherland is in a period of recovery. I'm needed to go back to work."

Touched, his German colleagues said that they deeply respected Dr. Lu's love of his own country.

Lu Yongxiang has now finished his studies abroad. His inventions are being popularized and produced, and Zhejiang University is preparing to build a hydraulic research facility so he can continue his work.

("Gongren Ribao")

LIFE

Help Came When I Needed It Most

I'M a temporary worker in the Wujiang Filature Factory of Jiangsu Province. In the depth of the night on May 29, 1981, I was awakened by my son's groans. Holding his belly with his hands, he was soaked in sweat. I was at a loss as to what to do. A neighbour who heard the stirrings in my room came and provided assistance. After calming me, she asked her brother-in-law to rush my son to the hospital. Doctors there said he had contracted acute nephritis.

Upon hearing this, I fainted. When I came to, I was surround-



ed by sympathetic friends. I sobbed over my ill luck. Four years ago, my husband died of cancer, leaving behind two young children. Now, our son was seriously ill. I had no idea where I would get the money to pay his medical bills.

I applied to the factory for a subsidy with an uneasy mind because I knew temporary workers were not eligible for such assistance.

To my surprise, my colleagues at the factory, including the Party secretary and the director, donated 300 yuan to help me pay my son's bills. I was extremely gratified by this example of socialist compassion.

My son has recovered after half a year's medical treatment. What can I say? I think I must ask my children to remember for ever how we were pulled out of our predicament.

Shi Aou
("Renmin Ribao")

LITERATURE

Council Meeting of the Chinese Writers' Association

The quality of Chinese art and literature needs improvement, although they have made remarkable advances in recent years, said Zhou Yang on December 22, 1981 at the second meeting of the Third Council of the Chinese Writers' Association. Bourgeois liberalization as well as laxity and flabbiness from leaders of the art and literary circles are also pitfalls to be avoided as the Party Central Committee has repeatedly cautioned, he said.

Zhou Yang, deputy head of the Propaganda Department Under the Party Central Committee and Chairman of the China Federation of Literary and Art Circles, made his remarks at the closing ceremony of the five-day meeting held in Beijing.

New Chairman Ba Jin Praised. Zhou also praised the as-

sociation's newly elected chairman Ba Jin as a "warm-hearted writer who is true to himself, to the society and to the Party." He pointed out that the early works of the unanimously elected 78-year-old writer had inspired many young people to join the revolution.

In Ba Jin's acceptance speech, the veteran writer rededicated himself to the cause of socialist literature and promised to love and defend it.

He went on to say that literature should better fulfil its social functions and at the same time, society should show greater concern for writers, so that they may enjoy an environment conducive to their writing. He said that writers could make important contributions towards achieving a high level of cultural development.

Summing Up Experiences. The meeting also reviewed and summed up the work of the association in the past two years.

Since the Fourth National Congress of Writers and Artists held at the end of 1979, a con-

siderable number of good works have been published on diversified subjects. Rooted in the soil of reality, the main stream of China's literary creations has done justice to the spirit of the times and expressed the wishes of the people. However, for a period of time, the association has not made the necessary criticisms of the tendency towards bourgeois liberalization, because of an insufficient understanding of the issue. The association sponsored a series of symposiums and selected the best short stories, novelettes, *réportage* and new poems by middle-aged and young poets. The symposiums discussed how to correctly reflect social contradictions in the new period and how literature is to keep pace with the development of the country's new socialist character. Writers were also encouraged to write for the country's 800 million peasants. Measures are being worked out to help promote the literature of the minority people.

Currently, the association and the State Nationalities Affairs Commission are jointly organizing a national selection of the best works by minority writers on the basis of those selected in the provinces, the municipalities and autonomous regions.

The council meeting called on literary workers to plunge into the current of life and produce more and better works to educate and inspire the people to march towards the goal of socialist modernization.

The meeting recalled that in the past two years China has increased cultural exchanges with other countries. It pointed out that the Chinese Writ-



Ba Jin (right).

ers' Association will develop its relations with writers in these countries, especially the third world countries, in a more active manner.

Bai Hua Criticizes Himself

Army writer Bai Hua, whose film script *Unrequited Love* was criticized last year (see *Beijing Review*, issue No. 42, 1981), made a self-criticism in a letter dated November 25, 1981 to the *Jiefangjun Bao* (Liberation Army Daily) and *Wenyi Bao* (Literary Gazette).

