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BEIJING REVIEW



A CHINESE WEEKLY OF
NEWS AND VIEWS



- China's Foreign Economic Relations
- The Welfare of 300 Million Children

HIGHLIGHTS OF THE WEEK

China's Foreign Economic Relations

An article by the *Hongqi* (Red Flag) editorial department on the aims, nature and actual practices of China's economic relations with foreign countries (pp. 13-16).

Beijing Review's economic editor comments on the favourable conditions for investing in China (p. 3).

1982 Draft State Budget

Minister of Finance Wang Bingqian's report to the recent NPC Standing Committee session on the basic budgetary principles and major expenses for 1982 and on how to ensure a balanced budget (pp. 16-19).

China's Stand on the Malvinas Dispute

At a recent meeting of the

UN Security Council, China's permanent representative to the United Nations expressed the Chinese delegation's deep regret for the rapid escalation of armed conflicts between Britain and Argentina in the Malvinas Islands. He said the Security Council should support Argentina's claim to sovereignty over the islands and appealed to both countries to stop military actions and resume talks (p. 9).

China's 300 Million Children

The joint care of families, schools and society enables China's children under 14 to grow healthily (pp. 19-25).

Mao's Letters Published

Fifteen of Chairman Mao's private letters were published on May 23 to mark the 40th anni-

versary of his celebrated talks at the Yanan forum on literature and art. A *Renmin Ribao* commentary pointed out the importance of carrying forward the Chairman's literary thought (p. 5).

World Badminton Championship

China's men's badminton team won the 12th Thomas Cup Championship after fierce contests with the defending champion, the Indonesian team (p. 28).



"Grandad, I did another good turn."

Photo by Sun Zhongxing

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Investing in China

As China is still carrying on its economic readjustment and legislation remains incomplete, some people in foreign countries think that conditions for investing in China are not favourable. Could you comment on this?

This argument is not necessarily correct and it probably results from an incomplete understanding of China's situation and policies.

It is true that during most of the 1980s China will be conducting its economic readjustment, but this does not mean that its economic development will be at a standstill. On the contrary, much will be done in China in the following two fields which will present new opportunities for foreign investors.

(1) Giving priority to the development of energy, transportation and communications, petroleum, coal, electric power, railways, ports and nonferrous metals. China wishes to cooperate with foreign investors in these fields and, in fact, a good beginning has already been made.

Because the development of such projects needs time and large investments, most of them are being undertaken with medium- and long-term loans provided by foreign governments and world financial organizations at medium or low interest rates. There are also a few interest-free loans. During the past year, the Chinese Government utilized some 3,500 million US dollars provided by such loans, which were primarily used to pay for imported equipment and the development of energy resources, transportation and other basic facilities. For in-

stance, the construction of the two ports of Qinghuangdao in Hebei and Shijiusuo in Shandong and the construction of three railways and the Pingdingshan Thermal Power Station in Henan Province belong to this category. Most of these projects are in coastal and other economically developed areas.

China's southwest is also being opened up and foreigners are welcome to invest there. The Southwest China Natural Resources Exploitation Corporation has been founded to facilitate the process. Take Guizhou Province for example. It is rich in coal, phosphorus and nonferrous metals, and thousands of millions of US dollars will be needed to extract them.

Bidding for the exploitation of offshore oil resources in the Bohai Sea and South China Sea is going on. The amount of foreign funds such projects can absorb will be much greater than that involved in previous agreements signed with Japan and France.

The initial scale of China's key development projects will be moderate. Nevertheless, they will be gradually enlarged with the growth of China's economic strength.

(2) Another important aspect of China's economic development in the 1980s will be the technical transformation of existing mines and industrial enterprises. In addition to pooling our financial resources and using them on a number of projects, we will use foreign funds for this purpose. This will be a key area for foreign investments in the immediate future. We have

already acquired valuable experience in co-operation with foreign investors in this respect. Last year China acquired 1,900 million US dollars of foreign funds through such direct means as joint ventures with both Chinese and foreign investments, co-operative enterprises, compensatory trade, processing and assembling with materials supplied by foreign firms as well as leasing. Because co-operation of this kind requires comparatively small investments, and the period of construction is short while quick economic results can be obtained, both co-operating sides are happy. Jointly sponsored by China and the United Nations Industrial Development Organization, a meeting in Guangzhou to promote investment will give new impetus to such co-operation.

Some people in foreign countries have questioned China's ability to repay loans. Facts over the years have proved that China is trustworthy and attaches importance to repaying debts when they are due. Moreover, China's debt is very small. Given the development of its rich natural resources, China will have ample means to repay its debts. Many products of the enterprises which will undergo technical transformation with foreign funds will earn substantial foreign exchange. China is also rapidly increasing the volume of its exports. Global exports last year showed only a slight increase, but China's exports reached an all-time high. This has certainly enhanced our ability to pay debts or profits due to foreign investors.

In order to create favourable conditions for foreign investors, the Chinese Government has worked out and made public

LETTERS

Socialist Ethics

I have gradually understood and learnt to love the Chinese people and their socialist cause. I find articles on ethics and about fighting graft and corruption particularly interesting. The Chinese are advancing materially and morally. Unlike Western countries, China adheres to the spirit of fraternal solidarity, magnanimity and friendship. For this, China has won prestige and praise. For example, as mentioned in the article "The Diplomacy of Zhou Enlai" (issues No. 10 and 11), China helped an African country grow its own tea, thus lessening China's export market.

I would like to ask some questions to the column "Notes From the Editors." Do the young people in the big cities (Beijing and Shanghai) care about the situation in the rural areas? Are they interested in the problems of the countryside? Are they making efforts to solve the contradictions between the urban and the rural areas?

Jose Fernandez Oradonez
Asturias, Spain

Aspirations for One's Children

I think the article "The Right Attitude Towards One's Children" (English edition, issue No. 13) correctly states that in a socialist country, no profession should be

regarded as inferior. Leading cadres should not arrange a bright future for their children by abusing their power and "opening the back door."

In my opinion, the article is flawed in another respect. It reports "veteran cadres who educate their children to be good ordinary workers" are praised in the press. If you don't go one step further, this is still a repetition of the ultra-Left mistakes. Why don't you encourage the young generation to look upwards in profession so as to meet the requirements of the four modernizations? The article should explicitly expound on the dialectical relations of "ordinary" and "great" professions in a socialist society.

Benali Chamsiddine
St. Denis, France

Rural Sanitation Work

I liked the article "Medicare and Sanitation Work in a County" (China Impressions of Dr. Hiroshi Nagajima, issue No. 3). I would like to commend Dr. Hiroshi Nagajima for his observations in Yexian County. He discovered the population growth rate has declined in that county. I think the knowledge of biology is the key to the third world.

Goma Basile
Madingou, the Congo

Opinions and Suggestions

I would like to read discussions of current questions and the latest news in "Notes From the Editors."

As for articles in "Events and Trends" and "Culture and Science," they should be true to the facts.

In the "International: Reports and Comments," there is too little coverage of Africa.

I suggest you should cover more issues facing the third world and the world at large. In addition, you should cover the life and activities of foreign students studying in Chinese colleges and their study and contact with the Chinese youth.

Cheikh M. Dembele
Nouakchott, Mauritania

I am interested in reading your articles exposing Russian activities in Afghanistan. I hope you will also write about US open and clandestine interference in the internal affairs of Latin American countries, especially those countries which are making efforts to cast off the domination of the military juntas and break free from US domination. Take El Salvador for example, the US has tried hard to turn it into a second Viet Nam. Although the United States denies it wants to establish military bases there, its objectives are transparent.

Boncha Saldarriga
Medellin, Colombia

"Beijing Informa" (the Spanish edition of "Beijing Review") will publish a special article on El Salvador. — Ed.

more than a dozen laws, rules and regulations concerning economic activities with foreign countries. All these documents clearly stipulate that China will give legal protection to the profits of foreign investors and their other legitimate rights and interests. More laws and regulations will be enacted to make some principles and stipulations more perfect. In addition to all this, legislation shortcomings can be overcome by signing contracts and agreements. This practice, which proved to be effective in the past, will be followed in the future.

It should be mentioned here that the Draft of the Revised Constitution of the People's Republic of China, now being discussed throughout the nation, will be adopted later this year. It has a new article which clearly stipulates that China permits foreign enterprises, other foreign economic organizations or foreign individuals to invest in China or to undertake various forms of economic cooperation with Chinese enterprises or other Chinese economic organizations. The inclusion of this article in the Constitution shows that China

is determined to uphold its long-term, open policy of economic exchanges with foreign countries.

China's political situation is stable. Its economy is developing steadily and is free from the influence of economic recession in the West. Legislation concerning economic activities with foreign countries will be gradually perfected. All these are favourable conditions for foreigners interested in investing in China.

— Economic Editor
Wang Dacheng

POLITICAL

Mao's Letters on Literature Published

The 40th anniversary of the late Chairman Mao Zedong's most famous speech on literature and art—*Talks at the Yanan Forum on Literature and Art*—was marked with the publication of 15 of his private letters to writers and artists.

Written between 1939 and 1949, the letters released by the Party Literature Research Centre of the Chinese Communist Party Central Committee appeared on May 23 in *Renmin Ribao* and other major national newspapers.

Also published was a commentary and a 1943 speech by Chen Yun, now Vice-Chairman of the Party Central Committee.

The letters were for the most part followups to Comrade Mao's *Talks*. In the *Talks*, Mao elaborated the theoretical framework for such fundamental problems as whom literature and art should serve and how to accomplish this.

The letters further discuss the theory and ask for both supportive and critical comments about the Party's policy on literature and art.

Included in the correspondence are Chairman Mao's discussions of the influential role of literature and art, the importance of making such work accessible to the masses, the reform of traditional opera, the necessity for writers and artists to participate personally in the activities of the people, the need to accurately understand social phenomena and handle them

properly, and his views on how to examine both the positive and negative sides of a matter.

The letters reflect the close friendship between Mao Zedong and the recipients. They are addressed to more than a dozen people, including Hu Qiaomu, Zhou Yang, Liu Yazhi, Shen Yanbing (Mao Dun), Xiao San (Emi Siao), Xiao Jun, Cao Ming and Luo Feng.

Accompanying the letters was an article by *Renmin Ribao* Commentator entitled "Uphold and Carry Forward Mao Zedong's Literary Thought."

It said: "Comrade Mao Zedong always showed concern for revolutionary literature and art. During the period of democratic revolution in the 1940s, he wrote *On New Democracy*, *Talks at the Yanan Forum on Literature and Art* and other works. In these works, he summed up the experiences gained in the new literature movement since the 1919 anti-imperialist and anti-feudal democratic movement and elaborated on

the new literature's national, scientific and mass-oriented nature.

"He said that literature and art should serve the people, first and foremost the workers, peasants and soldiers, and he put forward the brilliant view that literary and art workers should integrate themselves with the masses in the new era.

"After the founding of the People's Republic, he wrote *Talks With Musical Workers* and *On the Correct Handling of Contradictions Among the People*. He raised the principles of 'letting a hundred flowers blossom and letting a hundred schools of thought contend,' 'making the past serve the present and making foreign things serve China' and 'weeding through the old to bring forth the new.' These represented developments in the ideas he put forward in the *Talks at the Yanan Forum on Literature and Art*.

"In his later years, he also expressed some incorrect and



Writer Lu Yanzhou (sitting in the middle) together with peasants in Anhui Province.

one-sided ideas on literature and art. But on the whole the essence of his thought on literature and art is correct. Comrade Mao Zedong's literary and art thought has nurtured several generations of our country's revolutionary literary and art workers and guided our country's revolutionary literary and art movement for several decades. Today, it still remains the guiding principle for our literary and art work."

The article pointed out that, while upholding the basic idea of Mao Zedong's literary and art thought, it is necessary to overcome and correct some of his less scientific propositions and conclusions.

The article concluded: "It is necessary for us to use Mao Zedong Thought to guide literature and art, to sum up the rich experience in literary and art fields, study current conditions and answer the various new problems we face now so as to continuously develop the Marxist theory on literature and art under socialism as well as to develop literature and art itself."

Renmin Ribao also published a March 1943 speech by Chen Yun at a meeting of the Party's literary and art workers. The speech put forward an important concept, that is, the Party's literary and art workers should first of all regard themselves as ordinary Party members, not as writers or artists. They must continuously enhance their communist consciousness, strengthen their Party spirit, improve their style of work, strictly abide by Party discipline and carry out the Party's line, principles and policies accurately and thoroughly.

Drive to Turn China Green

In spring this year, millions upon millions of Chinese citizens turned out to grow trees in a vigorous national drive to improve the landscape.

According to statistics released by the Ministry of Forestry, people throughout the country voluntarily planted 1,100 million trees and afforested 2,333,333 hectares. In addition, 3,000 million trees were planted by the houses, roads, rivers and farm plots, and new tree nurseries totalled 120,000 hectares.

The campaign was launched in response to a resolution on launching a national afforestation campaign passed last December by the Fourth Session of the Fifth National People's Congress. The resolution stipulated that all citizens over the age of 11, except the elderly, disabled or ill, are expected to volunteer every year to plant trees, take care of them or fulfil other tasks related to afforestation.

The main focuses of the afforestation drive were in the following four areas:

— Planting trees in and around cities. In Beijing, the majority of the new trees planted were along the two streets that skirt the city proper, two new residential areas in the eastern part of the city and seven scenic spots including areas around the Ming Tombs and the Great Wall. Specialists were invited to map out plans and citizens, including government employees, were organized to plant tree saplings and grow flowers and grass. Since mid-April, staff members from the departments directly under the Central Party committee went to



A windbreak in a production brigade in Henan Province.

the Ming Tombs where they planted trees on the hillsides.

— Building up forests in the farmland areas. On the plains in central China's Henan Province, 301,333 hectares were afforested. In addition, tung-trees or date trees were planted at intervals on 288,000 hectares of farmland.

— Building shelter belts. A shelter belt now extends for 7,000 kilometres across 11 provinces and autonomous regions from northeast to northwest China. Government statistics show that by early May, the residents of 385 counties in these areas had afforested 618,667 hectares, set up 73,333 hectares of tree nurseries and planted 414 million trees beside the houses, roads, rivers and farm plots, fulfilling 78 per cent of the annual afforestation targets and averaging three trees per person.

— Setting up tree nurseries. The existing nurseries have contributed greatly to the afforestation drive by supplying large numbers of saplings and five-year-old trees. To meet the increasing needs of afforestation, the total area of tree nurseries will be expanded from 333,333 to 373,333 hectares this year.

In March, Hu Yaobang, Deng Xiaoping, Zhao Ziyang and other Party and state leaders joined government employees and PLA soldiers in the capital to plant trees. In the various provinces, autonomous regions and municipalities as well as prefectures and counties, leading comrades also joined the effort to make the land green. People's Liberation Army units grew trees and flowers where they are stationed, and they also carry out afforestation tasks in areas within 10 kilometres around their barracks. The air force flew sowing sorties. In the first quarter of this year, the seeding of 88,600 hectares was conducted by planes.

"Green the Land" committees have been set up at both the provincial and county levels. In the rural areas, the peasants drew up rules and regulations or set up special teams to protect trees. Youngsters' tree-protecting teams have appeared in the streets of Beijing, Nanjing, Chengdu and other cities.

Large Petrochemical Projects Resumed

Since readjustment of the national economy has been going smoothly, construction is being resumed on four large chemical fertilizer and petrochemical projects. Construction on the four projects was suspended in 1980.

Equipment for these projects are mainly imported from Japan and the Federal Republic of Germany. Two sets of equipment which have the capacity to produce 300,000 tons of synthetic ammonia and 520,000 tons of urea per year will be installed at the Zhejiang Oil Refinery in east China and the Urumqi Petrochemical Works in northwest China's Xinjiang Uygur Autonomous Region. Another set for the Shanxi Chemical Fertilizer Plant has the capacity to produce 300,000 tons of synthetic ammonia and 900,000 tons of phosphate nitrate per year, using coal as raw material. A fourth set will be installed in the Dongfang Chemical Works in Beijing, with a designed aggregate capacity of 38,000 tons of acrylic acid and esters per year.

Departments concerned are drawing up plans to shorten the construction period so that the projects can be put into operation around 1985. The Zhejiang and Urumqi plants and the Bei-

jing project are already under construction. Preparations are being made for the construction of the Shanxi Chemical Fertilizer Plant.

Sales Exhibition of Articles for Children

A sales exhibition of articles for children's daily use, the biggest ever held since the founding of the People's Republic, opened on May 20 in Beijing.

Sponsored by the national committee of articles for children's daily use, the exhibition which will continue for a month is divided into four halls and covers a floor space of over 20,000 square metres. The first hall presents foodstuffs specifically developed for children. The second has toys; the third, clothes, shoes and caps and the fourth, other articles for children's daily use. More than 30,000 items are on display,



The main hall of the sales exhibition of articles for children.

over 50 per cent of which are new products.

The wide variety of food-stuffs on display are suited to children's nutritional needs, and many are designed to appeal to children. Most of the products on display for both children and adults are high-quality or famous local products which have been awarded national prizes.

The toys include educational and scientific items, sports implements and popular playthings with distinctive local designs, reflecting the development of China's toy research in recent years.

Because of the importance of the sound growth of children, ministries and commissions of the central authorities, provinces, municipalities and autonomous regions expended much effort to support the preparatory work for the sales exhibition. The Ministry of Finance is subsidizing the exhibition and goods sold there are tax exempt. Rent for the exhibition hall was reduced. The Ministry of Railway gave priority to the shipment of products to the sales exhibition. Many provinces and autonomous regions have chosen their best products for display.

Over the past few days the exhibition halls were jammed with visitors and shoppers.

FOREIGN RELATIONS

Hu Yaobang Meets Foreign Guests

Chairman Hu Yaobang met earlier this month with guests from Zambia, Burundi and the

Democratic People's Republic of Korea.

Guests From Zambia and Burundi. On May 15 Chairman Hu met with a Zambian Women's Delegation led by Mme. B.C. Kankasa, Member of the Central Committee of the United National Independence Party of Zambia and Executive Secretary of the Zambian Women's League, and a Burundi Women's Delegation led by Mme. Kandeke Euphrasie, Member of the Political Bureau of the Party of Unity and National Progress and Secretary General of the Women's Union of Burundi. Chairman Hu said that the exchange of visits among the people of the third world countries demonstrates unity, mutual trust and support. He added that the third world countries, having similar experience in the past, will share the same destiny in the future. Their present common task is to unite, safeguard their own independence and world peace and oppose imperialism, colonialism and hegemonism. At the same time, energetic efforts should be made to develop their national economies to provide a better guarantee for their national independence. Women are a great force in this endeavour. He expressed the conviction that unity and friendship between China and the African countries would continue to develop.

Korean Delegation. Chairman Hu Yaobang on May 19 met with a friendship delegation of the Korean Supreme People's Assembly led by Mme. Ho Jong Suk, Secretary of the Central Committee of the Korean Workers' Party and Vice-Chairman of the Standing Committee of the Assembly. During the meeting, Chairman Hu stressed that the relations be-

tween China and Korea in the past decades are very close and that the two peoples always stand together through thick and thin. In the past revolutionary struggles, he said, the Korean people had shed their blood on China's soil and the Chinese people had also shed their blood on Korea's soil. Later, the two countries supported each other in defeating imperialist aggression and subversion. Today, he added, the relation between the two countries is one of mutual trust, mutual reliance and mutual support. He noted that there are still difficulties on the road of advance as there are people in the world who attempt to obstruct the principles of independence and efforts for the reunification of our own countries. Therefore, he stressed, we must continue to stand together.

Hu Yaobang wished the Korean people, led by the Korean Workers' Party and President Kim Il Sung, still greater achievements in socialist revolution and construction. He expressed the belief that the friendship and unity between the two Parties, the two countries and the two peoples of China and Korea would develop from generation to generation and that this friendship and unity would play a greater role in the world people's progressive cause.

Ho Jong Suk said that the Korean and Chinese peoples have common interests. "During the visit," she said, "we witnessed that the friendship between our two countries is very cordial and sincere. The Korean people highly treasure such friendship and are determined to continue their efforts to promote this friendship."

Malvinas Conflict

A Shadow of Superpower Contention

TWO months have elapsed since the eruption of the British-Argentine conflict over the Malvinas (Falkland) Islands. The two superpowers have been following it closely and exploiting it fully for their own interests. The United States first tried to mediate and then openly supported Britain and imposed sanctions against Argentina.

The Soviet Union initially tried to appear fair and objective, but later turned to support Argentina and criticized the United States and Britain with growing bitterness. Changes of US and Soviet attitudes have thus cast over the Malvinas conflict a shadow of superpower contention.

The attitudes of the United States and the Soviet Union reflect their strategic designs.

Washington's Strategic Consideration

At the beginning, the United States viewed both sides in the dispute as treaty-bound allies. Britain is an important NATO member country and Argentina is a signatory state of the Inter-American Reciprocal Assistance Treaty. Therefore, the armed confrontation between Britain and Argentina concerns the relationship between Washington and NATO and the relationship between Washington and Latin America. Hence the intense US mediation effort to avoid damage to its relations with the two sides. But as the US proposals were essentially

beneficial to Britain and created conditions for direct US intervention in the strategic Malvinas, they were turned down by Argentina. The failure of mediation was followed by open US support for Britain. Washington has thus revealed its appraisal of Britain as more important than Latin America on its chessboard of global strategy.

Washington's open support for Britain has aroused growing resentment among Latin American countries and impaired its relations with them—an un-

wise move in the view of some US political figures.

Moscow Directs Its Spearhead Against the United States

More and more, the escalation of the Malvinas crisis has been regarded as a golden opportunity for Moscow. Shortly after the conflict began, the Soviet Central TV Station appeared unbiased. It called for British withdrawal from the Malvinas while criticizing Argentina for using force. Argentina, it said, covets parts of Antarctica and the occupation of nearby islands enhances its position in its designs. Moscow subsequently changed its apparent neutrality in the wake of growing Latin American resentment towards the US position and the appeal of some

Appeal for an Immediate Cessation Of Military Action

CHINA'S Permanent Representative to the United Nations, Ling Qing, recently expressed concern about the escalating armed conflict over the Malvinas (Falkland) Islands.