Bai Hua is a council member of the Chinese Writers' Association.

After long consideration and exchanges with leading comrades in his own organization as well as with other writers and readers, Bai Hua gradually came to agree with the criticism and to see the flaws in his work.

In his letter, Bai Hua said that the process of criticizing *Unrequited Love* showed a serious determination to restore the practice of criticism and self-criticism and to use it on a normal basis. "It showed that the Party and the people attach great importance to the road a writer takes. It was not meant to strike at me, but to help me go forward," he added.

He said he had never before had such a strong, excited urge to write as after the gang of four were smashed. Yet the film script indulged in the tragic story of an intellectual who dies alone. One of his errors, he wrote, was to ignore the power of the Party and the people, precisely the power that

smashed the gang of four and that is building a lively and healthy political atmosphere today.

The Party, the nation and the people suffered together in those tumultuous years of the "cultural revolution" and showed love and concern for intellectuals, he wrote. "It is this love, developed in common fate, that provides the source of strength for the intellectuals to deepen



Bai Hua at the recent council meeting of the Chinese Writers' Association.

their faith and fight stubbornly," he continued.

He said that he also failed to make a clear distinction between the gang of four and the socialist motherland, the Party and the people. "Yet, it was under the protection and encouragement of the Party, the army and the masses that I was able to live till this day, that my ideal has not vanished," he said.

He admitted that he had concentrated on exposing historical errors and lessons, and was rather unfamiliar with current life, particularly the efforts to redress past wrongs. "There was a lack of balance," he said. He expressed his determination to go deep into current life and to be more deeply involved in social practice, so as to correct his mistakes in his future writings.

Synopsis of "Unrequited Love"

After reading the articles about the criticism of the film script "Unrequited Love," some readers requested a summary of the plot. A synopsis follows. — Ed.

The main character of *Unrequited Love* is a painter Ling Chenguang who comes from an impoverished but eminent art family. He begins painting when he is very young, and while still a youth, he paints a picture to inspire the people to struggle and is pursued by Kuo-mintang special agents. In his flight he boards a boat which unbeknown to him is headed for the Western hemisphere.

In the late 40s, Ling Chenguang becomes a famous painter in an American country and is reunited with his fiancée and they are married. After hearing that New China was founded, they return to China.

He is filled with patriotism and his creative spirit flourishes but in the mid-60s Ling Chenguang is subjected to humiliation and again pursued. He takes refuge in a marsh and lives a primitive existence subsisting on raw fish. After the downfall of the gang of four in 1976, people search for him. He misunderstands their intent and runs away and dies on snow-covered field. His body leaves a huge question mark imprinted in the snow.

The film script depicts his unrequited love for the motherland through the vicissitudes of his life and through reminiscences and comparison including contrasting his becoming famous abroad to his sufferings in China. The theme's essence is captured when his daughter asks: "Dad, you always love the motherland, but does the motherland love you?" He fails to answer.

Anthropology Must Serve the People

Toward a People's Anthropology
(in English)

Written by Fei Hsiao Tung,
Published by New World Press,
November 1981,

Price: RMB 1.60 yuan,
Distributed abroad by Guoji
Shudian (China Publications
Centre), P.O. Box 399, Beijing,
China

Professor Fei Hsiao Tung (Fei Xiaotong) is a renowned sociologist who has studied Chinese society for 50 years.

After the founding of New China in 1949, he continued to study China's national minorities.

This book is a collection of six articles he wrote during the last three years. Some are based on lectures he delivered on various occasions abroad. "Toward a People's Anthropology" is the text of his speech on receiving the 1980 Malinowski Memorial Award at the annual meeting of the Society for Applied Anthropology in Denver, Colorado, USA. "On the Social Transformation of China's National Minorities" is an article based on a talk given in Kyoto in November 1978 at the Asian Symposium on International Creativity in Endogenous Culture under the joint sponsorship of the United Nations University and Kyoto University. "Ethnic Identification in China" is the text of the speech he delivered at the national minority group of the National Committee of the Chinese People's Political Consultative Conference in September 1978. "Modernization and National Minorities in China" is adopted from a speech delivered at Mc-

Gill University, Montreal, Canada, in October 1979. "Revisiting the Mountains of the Yao People" appeared in the May and June 1979 issues of *China Reconstructs*. Another article is "China's National Minorities — An Introductory Survey." This book represents only a small part of his works.