In an address before the UN Security Council on May 24, he said there is danger the conflict will expand. He also appealed once again to the United Kingdom and Argentina to quit fighting immediately and resume negotiations in order to peacefully settle their dispute.

He told the Council that conflict over the Malvinas Islands is essentially a legacy of colonialism. "The United Nations has adopted resolutions relevant to the decolonization of these islands," he said. "The conferences of heads of states or foreign ministers of the non-aligned countries have also adopted resolutions on more than one occasion clearly supporting Argentina's claim to sovereignty over the Malvinas Islands and calling on both sides to accelerate the process of negotiations."

"The Chinese Government and people have always firmly supported the struggle of the nations of the third world to safeguard their sovereignty and territorial integrity. The national aspiration of the Argentine people to safeguard their sovereign right is understandable. In our view, the Security Council should respect the recent decisions of the Co-ordinating Bureau of Non-Aligned Countries as well as the meeting of consultation of ministers of foreign affairs of the Organization of American States and support Argentina's claim to sovereignty over the Malvinas Islands.

"Any escalation of the military conflict between the United Kingdom and Argentina," he added, "not only gravely threatens peace and stability in the South Atlantic region, but is also against the interests of the peoples of both countries."



1. Argentine armed forces landed on the Malvinas Islands (Falkland) on April 2 and took control of the whole area.
2. British Prime Minister Thatcher announced on April 3 that a large naval task force was being dispatched to the South Atlantic (the scene of the crisis).
3. Argentine troops occupied South Georgia Island on April 3. This was announced by the Argentine Government in an April 4 communique.
4. US Secretary of State Haig began mediation efforts on April 6, seeking a peaceful solution to the dispute. He announced the failure of mediation on April 30.
5. Britain imposed a 200-mile sea blockade around the Malvinas Islands on April 7.
6. On April 8, Argentina announced the creation of the "South Atlantic Theatre of Operations" within 200 nautical miles of Argentina and around the Malvinas Islands.
7. Britain's naval task force landed on South Georgia Island on April 25.
8. British naval and air forces began to take military action against the main Malvinas Island on May 1. Argentine armed forces fought back.
9. A British submarine torpedoed the Argentine cruiser *General Belgrano* outside the "exclusion zone" on May 2.
10. UN Secretary-General Javier Perez de Cuellar began mediation work on May 2.
11. Argentine aircraft sank the British destroyer *Sheffield* with a missile on May 4.
12. British forces launched new attacks on the Malvinas Islands on May 9 and 10, and British aircraft bombed Port Argentino and Port Darwin. Argentina took action to break the air and naval blockade by the British task force. Fierce fighting went on around the Malvinas on May 12.
13. On May 14, British warship shelled Port Calderon on Borbon (Pebble) Island. Three Argentine airplanes were damaged.
14. On May 16 British sea harrier jets attacked two bays — Zorro and Darwin — in the Malvinas Strait.

NATO members for a peaceful settlement. Since then, it has adopted the following tactics:

First, to launch a propaganda campaign against the United States, branding US action as anti-Latin American. The Soviet paper *Izvestia* maintains that the Malvinas conflict is also one between the United States and Argentina. According to a TASS

report, during his talks with a Nicaraguan delegation on May 4, Leonid Brezhnev presented the first official Soviet view on the British-Argentine conflict with a single comment: "The imperialist nature of Washington's policy towards Latin American countries has been given further evidence by the British-Argentine conflict over the Falkland Islands."

Moscow also presented itself as a "friend" of Latin American countries by pledging solidarity with Latin American "patriotic and democratic forces" in opposing the United States (TASS, May 4).

Second, to drive a wedge deeper between Western Europe and the United States by exaggerating their differences on the

British-Argentine conflict. Moscow has accused the United States of disregarding the national interests of West European countries by involving them in the Malvinas crises (TASS, May 7).

The British-Argentine armed conflict has been enlarging following the British landing on the Malvinas Islands. At the

UN Security Council meeting held on May 23, most speakers called on Britain and Argentina to end their hostilities and find a negotiated settlement to their dispute over the Malvinas Islands. The manner in which the superpowers respond calls for close attention.

— *Xinhua Correspondent*
Tang Tianri

Moscow Attempts to Sow Discord Between India and China

WHILE Chinese and Indian officials were holding their second round of talks in New Delhi, Moscow slandered and attacked China.

On May 15, in a signed commentary, the TASS news agency falsely accused China of "occupying" large portions of Indian territory and suggested that "the just way to solve the border issue is for China to return India the land it occupies and renounce its territorial claim."

Moscow's anti-China comment is indicative of how much it fears and opposes the improvement of relations between China and India.

It is well-known that the border issue between China and India results from the period of imperialist aggression and expansion against China. China has been a victim. It has never occupied any Indian territory so there is no justification for Moscow's provocative comment.

To improve relations between the two countries and solve the border issue, the Chinese Government has always adopted a positive and forward-looking

attitude. It holds that both sides should treat each other equally and, by taking into account both historical background and present conditions as well as the sentiments of the two nations, seek a just and reasonable solution to this issue through negotiations. The first round of talks held in Beijing constituted a good start. At the second round of talks in New Delhi, both sides expressed a desire for a sincere, friendly and

positive approach designed to gradually resolve the border issue and other problems, to further improve their relations and expand friendly co-operation in various fields. However, the efforts made by China and India at improving their relations are obviously not to the Moscow's taste.

Moscow has been attempting to drive a wedge between the two countries and damage their friendly relations for a long time. Ever since the latter part of the 50s, it has engaged in such behaviour.

Because its mind is set on world hegemony, the Soviet Union has developed the habit of sowing discord and creating differences between some countries so that it can fish in troubled waters. Its recent attempt to generate discord between China and India is a good example of its general behaviour.

— *"Renmin Ribao" Commentator* (May 21)

Firm Support for Namibian Independence

THE Chinese Government and people resolutely support the Namibian people's just struggle for an end to Pretoria's occupation and their struggle to achieve independence.

They also strongly condemn the South African authorities' suppression of the Namibian people.

This was said by China's representative at the Extraordinary Plenary Meeting of the UN Council for Namibia held at Arusha, Tanzania, in mid-May.

The Arusha Declaration

The extraordinary meeting was held to accelerate Namibia's independence.

A declaration adopted by the meeting proclaimed the Council's full support of the Namibian people's armed struggle under the leadership of the South West African People's Organization (SWAPO). It also expressed the conviction that the intensified armed liberation struggle being waged by the Namibian people continues to

be the decisive factor in their efforts to achieve self-determination, freedom and national independence.

The declaration denounced and rejected all South African manoeuvres designed to perpetuate its occupation of Namibia. It also denounced the United States for collaborating with the racist regime of South Africa.

The declaration pointed out that the UN plan contained in Security Council resolutions 385 and 435 is the only universally accepted basis for a negotiated settlement.

"The Council urges the international community to extend support and assistance to SWAPO for its liberation struggle and to the frontline states for defending their sovereignty and territorial integrity against South African aggression," said the programme of action adopted at the meeting.

US and Soviet Intervention

The United States and the Soviet Union have tried their best to intervene in African internal affairs in order to advance their interests. Although the United States has favoured settlement of the Namibian question through negotiation so as to prevent the Soviet Union from expanding into the region, it has collaborated with South African authorities, thus emboldening the racists.

The Soviet Union is attempting to penetrate southern Africa under the pretext of "supporting the national-liberation movement" and through its "military aid." It has also attempted to put the Namibian people's struggle for independence into its expansionist orbit.

Rivalry between the United States and the Soviet Union and South Africa's last ditch efforts have produced great difficulties

for the Namibian people's independence struggle. Fifty African countries have already won independence, and this last colonial bulwark will be surely smashed by the historical trend.

Gratifying Results

The Namibian people, under the leadership of SWAPO, have achieved gratifying results in their political, diplomatic and armed struggle. The frontline states have made great efforts for Namibia's independence and the historical wheel of na-

tional liberation cannot be stopped.

The Chinese Government strictly observes the UN resolutions related to Namibia and has enacted punitive sanctions against the South African authorities. Moreover, it has refused to have any contact with them. The Chinese Government and people will continue to give political, diplomatic, moral and material support to the Namibian people until they win complete independence.

— Ren Yan

Political Situation in Italy

THE central issue discussed at the 15th Congress of the Italian Christian Democratic Party, which ended early in May, was its relationship with the Socialist Party.

As the Socialist Party is playing an increasingly significant role, the manner in which the ruling Christian Democratic Party deals with it is important to the Italian political situation.

Next to the Christian Democratic Party and the Communist Party, the Socialist Party is the third biggest party. Last June it joined the five-party coalition government, which was headed by Italy's first non-Democratic Prime Minister since World War II. Giovanni Spadolini, leader of the Republican Party, was selected prime minister. Western observers said at that time it was a "transitional" period. Since the Communist Party did not join the government, primary rivalry was expected to occur between members of the ruling Christian Democratic Party and the Socialist Party.

Following the election of French President Mitterrand, the Panhellenic Socialist Move-

ment took power last October. The Italian Socialist Party believes that conditions are favourable. During regional elections held last year and at the beginning of this year, the number of its constituents increased together with its general influence. It has become strong and now constitutes the primary rival of the Christian Democratic Party for the prime minister's position.

Tense Relations Between Democrats and Socialists

The crisis of the Italian economy is unfavourable to the Christian Democratic Party. The gross national product decreased by 0.2 per cent last year, only the second such decrease since World War II. Inflation has been controlled to some degrees, but sometimes it has been 20 per cent. The number of unemployed workers is over 2 million.

The Socialist Party claims this is a result of the retrenchment policy initiated by the Christian Democratic Party. It advocates lower bank interest rates and more investments designed to provide jobs. Meanwhile, it has

(Continued on p. 25.)

On China's Economic Relations With Foreign Countries

Editorial Department of "Hongqi"

IN order to bring about a new situation and develop all forms of economic relations with foreign countries, we must evaluate our historical and new experiences, acquire a better understanding of the principles and policies of the Party Central Committee and implement them effectively.

The Nature of Economic Relations with Foreign Countries

Most countries attach great importance to developing economic relations with other countries. Some countries and regions, such as Japan, Singapore and Xianggang (Hongkong), are vitally dependent on foreign economic dealings. More than a century ago, Marx and Engels pointed out that, with the formation of the capitalist world market, mutual economic exchanges and mutual dependence among nations gradually replaced the age-old practice of closing a country to the outside world and pursuing self-sufficiency. During the past few decades, especially since World War II, still greater development has been achieved in this respect. This is an inevitable trend of social development.

After the founding of the People's Republic, we traversed a tortuous road in our foreign economic relations and made little progress. This was not due to our intention of closing the country to the outside world, but there were reasons for this state of affairs. First, major capitalist countries in the world headed by the United States adopted an antagonist policy towards us. They once blockaded and levied an embargo on China. Second, since the 1960s when the Soviet Union terminated its economic contracts with us, our economic exchanges with the Soviet Union and some other countries drastically declined. Third, for a long period, especially during the "cultural revolution," the principle of self-reliance was seriously distorted. This principle is a correct one, but it is wrong to distort it and pit it against developing foreign economic relations.

The Third Plenary Session of the 11th Party Central Committee, held towards the end of 1978, decided that economic relations with foreign countries should be escalated. This was a far-sighted policy decision. Recently the Party Central Committee again proposed that our socialist modernization programme should make use of two resources — domestic and foreign; develop two markets — domestic and international; and master two skills — organizing construction at home and developing economic relations with foreign countries. This decision further clarified the strategic position of foreign economic relations.

After the October Revolution, Lenin favoured concessions because the Soviet Union was faced with extremely difficult problems. It had more than 200 enterprises under concessions, which brought in several dozen million gold roubles of foreign funds. Although Lenin agreed that dealing with international capital was necessary, he realized that this involved serious struggles. He also made it clear that such dealings were intended to promote socialist economic construction of the Soviet state.

We should still follow Lenin's example. The ideas of closing the country to outside world, working in isolation and refusing to have any dealings with international capital are mistaken. Nevertheless, any thinking or action which ignores or gives up necessary struggles in such dealings is mistaken.

We should sum up our experiences, formulate appropriate principles, policies and methods after careful consideration and sustained effort, and blaze a trail of developing China's foreign economic relations which suits the Chinese and international conditions.

An Important Strategy for Modernization

What are the historical conditions and situation in which we carry out our present modernization programme?

We have four major favourable conditions:

First, a socialist economic and political system has been established throughout the country, except in Taiwan Province. Private ownership of the means of production has been replaced by public ownership, members of the exploiting classes have been transformed into labourers earning their own means of living, and the key sectors of the national economy are controlled by the state which represents the working class and other labouring people.

Second, the task of setting things right in guiding ideology has been completed and a set of line, principles and policies to accomplish the four modernizations have begun to be formulated. There is a strong Party Central Committee directing our pursuit of the four modernizations.

Third, our armed forces have the strength to safeguard our people's peaceful construction; and with a correct foreign policy, we enjoy high political prestige in the world.

Fourth, the international environment is favourable for us to concentrate on our modernization drive. We have developed economic and trade exchanges with 174 countries and regions.

We also have four unfavourable conditions:

First, although our technical force is no longer small and even advanced in some respects, generally speaking, our equipment, technology, technical personnel and management are still backward. A big gap still remains between where we stand and the most advanced levels in the world.

Second, although we have established a sound material foundation and can accumulate some funds, the amount is still limited. Our accumulations are not sufficient to meet the needs of construction.

Third, although it is advantageous to have rich natural resources, a large proportion of our resources are still underground. Therefore, this is only a potential advantage not an actual one.

Fourth, our population is too large, which creates a heavy burden. Although it constitutes a rich labour power resource, we are not in a position to fully utilize it. Of course, this burden will become an asset if we develop the means to fully utilize the labour power of our people.

Given these historical conditions, we must work hard, be self-reliant, maintain indepen-

dence and keep the initiative in regard to our construction of socialist modernization. We must not waver from this position. At the same time, we should make full use of the favourable foreign factors, develop our national industry as quickly as possible through economic contacts with foreign countries and with the help of foreign funds and advanced technology, and thereby make more rapid advances in our socialist modernization drive.

With regard to foreign relations, we should oppose the wrong tendency to close the country to the outside world and cherish groundless arrogance, and the mistaken tendency to feel inferior and think all foreign things are good.

Export and Import

A central task in developing economic relations with foreign countries is to properly handle the relationship between exports and imports. The following six problems need to be studied.

1. Using Foreign Funds. Generally speaking, we have adopted three ways of using foreign funds. First, arrange direct foreign investments in the forms of joint ventures, co-operative enterprises, co-operative exploitation of natural resources, compensatory trade as well as processing and assembling. Second, get long- and medium-term loans at medium and low interest rates provided by foreign governments and international financial organizations as well as other funds for development. Third, ordinary commercial loans. In the near future, direct investment should be the most important method. Big, medium-sized and small projects are now undertaken simultaneously, with medium-sized and small ones as the major form. Foreign and overseas Chinese capitalists and capitalists in Xianggang (Hongkong), Aomen (Macao) and Taiwan are all welcome to invest in our projects and they will get their profits.

Discretion should be applied when we accept conventional commercial loans, and we should draw lessons from the experience of those countries deep in debt.

2. Import Advanced Scientific and Technological Know-how. Advanced scientific and technological know-how roughly includes sophisticated equipment and accessories; new and high-quality materials, new principles, data and formulas; new technological processes and scientific procedures of operation and advanced management methods.

We need to analyse the mistakes we've made regarding the import of equipment. We

needed to buy complete sets of some equipment from abroad in the past and this will continue to be so for some time to come. There were problems in this matter: 1) we imported too much; 2) the same equipment was unnecessarily purchased by different localities; 3) we did not buy properly related technology at the same time and 4) we failed to study the equipment, and master and spread knowledge of its use. Once we have solved these problems, we can do a better job.

As to the import of new, high-quality materials, we should first rely on our own production efforts. Experts and technicians should be encouraged and organized to solve critical problems in production, increasing variety and expanding production. However, we should realize that it is our long-term policy to import various raw and other materials, particularly new and high-quality materials essential to our construction.

With regard to the import of advanced scientific and technological knowledge and management methods, we did not devote sufficient time and effort to learning from the outside world. We should encourage our cadres, intellectuals and workers to win honour for the nation. Their motto should be: improve skills from scientific studies and learn from experts.

The central authorities and local departments should do a good job in administering and using foreign exchange under the state's unified leadership. Foreign exchange should be used where it is most needed. It should be used to help Chinese industries replace equipment and achieve technological transformation, and to buy advanced equipment and accessories needed by new industries. It should also be used to buy things the state is not able to supply: new-type, high-quality materials urgently needed by processing industries which cater to foreign trade, the means of production urgently needed by agriculture, and consumer goods indispensable to the people's livelihood. Consumer goods should only be imported according to state plan. No other departments and localities should import consumer items without state authorization.

3. Expand International Co-operation in Labour. China's rich labour resources enable it to co-operate with other countries in labour.

China sent 17,000 contract workers abroad in 1981, but this still fell far short of the demand and lagged behind other developing countries. Chinese civil engineering companies have worked on numerous construction projects in

foreign countries, which has also increased exports of domestically produced building materials. Therefore, we have a bright future in this field.

Co-operation in labour does not merely mean undertaking contract projects abroad. It also entails running processing industries with materials, models and blueprints supplied by foreign businesses, establishing enterprises abroad and developing the tourist industry. Enterprises which process materials supplied by foreign businesses should sell their products abroad and not on the home market.

4. Expand Exports. The volume of China's exports leaves much to be desired. We hope to see quick development in this area before too long.

Exports from the following four categories should be expanded: 1) mineral products, non-ferrous and rare metals (in the past it was believed that materials of strategic importance should not be exported, an old-fashioned concept); 2) machines and electrical appliances; 3) textiles and other light industrial products, art and handicraft products such as porcelain, drawnworks, traditional Chinese medicine, garments, embroideries and carvings; and 4) local specialties including tea, medicinal herbs, animal products, famous wild vegetables and preserved fruit.

Appropriate policies should be formulated to facilitate the expansion of exports. We should establish our own sales and service networks abroad and we should increase our efforts to enhance the reputation of our products by improving their quality and fulfilling contracted responsibilities in good faith. Transportation and storage problems should be solved. We should place the related organizations under unified leadership and give full scope to the enthusiasm of the departments and localities.

5. Support the Third World. We are committed to supporting third world people in their efforts to safeguard national independence, develop their national economies and in their just struggles against imperialism, colonialism and hegemonism. This is our bounden international duty. During the last three decades and more, we have done a great deal in this field and have played a positive and important role in international affairs.

Most third world countries are friendly to China and are active in opposing imperialism, colonialism and hegemonism. But great differences remain in their social and political sys-

tems and their levels of economic development. Most of them are poor and some are among the poorest nations in the world. Only a few are very rich. The United Arab Emirates, Qatar and Kuwait lead the world in per-capita Gross National Product and many other third world countries are much richer than China. We should keep this complicated situation in mind while formulating policies supporting the third world countries, including those concerning economic aid and exchanges. In carrying out these policies, we should deal differently with the third world countries.

Many third world countries are developing their economies on a sizable scale and there is much we can do in the way of economic co-operation.

Where our abilities permit, we should grant material support to poor countries that are in difficulties and are being invaded or under the threat of force.

6. The Relationship Between Politics and Economics. A long-standing concept has it that economics should be subordinate to politics. This makes some sense, but it is far from perfect. According to the basic Marxist viewpoint, economics and politics influence each other, but in the final analysis, it is economics that determines politics. The same holds true for foreign

relations. Given close economic relations with foreign countries, it will be easy for us to develop relations with them in the political field. But if we fail to forge close economic relationships, our diplomacy will also suffer in the political arena.

While expanding our economic relations with other nations, we should earnestly study all advanced foreign scientific, cultural and management knowledge. Nevertheless, we should firmly resist the influence of all decadent bourgeois ideas.

We should strictly enforce discipline concerning our economic activities with foreign countries and it should be observed by everyone dealing with foreign countries in the economic field. Those who err should be dealt with according to Party and government discipline or state law.

It is imperative to strengthen education in patriotism and internationalism. In their dealings with foreign countries and businesses, our Party members, cadres and citizens should be taught to resist the corruptive influence of bourgeois ideology and safeguard national prestige and interests as well as the reputation of the Party and the country.

(An abridged translation of an article published in "Hongqi," No. 8)

Report on 1982 Draft State Budget (Excerpts)

—At the 23rd Session of the Standing Committee of the Fifth National People's Congress on April 28, 1982

by Wang Bingqian, Minister of Finance



I. Draft State Budget for 1982

The basic principles for the budgetary arrangement are:

Adhere to the principle of ensuring the planned economy to play the key role and letting regulation by the market play the supplementary role, and make efforts to increase state revenue by increasing production and raising economic results.

Continuously control the scale of capital construction and all expenses; appropriately in-

crease investments on energy and transport facilities and expenditures for cultural and educational undertakings and national defence.

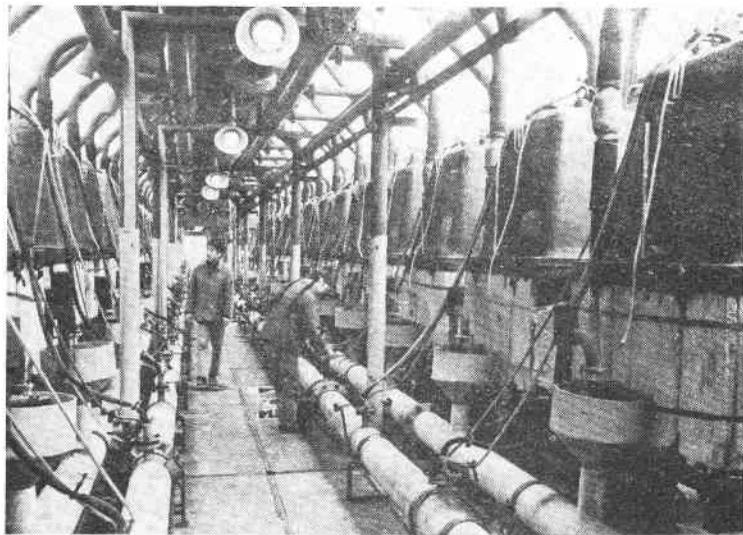
Stabilize the present policy of distribution and enable the livelihood of people in the cities and countryside to improve continuously on the basis of developed production.