Social anthropology includes the study of the formation and development of races and nationalities of modern mankind. Ethnology is an important aspect of social anthropology. The author has always opposed the notion of "superior nations" and "inferior nations" among nationalities. He believes that social prejudice is inconsistent with objective reality and is, therefore, unscientific.

The author is adept in depicting social phenomena and clarifying relationships. The results of his research indicate that the Chinese Communist Party, which has implemented a policy of national equality during the past three decades, is largely responsible for the remarkable achievements of the nation's minorities.

The other factors responsible for the tremendous changes that have taken place in minority areas are complex. The author cites two points: First, "if the people of the different nation-

alities of China were not united in the common effort to realize national independence, national liberation and a people's revolution, such a profound socio-cultural transformation as we have accomplished in the last 30 years would be unimaginable." Second, "it is also unimaginable that China's national minorities, with their comparatively underdeveloped social economies, could have changed so rapidly from poverty and general backwardness without the government's special concern and assistance."

The author thinks that equality and unity between nationalities is necessary for the realization of China's socialist modernization. China's historical development shows that the Han nationality needs the national minorities and the latter need the Han. "United there is mutual benefit; divided all suffer." The author is convinced that "modernization needs the minorities and the minorities need modernization."

The author presents two "gaps." The one which China is attempting to close between herself and the advanced nations of the world and the other between the different nationalities occupying her territory. The two gaps are interrelated: the economies and culture of the minorities will have to catch up with the rest of the country before the country as a whole can catch up with the world.

Shortly after *Toward a People's Anthropology* went to press, Professor Fei won the Huxley Medal of the Royal Anthropological Institute in London on November 18, 1981. Fei is the first Chinese scholar to win this prestigious medal.

— He Bingji

Yan Han's Woodcuts

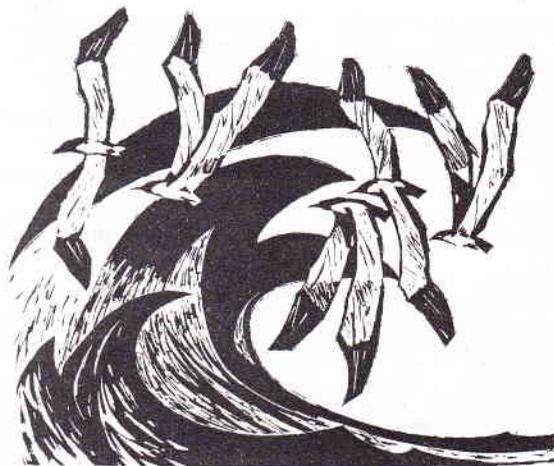
Yan Han, born in 1916 in Donghai County, Jiangsu Province, graduated from the Hangzhou College of Arts in 1938. In 1943, he went to teach at the Lu Xun Academy of Arts in Yanan, the revolutionary base area headquarters. A woodcut artist for over 40 years, he is now a professor of the Central Academy of Fine Arts in Beijing and also Vice-Chairman of the Chinese Woodcut Artists' Association.



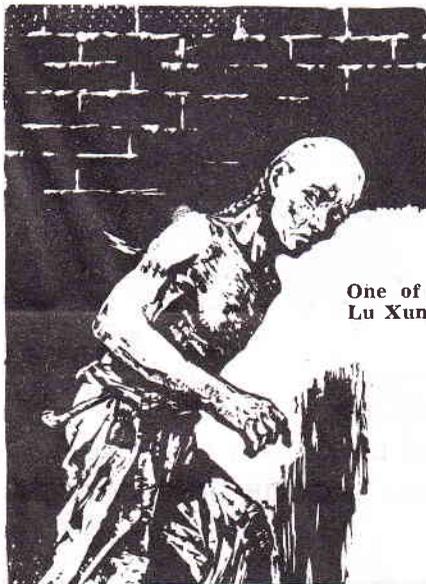
A pastureland at the foot of a mountain.



An old shepherd.



Spring tide.



One of a series of illustrations for Lu Xun's classic "The True Story of Ah Q."

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(Revised Edition)

in English

by Qi Wen

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