Continue to maintain basic balances between financial and credit receipts and payments and keep market prices basically stable so as to ensure a steady development of the national economy.

According to the above-mentioned requirements, this draft state budget has planned the total revenue at 110,450 million yuan and total expenditure, 113,450 million yuan, with a deficit of 3,000 million yuan. Efforts will be made to narrow this margin through increasing production and practising economy.

The total revenue planned in the 1982 state budget has been raised by 4,020 million yuan over that of last year. The various receipts are: receipts from enterprises, 34,410 million yuan; from various tax levies, 64,600 million yuan; other sources, 240 million yuan; basic depreciation funds from enterprises to central authorities, 2,200 million yuan; receipts from treasury bonds, 4,000 million yuan; and receipts from foreign loans, 5,000 million yuan.

Planned total state revenue for 1982 has been calculated mainly according to the growth rate of total industrial and agricultural output value as well as that of social retail sales of commodities stipulated in the plan for economic and social development. At the same time, we have taken into account the added incomes resulting from the reduction of enterprise costs, reductions of management losses, consolidations of financial affairs in enterprises, improving the work of tax levy as well as state monopoly of tobacco business and price increases for cigarettes and alcoholic drinks. We have also considered the reduction of income caused by reducing the prices of terylene-cotton fabrics, TV and radio sets, wrist watches, stretch nylon, by subsidizing prices for major agricultural and sideline products and basic daily necessities for the people, by creating more job opportunities for job-waiting youths in the cities and towns as well as by raising the expenses to maintain the simple reproduction of metallurgical, chemical industrial and forestry enterprises. Generally speaking, the arrangements for revenue are reliable and worked out in a positive manner.



The electrolyser at the Tianyuan Chemical Works in Chongqing saves electricity.

The planned total expenditure for 1982 has been increased by 4,480 million yuan. Major expenses are as follows:

1. Appropriations for capital construction are 29,730 million yuan, of which investment directly arranged by the state for capital construction is 18,630 million yuan, an increase of 1,000 million yuan over last year. The investment will be primarily used to construct energy, transport and other basic facilities. Investment and reserve funds arranged by the localities from their financial resources are 6,100 million yuan; investment from foreign loans, 5,000 million yuan. These have been reduced compared with last year.

2. Funds for developing the potential of enterprises and financing their technical transformation and the trial manufacture of new products total 5,420 million yuan, basically the same as last year. In addition, certain proportions of basic depreciation funds and profits the enterprises are entitled to keep according to stipulations may be used for these purposes and they amount to more than 20,000 million yuan. It is necessary for us to make an overall plan and utilize these funds rationally and raise the results of utilization.

3. An additional working fund of 2,400 million yuan for enterprises is earmarked. This fund will be used mainly to meet the needs of newly built enterprises and storing some goods and materials. Significant funds are presently being used for production and circulation and there has been a serious stockpiling of goods and materials. The state is taking measures and urging enterprises to reduce their use of working funds to a reasonable level.

4. Financial aid to rural people's communes and expenses for agricultural undertakings total 7,610 million yuan, up from last year. We will develop agriculture mainly by relying on policies, science and the collective economy. At the same time, the state will give some necessary support.

5. Expenditures for culture, education, public health work and science total 18,000 million yuan. Having been increased during the past few years, the total this year rises by 780 million yuan. In addition, the localities and enterprises have also earmarked considerable funds for this purpose. Although the state has been faced with serious financial difficulties for some years, it has made great efforts to accelerate the development of culture, education, public health work and science. In the five years from 1977 to 1981, state revenue increased at an average progressive rate of 5.3 per cent every year, but the funds for cultural, educational, public health and scientific undertakings increased at a corresponding rate of 15 per cent annually.

6. Expenditures on national defence are 17,870 million yuan, an increase of 1,070 million yuan over last year. In order to speed up



Members of a commune agrotechnical station in Jiangxi Province teaching peasants how to prepare seeds.

modernization and regularization of the armed forces, it is necessary to increase appropriately the expenses for this purpose.

7. Administrative expenses are 7,800 million yuan, 560 million yuan more than last year. This is mainly because public security, procuratorial and judicial work needs to be strengthened. A certain number of army officers have been assigned to do office work, their wages, administrative and business expenses need to be increased.

8. The total reserves are 2,700 million yuan, of which 1,000 million yuan are for the central authorities and 1,700 million yuan for the localities.

9. Payments of principal and interest on foreign loans total 3,550 million yuan. It is estimated that by the end of 1982 the state's foreign loans will exceed 5,000 million US dollars.

The draft state budget will continue to maintain a basic balance between revenue and expenditure. It will be conducive to controlling market prices, gradually eliminating potential danger in the national economy and ensuring economic stability. The budgetary arrangements have taken into consideration the needs of developing the national economy in the future and include preparations for future development. This draft state budget has also addressed the need to continuously improve the people's livelihood on the basis of developed production. Proper arrangements have been made with regard to finding employment for job-waiting youths in the cities and towns, raising the wages of those working in state organs and those in scientific, cultural, educational and public health departments where the bonus system has not been instituted.

II. Work Hard to Fulfil the 1982 State Budget

In order to ensure a basic balance between revenue and expenditure, we must do the following:

1. Centring around better economic results, we need to mobilize the masses to further carry out the movement of increasing production and practising economy. Judging from the trend of production development this year, it is completely possible to fulfil the targets set in the state plan. We should make efforts to achieve a quicker growth rate of production and better economic results. While increasing production,

state revenue should also be increased so as to make the revenue and industrial and agricultural production grow at the same rate. This is the first and foremost condition for fulfilling and overfulfilling the 1982 state budget.

2. It is necessary to consolidate the financial work of enterprises and strengthen taxation work, and strive to increase revenue. The State Council has decided to devote two or three years to consolidating enterprises group by group and in a planned way. This will strengthen the basic work of financing and accounting in enterprises and thoroughly carry out the system of business accounting in these units in order to clarify fundamentally the confused financial affairs of the enterprises. We will eliminate loopholes in revenue and expenditure through the consolidation and take back that part of state revenue which has been acquired illegally by some enterprises. If we do a good job in this regard, it will be possible for us to increase this year's revenue by some 2,000 million yuan. This will enormously help balance the budget.

3. It is necessary to control the expenditure within the limits of the state's financial resources according to the principle of seeking truth from facts and doing what is possible.

In regard to economic construction, we must pay attention to the role of the bank. It is necessary to make planned use of deposits by localities, enterprises and individuals to support the nation's economic construction through the bank's credit business and under the precondition of a basic balance of the credit plan.

4. We should uphold the current policy

concerning the distribution of financial resources and maintain its stability and continuity. Since the Third Plenary Session of the 11th Party Central Committee, the state has readjusted its policy concerning the distribution of financial resources so as to improve the seriously disproportionate relationship between accumulation and consumption as well as the overconcentration of financial power and rigid control. The livelihood of urban and rural people has been improved and the financial power of enterprises enlarged. Under these circumstances, the distribution of financial resources should be kept within the limits of the state's financial strength. We must not attempt things which are beyond our ability. We can, however, carry out some necessary readjustments and consolidation work gradually on that part which is not rational under the precondition of keeping the policy stable.

5. It is necessary to enforce state law and discipline and carry out a resolute struggle against criminal activities in the economic field. Economic criminal activities are often linked with the violation of financial discipline. The financial and taxation departments at various levels should find and provide clues on economic criminal cases through supervision over financial affairs and, under the leadership of the local people's governments, co-ordinate closely with public security, procuratorial and judicial departments to carry out the struggle. The financial departments should also examine loopholes and shortcomings in the current financial system and financial administration, work hard on financial legislation and perfect economic laws and regulations. □

For the Healthy Growth of China's 300 Million Children

On the eve of International Children's Day (June 1), our correspondent visited Zhang Shuyi, Secretary-General of the Chinese People's National Committee in Defence of Children, who has been engaged in children's work for many years.

The Secretariat of the CPC Central Committee and Vice-Premiers of the State Council called meetings on children's work in March last year. Attended by responsible members of government departments and the various people's organizations and children's workers, the

meetings called for a national emphasis on children's education and child welfare work. Two months later, the All China Co-ordinating Committee for Children's Work was founded. Headed by Kang Keqing, President of the All-China Women's Federation, it includes 16 organizations such as the All-China Women's Federation, the Central Committee of the Chinese Communist Youth League, the Ministry of Education, the Ministry of Public Health, the Ministry of Culture, the Ministry of Commerce, the Ministry of Light Industry, the State Physical Culture

and Sports Commission and the Chinese People's National Committee in Defence of Children.

What is the present state of China's children's work? What progress has been made over the past year? The following is a review of the current situation as it is seen by Zhang Shuyi. — Ed.

CHINA'S children's work has developed in breadth and depth over the past year. The country's situation of unity and stability and the harmonious family and neighbourhood environment have enabled its 300 million children under 14 to live happily and grow healthily. They receive the joint care of families, schools and society. Many are studying hard and strive to be worthy successors to the socialist cause.

Family Education

Over the years, the government has carried out a family planning policy and has encouraged each couple to have only one child. Prevention of birth defects and scientific child-rearing have aroused universal interest. Many young parents are eager to broaden their children's knowledge and to help them become useful people as they grow up. However, they lack experience in scientific child-rearing methods. Newspapers, magazines and radio and TV stations have widely publicized knowledge concerning children's early education, particularly the science of educating the only child. Some 19 family education research organizations have been founded in Beijing, Shanghai, Shandong, Jiangsu, Hunan and other places. They study children's family education and offer advice as well as holding seminars for swapping experiences in this field.

The current national campaign to identify "five-good families" plays a positive role in children's education. The requirements for a "five-good family" include: its members must have a positive attitude towards work and life, and the relations between them must conform to socialist ethics. Principally, respect for the aged, and support and education for the young should be exemplary. In places where such activities are carried out well, people become more conscious of creating healthy family conditions for their children. Many young parents now pay more attention to their own behaviour in order to set good examples for their children.

Medical Care & Health Service

Children's health is closely related to social economic development and the people's life

styles. Although our economic construction has advanced from a very low starting point since nationwide liberation in 1949, our children's health has improved thanks to the guarantee of stable lives for our people.

The government has adopted many effective children's health services and has achieved notable results.

— A children's health network has been established throughout the country. Newborns and children receive free BCG vaccinations and inoculations against diphtheria, whooping cough, tetanus, measles, poliomyelitis and encephalitis B. Among diseases fatal to infants, acute contagious diseases have given way to respiratory system infections, premature birth, congenital malformation and intestinal diseases.

Before liberation, the country's infant mortality rate was as high as 200 per thousand. Now, in large and medium-sized cities, it has dropped to 12 per thousand. It is 20-30 per thousand in the rural areas and a bit higher in the remote mountainous areas.

— Urban women workers and staff enjoy eight weeks of paid maternity leave and free medical care for pre-natal checkups and delivery. Bigger plants have creches or nurseries, and encourage young mothers to breast feed their babies. Mothers of babies under 12 months old have an hour of nursing time each day during work hours. Rural areas are required to arrange light jobs near women's homes during their menstrual, pregnant and nursing periods. There is no universal stipulation for



Powdered milk turned out by a children's dairy products factory.

rural women's maternity leave. But they get at least one month's rest, and in the well-off communes and brigades, women get some subsidies during maternity leave. Since the practice of production responsibility system in the rural areas in recent years, more protection has been provided for pregnant women, women in their maternity leave and new-born babies.

— Over the last few years many places have developed methods to reward couples with only one child, which vary according to the local conditions. Some places extend the paid maternity leave to six months, pay a health allowance for the only child (five yuan monthly) or improve the housing conditions of the single-child families.

— Some large and medium-sized cities' medical and scientific departments have begun to study prevention of birth defects and the scientific way of child-rearing, in consultation with hospitals.

Nurseries and Kindergartens

China has a total of 150 million pre-school children. There are 990,000 nurseries and kindergartens throughout the country, of which 7,000 were completed last year with 100 million yuan of state funds. They enrol one-fourth of the country's pre-school children. Most of the nursing and teaching staff have attended some sort of training courses.

China's nurseries and kindergartens have been developed to suit the country's construction and to meet the needs of working mothers. The types of nurseries and kindergartens are as follows:

— A small number of nurseries and kindergartens are run by the government's medical or educational departments in large and medium-sized cities. With the best available facilities and teaching staff, they are exemplary schools that are open to the teaching staff of other nurseries and kindergartens for observation and education.

— Many kindergartens, nurseries and creches are run by factories, enterprises, government organizations and schools which mainly serve their own workers and staff. The minimum age requirement for attending these institutions and the length of time for the kids to stay there depend on the need of their parents' work. Some women workers can bring their babies to the creches as soon as their maternity leave ends.



A brigade-run kindergarten in Hubei Province which enrolls children aged 2-6 free of charge.

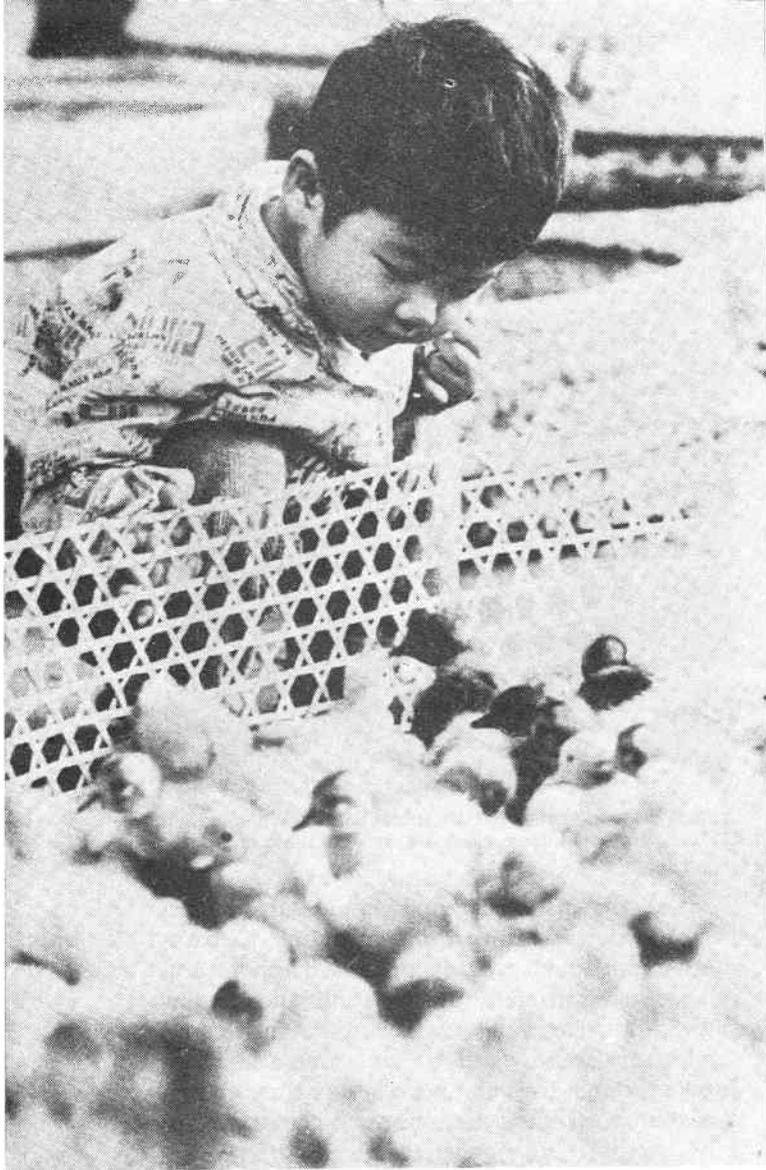
— Some nurseries and kindergartens are run by neighbourhood committees. Departments concerned provide possible support and aid in the form of professional guidance, training for the teaching staff and in funds and facilities. These thriftily run nurseries and kindergartens are very popular, as they charge less than the others and are very convenient.

— Because there are still too few state-funded nurseries and kindergartens, in recent years retirees from schools, kindergartens and factories have been encouraged to set up family nurseries or pre-schools. In China's northeast Heilongjiang Province, some 120,000 families are taking care of 180,000 children, about 14 per cent of the province's total.

— Rural nurseries and kindergartens are run by production teams, brigades and people's communes. Their size and form are determined in line with the development of production and the needs of the masses. Some are temporary ones for busy farming seasons and others take the form of mutual aid.

The production responsibility system recently introduced in the rural areas has facilitated the rational distribution of work inside families and is beneficial to women's ability to take care of both production and housework. Most children under three are looked after by their mothers or grandparents.

China's Children at W



Totally absorbed.

Young musicians.

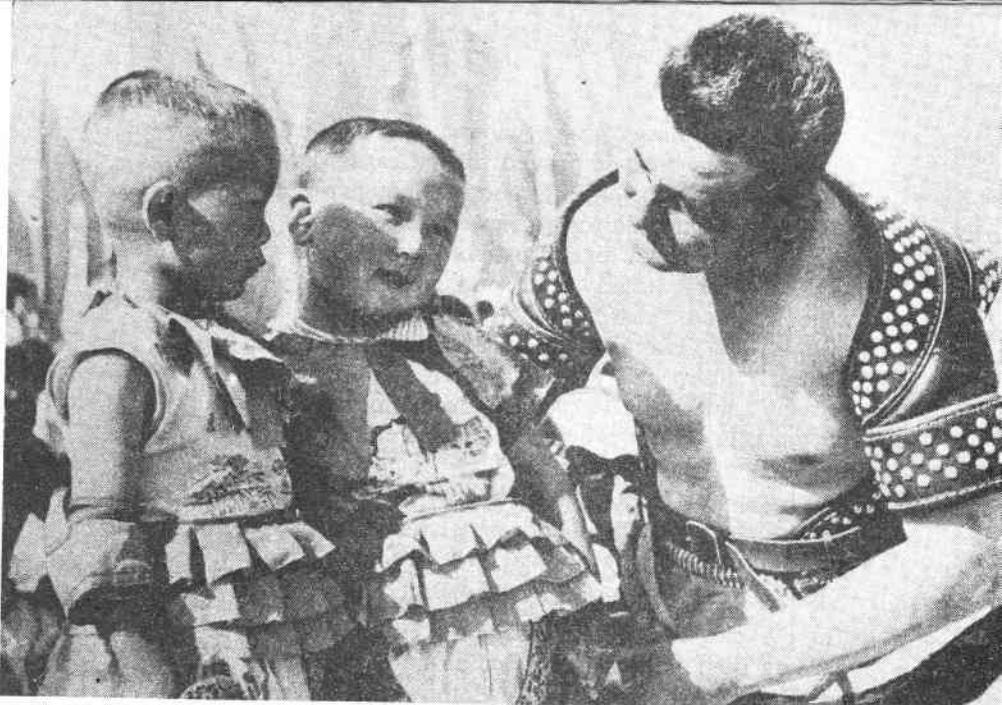


Let's go clean up.

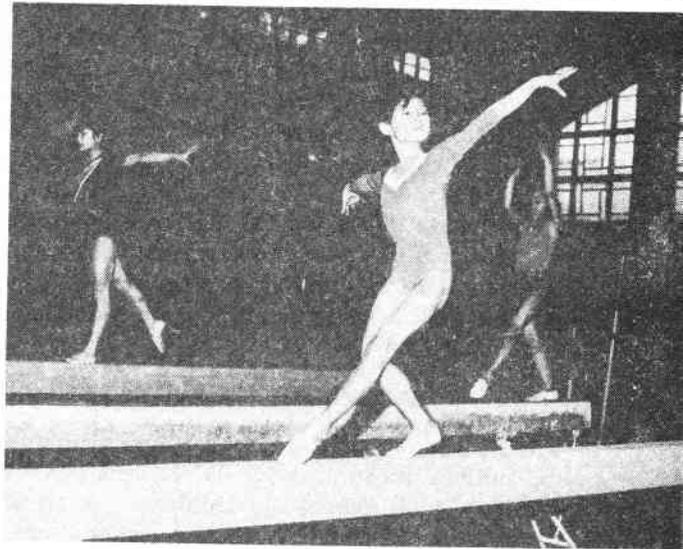
Dancers-to-be.



ork and Play



With the master wrestler.

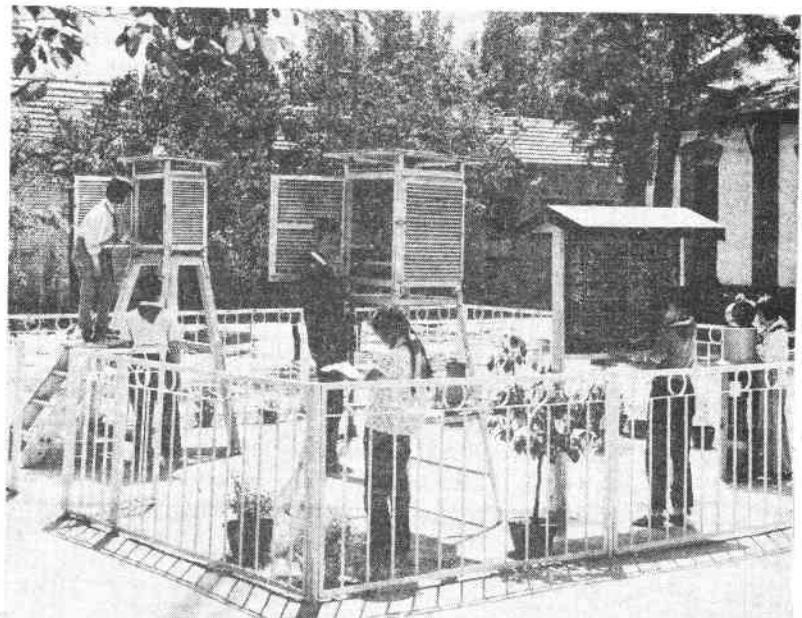


Practising hard.

Happy outing.



A Red Scarf weather forecast station.



In some places, the economic and cultural developments have improved the peasants' living standards substantially enough that parents now wish their children to receive early education. There, rural kindergartens have been established very quickly, and some rural primary schools have incorporated pre-school classes. In the rural areas of Shandong Province in east China, 1,300 primary schools have set up pre-schools that enrol 180,000 children, and about 65 per cent of the province's rural children are enrolled in the various childcare facilities. In the better-off Yantai Prefecture, a full 83.9 per cent of the pre-school children are accommodated by nurseries or kindergartens.

Nurseries and kindergartens are promoted for the purposes of educating the children and freeing their parents from some of the burdens at home. As the basis of China's pre-school education is poor and the number of professionally trained teaching staff is small, there are shortcomings in this work, such as insufficient attention to the special needs of different age groups. In some schools the teaching staff imitates the teaching methods used for primary school pupils or even for adults. In the cities, although the number of childcare facilities is increasing, they still fall short of the demand. It is essential to strengthen the training of the nursing and teaching staff and to establish more nurseries.

Schools and Society

China's primary school pupils number 146 million, accounting for 93 per cent of the country's total school-age children. A small percentage of children in the remote and rural areas do not attend school at all, and a small number of students quit school before they finish. Now, measures are being taken to enable these children to go to school, including plans to locate schools rationally so that the peasants' children are not required to travel long distances to attend classes. Class hours are also becoming more flexible so that the students study more during the slack farming season and less during the busy farming season. Thus their studies won't be adversely affected when they leave school to help with light farm-work.

China's children from the age of 7 to 14 have their own organization—the Young Pioneers. After school, they take part in various kinds of cultural, artistic, scientific and sports activities. Children in many cities have participated in recent activities stressing decorum,



"Do you know how much you weigh?"

manners, hygiene, discipline and morals during "courtesy month." The Young Pioneer organizations have also named some streets "Red Scarf Streets," where they take care of hygiene and maintain order. In some places, children who are exemplary in serving the collective and are enthusiastic in helping others are honoured "Red Flower Youngsters." All these activities are very much welcomed by the school pupils.

Some large and medium-sized cities actively offer facilities and places for children's extra-curricular activities and appoint professionals to work as counsellors. In Lhasa, the capital of the Tibet Autonomous Region, a children's palace, a children's recreation centre and children's cultural centres have been established. In addition to the funds allotted by the government, the Lhasa children's palace also received toys and funds donated by Shanghai's children and Chongqing's youth. Children's palaces, recreation centres, scientific and technological centres, amateur sports schools and parks have also been established in many other cities. In addition, there are many small-sized activity stations run by urban neighbourhood committees. They prepare hot lunches for children

whose parents' work places are too far to allow them to come back for lunch and they organize after school activities.

The country now has 13 children's newspapers and 63 children's periodicals, of which *Zhongguo Shaonian Bao* (China's Children's Paper) has the largest circulation in the country — 10 million copies. There are five publishing houses for children's books, and many other publishers print children's reading materials. Last year 2,500 children's book titles were published, totalling 780 million copies. To make more and better films for the children, a children's film studio was established last year, and all of the country's radio and TV stations run children's programmes.

In 1981, the National Children's Cultural and Artistic Committee and the National Committee of Articles for Children's Daily Use were founded.

The Chinese Children's Foundation, which announced its establishment not long ago, has already received donations from 130 units and

over 3,000 persons, including foreign friends and overseas Chinese. Many artistic organizations have given benefit performances to raise money for the foundation.

In addition, preparations are being made to establish a child development centre which will expand its facilities with support from the United Nations Children's Fund. It plans programmes that will popularize appropriate foreign experiences and train children's workers in multiple branches of learning.

China is a developing country. Our child welfare work is far from satisfactory, due to our limited cultural and economic development. But we are making progress. Although the vocational level among those doing children's work is not high, many of them are studying hard and possess the spirit of serving the people and are willing to devote themselves to the country's socialist cause. With this spirit, our children's work will be constantly improved with the development of our national economy. □

(Continued from p. 12.)

expressed deep dissatisfaction with the external policies of the Christian Democratic Party, such as buying Soviet natural gas from Siberia, levying sanctions against Argentina and its opposition to the Salvadoran guerrillas. These political views have attracted support from the Social Democratic Party.

The Socialists and Democrats have repeatedly skirmished and sometimes attacked each other. As a result, the government is on the verge of collapse. In April the Socialist Party charged the Democratic minister of the treasury with slander. The Socialists asked him to resign and threatened to withdraw from the coalition government if he didn't. Observers said that the Socialist Party adopted such a resolute attitude because it wanted to topple Parliament in the event of a cabinet crisis and bring about an early general election. Through the election, it hoped

to consolidate its position and acquire more power.

The Christian Democratic Party and the Communist Party opposed an early election. President Sandro Pertini not only rejected the position of the Socialist Party, but also asked it to consider its political actions in light of the nation's interests. Prime Minister Giovanni Spadolini mediated the dispute in an attempt to avoid a government crisis. Under these circumstances the Socialist Party could not but refrain from taking drastic measures and the government crisis was temporarily avoided.

Political Situation Remains Unstable

A heated debate ensued at the 15th Congress of the Christian Democratic Party about the tense relations with the Socialist Party. A faction did not agree to make too many concessions to the Socialist Party and wanted to obtain support

from the Communist Party. Another faction stressed the policy of "co-operation and competition." After the debate, Ciriaco de Mita, who advocates this policy towards the Socialist Party, was elected as the new secretary of the Christian Democratic Party.

Observers do not believe his election will resolve the rivalry. Relations between the ruling parties, the Christian Democratic Party and the Socialist Party in particular, will again become tense. At the same time the Communist Party has broadened its influence. In a running battle between the Christian Democratic Party and the Socialist Party, some Democrats have called for a coalition with the Communist Party. These developments indicate that the political situation in Italy is quite complicated. With the deteriorating economy, the political situation there is still unsettled.

— Zhang Qihua

OPINION

Socialist Home Education

THE training children receive at home is a vital part of their education.

After birth, a baby starts its learning at home and two-thirds of its childhood is spent in the domestic environment.

Home education should be given top priority. All children in China are citizens of this socialist society and the masters of its tomorrow.

Parents should be provided with training as they are duty bound to educate their children. In industry, workers can work independently only after a period of instruction. Teaching the younger generation is producing humans, our most precious products. Hence we need to teach parents how to raise their children.

The majority of parents today do not receive parental training. With only one child in the family, it is vitally important for parents to have experience to rear their first child because they are not going to have a second. Thus studying in home education is a pressing need.

China still has no outline or book on home education. The published articles are mostly geared towards urban families, but China's populace is overwhelmingly rural. Many of China's 200 million families have acquired rich experiences in educating their children which should be collected, sorted and summarized. The Chinese people have a tradition of family education and historical accounts are worthy of study. Today, numerous people are very

enthusiastic about improving the education children receive

at home. We must organize this energy and co-ordinate it. In this way China can promote socialist home education.

— "Liaowang" (Observation Post)



"What a good citizen!" praises the grandfather as his small charge joins the anti-littering campaign.

COMMENT

For Children, Not Profit

XIAOXUESHENG (Pupils' Paper) published in Liaoning Province is attracting a growing readership. Its editorial department suggested to its young readers: There was no need for everyone to have his own copy. Some should subscribe to other children's papers or periodicals.

The editorial department quoted Lu Xun: "You must act like the bees which can make honey only by collecting pollen from many flowers. If you stick to one flower, what you gain will be limited and dry."

Some other publishing houses put out low-grade publications for the sake of profit. This children's paper, by contrast, has shown true concern for its young readers. Its responsible efforts are worthy of others' emulation.

We do not object to the cultural departments caring about business accounting. But it is more vital to increase readership through healthy content and quality. On no account should publishers cater to the unhealthy interests by printing crude, low and vulgar materials.

Friendship

Following is a composition by Yang Ming, a pupil of the No. 1 Primary School of Zhonghua Road, Shanghai, published in the column Primary School Pupils' Good Compositions of "Wenhui Bao." — Ed.

NEW year's eve, lanterns and decorations were everywhere. Every family was busy preparing food and steaming cakes. Enticing flavour could be smelt in most homes. I took my little brother to the home of Zhang Jun, our Young Pioneer team leader. Already several schoolmates were there. I wondered what the team leader had in mind, so I asked: "Zhang Jun, why on earth did you call us to come here tonight?"

Looking earnest, he replied: "I was told the school canteen will not be open this evening. After school our friend Wang Yong returned home alone."

"Oh?" We were stunned.

I thought: Wang Yong is an orphan. He lost his mother when he was a little boy. A few months ago his father died in an accident at his factory. He lives on a state subsidy but there is no one to take care of him. Now he is at home by himself, who will cook for him?

"What can we do?" Zhang Jun broke my thoughts.

Suddenly my brother yelled: "Here comes brother Wang Yong, here he comes!"

As soon as he approached we surrounded him and fired questions at him. Then one pioneer proposed: "Wang Yong, come and have supper at my home, my parents will welcome you!"

In succession, all the others

invited him to their families, some tugging at his arm. My little brother stood firm: "I will not let you drag him away. I want brother Wang Yong, I want him!" Wang Yong was unable to get a word in edgewise.

Zhang Jun said: "Let him decide whose family he would like to visit." We stopped pulling and waited to hear his wish. Our large eyes pleaded: Please come to my home.

Wang Yong kept on blinking. We thought he was too shy to reply. A young pioneer encouraged him: "Don't be afraid, speak up!"

"I will go to my mother's place."

"But where is your mother?" we responded startled.



"My teacher is my mother. Look, she made those new clothes for me specially for the New Year. Today she asked me to dine at her home. She said they will not start eating until I arrive." Wang Yong said excitedly.

Zhang Jun vanished. He reappeared with a plate of cakes which he put in Wang Yong's hands, saying: "My mother made these, they're delicious, take them!" The rest of us went home to fetch cakes and fruit. We loaded Wang Yong with delicacies before he headed off for our teacher's home.

TIDBIT

Architect of the Tian An Men Gate

THE Tian An Men Gate which stands in the centre of Beijing is famous as the place where Chairman Mao Zedong proclaimed the founding of the People's Republic of China, but few know its history.

The designer of the gate was Kuai Xiang, who was born into a carpenter's family and became a vice-minister.

From 1407 to 1420, Chengzu, the third emperor of the Ming Dynasty (1368-1644), amassed carpenters and artisans all over the country in Beijing to construct an imperial palace. In recognition of his talent, Kuai Xiang was selected architect for the project. The Tian An Men Gate was built in 1417.

The Ming Dynasty moved its capital from Nanjing to Beijing in 1421 after the palace was completed. Kuai Xiang became vice-minister of construction and remained in Beijing.

Kuai Xiang's original sketches of the imperial palace and his portrait are in the permanent collection of the Nanjing Museum.

The Cheng Tian Men Gate was damaged twice. In 1651, during the reign of Qing Dynasty's Emperor Shunzhi, it was rebuilt and its name changed to Tian An Men Gate (Gate of Heavenly Peace).

— "Beijing Wanbao"
(Beijing Evening News)

SPORTS

**China Wins World Badminton
Championship**

China captured the title at the 12th World Badminton Men's Championship (Thomas Cup) held in London May 10-21 by defeating the defending champion Indonesia 5:4, which had won the cup seven times.

This was China's first appearance at a Thomas Cup tournament. Its 8-player team, well-balanced and powerful, included Luan Jin, an awesome all-attacking player who placed second in the men's singles event at the 1982 All-England Open Badminton Championships; Han Jian, whose smashing amidst apparently seamless defence often caught his opponents unawares; Chen Changjie, the men's singles champion at the first world sports tournament held

in the United States last year; and Yao Ximing/Sun Zhian, a doubles pair whose clockwork co-ordination had won them high honours in international competitions.

Indonesia fielded their best players in the hope of retaining the Thomas Cup. The team included Liem Swie King, their national champion and three-time winner of the men's singles at the All-England Open Badminton Championships. His team mates included Rudy Hartono, who was 8-time men's singles champion at the All-England Open Badminton Championships, and Kartono/Rudy Heriyanto, who had a brilliant record in the men's doubles at international tournaments.



Chinese winners of the Thomas Cup.

Both the Chinese and Indonesian teams qualified for the final match after defeating Denmark and England 8:1 respectively in the semi-finals. They were well-matched, each with its strong and weak points. Sports analysts generally held that the Chinese team had an edge in the singles while the Indonesians excelled in the doubles. But, many pointed out, the Chinese players lacked experience in international competitions, while the Indonesians were less apt to be ruffled in the midst of keenly contested matches.

The consensus was that the score in the finals would probably be 5:4 and that the team that showed good form and will-power would emerge victorious.

The Chinese players trailed 1:3 on May 20, the first day of the final match. Not in the least despairing, they stormed back to dethrone the Indonesians the next day.

The match between Luan Jin and Rudy Hartono was a cliff-hanger. In the first game Luan Jin beat Hartono 15:9. But Hartono, a seasoned player, fought back with a vengeance, alternating lobs with drop shots just over the net, an effective tactic that threw his opponent off balance and won the second game 15:1.

In the third game Luan Jin changed his tactics. He drove the shuttlecock to both ends of Hartono's baseline and fiercely attacked his backhand. He beat Hartono 15:9 and brought the team score to 2:3.

The key to China's victory lay in the next match between Han Jian and Liem Swie King. Han Jian led all the way in the first

game and clinched it with the score of 15:12. But Liem Swie King retaliated 15:11 in the second. In the decisive third game, Han Jian again led all the way, but at 14:9 Liem Swie King rallied and with supreme effort brought the score to 14:14. When Han Jian won back the serve he succeeded in scoring three points in rapid succession and won the match, thereby bringing the team score to three all.

On the heels of his team mates' victories, Chen Changjie routed Lius Pongoh 2:0. Then Sun Zhian and Yao Ximing defeated the Indonesian pair of Kartono and Rudy Heriyanto 2:1. This put the Chinese team to a 5:3 lead and secured China's victory in the Thomas Cup tournament.

In the last doubles, China's Luan Jin/Lin Jiangli lost to Christian Hadinata/Liem Swie King 0:2.

China won the championship, and Indonesia placed second, with Denmark and England in the third place. Japan and Malaysia finished fourth.

Altogether six teams participated in the final round of the 12th Thomas Cup Men's Badminton Championship: Indonesia, the defending champion, and England, the host country, and China, Denmark, Japan and Malaysia which were winners in the regional contests. Malaysia represented Oceania, Denmark represented Europe, while Japan, Pan-America, and China, Asia.

EDUCATION

Training Doctors For Rural Areas

A five-year medical course to train doctors for China's rural areas was initiated last year by



Students doing lab work.

the Beijing No. 2 Medical College.

Investigators from the college found during a survey conducted in the spring of 1981 that there was shortage of experienced doctors with medical degrees in the countryside. As a result, rural medical and health work was substandard.

In order to find a solution to this problem, they analysed the situation of previous graduates who had been assigned to several county hospitals on the outskirts of Beijing. They found that most of the graduates who originally came from the countryside remained in the county hospitals and became the core of the rural medical services. These doctors were familiar with the countryside and easily became accustomed again to rural life. However, those with city backgrounds who were sent to work in rural areas after graduation, with only a few exceptions, migrated back into the cities one after another for various reasons. Based on this survey, Beijing No. 2 Medical

College decided to open a class which admitted students from the countryside with somewhat lower marks. All of them will be assigned after graduation to their original localities.

Last year, 42 of the 240 new students were selected for this class. Their marks on the entrance examination, while lower than other medical students, are comparable to those for admission to other Beijing colleges.

After classes began, the teachers found that though they had intended to teach special courses for this class these students were making strides to catch up with the unified teaching programme. They had particular difficulties only in a few subjects. Measures were implemented to assist them: a lower level course for foreign language studies was organized and a laboratory class was started. The gap between the peasant doctor class and the regular ones is decreasing. In some subjects the students from rural areas got similar marks in their exams with those of other students.

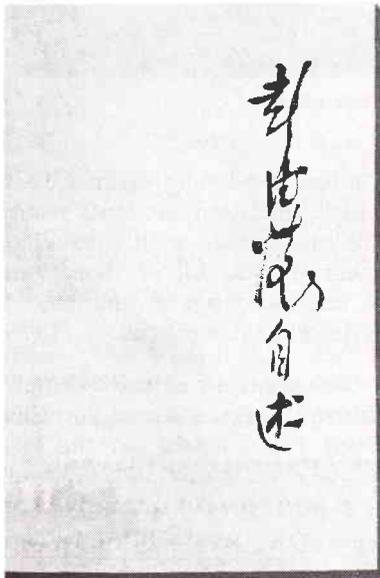
A Marshal's Self Appraisal

Autobiography of Peng Dehuai
(In Chinese)

《彭德怀自述》

Published by the People's Publishing House,

Available at Xinhua Bookstore
in China, distributed abroad
by China Publications Centre,
P.O. Box 399, Beijing, China,
Price: RMB 0.98 yuan.



This autobiography written during the "cultural revolution" when the author was deprived of his freedom and in political disgrace is uniquely revealing.

Peng Dehuai (1898-1974) was an outstanding leader of the Party, the state and the army and highly esteemed by the Chinese people. He was renowned in China and abroad as a military strategist.

During the half century he participated in the revolution, he fought in the north and in the south, contributed to the liberation of China and aided

the development of the people's army. This former minister of defence also devoted much effort to the founding and socialist achievements of New China.

In 1959 at a Party Central Committee meeting held at Lushan Mountain in Jiangxi Province, Peng Dehuai was wrongly labelled an anti-Party, anti-socialist Right opportunist. To clarify his status, on June 16, 1962, he recounted his history and appealed against these charges in a letter to the Party Central Committee and Chairman Mao.

At the end of 1966, the first year of the "cultural revolution," a special group was set up to examine his case. He was deprived of his freedom and maltreated till his death in 1974. To answer the unfounded questions put to him by the group, Peng Dehuai wrote his experience and countered the slanders. These materials are compiled in the present volume.

Since the materials are repetitive and some more and others less detailed, the compilers of this book edited them. The book is based on the autobiography he wrote in 1970, supplemented by his other written statements.

While editing this book, the compilers consulted Peng Dehuai's associates who offered some amendments which are presented in the footnotes.

Peng Dehuai's statements were written to clarify his case. The author was instructed to "confess" honestly and not dwell on accomplishments. However, the statements became a component part of the history of the Chinese Red Army and the 30 years of revolutionary wars led by the Communist Party.

He tells how a rank-and-file soldier of the old army became a marshal commanding a strong revolutionary army, and how the peasant's son who had formed a secret society to help the poor was transformed into a proletarian revolutionary.

Since Peng Dehuai's chief experiences were on the battlefield, the book mainly depicts military life. He fought the Kuomintang warlords, the Japanese generals and the American brass and braved untold dangers. In the 12 years following 1916 when he joined a local army in Hunan Province as a soldier, he became a leader of a platoon, company, battalion and regiment. He was a first gunner of the Red Army and one of its few military strategists who had abundant first-hand knowledge of warfare. His discussion of the Liberation War and the war to resist US aggression and aid Korea reveals he was a first-rate commander.

This book was written under strained conditions, so its contents are not equal to the man and his achievements, but while written solely from memory, it will stand the test of history.

Peng Dehuai wrote his autobiography when China was in turmoil. His faithfulness to the truth was called self-seeking; this marshal was accused of being a counter-revolutionary and his heroic conduct was distorted. Now this fallacious history has been revised. The story of Peng Dehuai and his exploits will inspire people in their march forward.

This 300-page book has 15 chapters and two appendices: Peng's letter to Chairman Mao dated July 14, 1959 and an excerpt of Chairman Mao's talk with Peng on September 23, 1965.

— Yu Bian

Li Hua's Woodcuts

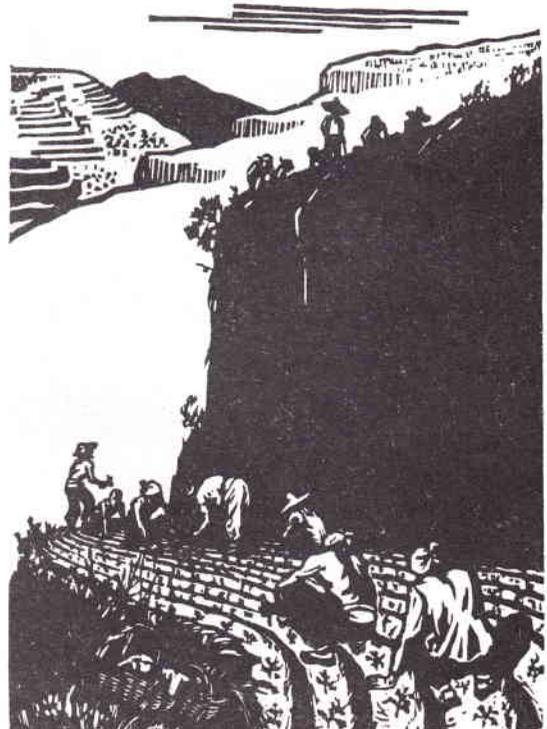
Born in 1907 in Guangzhou, Li Hua is one of the earliest participants in the new rising woodcut movement in the 30s. A master of graphic arts, he is a professor of the Central Academy of Fine Arts, a committee member of the China Federation of Literary and Art Circles, a standing committee member of the Chinese Artists' Association and Chairman of the Chinese Association of Graphic Artists.

His works are noted for their realism. His confident touch is firm and forceful. As a result, his compositions are clear-cut and bold.



On the construction site.

Dawn in the capital.



Farming in the mountains.

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