

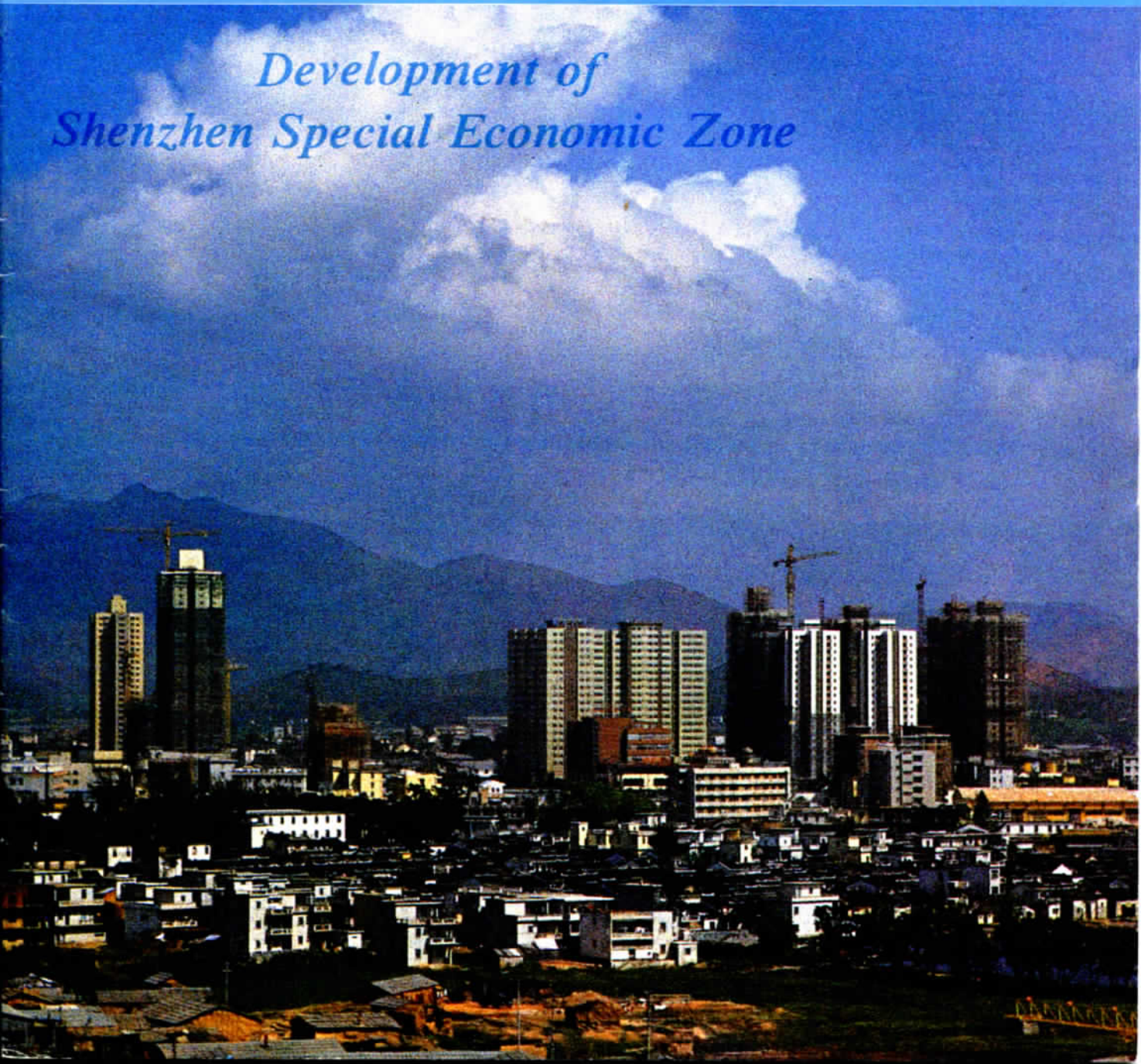
BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF
NEWS AND VIEWS

- International Conflicts and Our Choices
- Impressions of Lhasa

*Development of
Shenzhen Special Economic Zone*



LHASA



Outdoor market on Bajiao Street.



Peasants and herdsmen from other parts of the country mingle with the crowd about to go on pilgrimage.

SPOTLIGHT

Lamas in the Daipung Monastery discuss questions of Buddhist scripture.



Photos by Shen Yantai

Women at work in a tailoring shop.



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Photo by Li Changyong

HIGHLIGHTS OF THE WEEK

Chinese President Visits Spain

Last week President Li Xiannian visited Spain, the first leg of his southern European tour. The *Renmin Ribao* hailed it as "another major diplomatic move China has made after Premier Zhao Ziyang's visit to western Europe last summer." In Madrid, an agreement on economic and industrial co-operation was signed between China and Spain (p. 6).

The Choices Humanity Faces for the Future

As the 21st century draws near, the troubled world we are living in faces two futures: peace or war, co-operation or confrontation, progression or regression. After analysing the current world trends, the article by Huan Xiang concludes that peaceful co-existence, co-operation and common progress are the choices for our times (p. 16).

Questions on Shenzhen SEZ Answered

This first report in a series of six gives the background for the establishment of the Shenzhen Special Economic Zone, narrates its development and related policies. The questions involved here were discussed in an interview between an official of the zone and a *Beijing Review* correspondent (p. 19).

Economic Planning Uses Law of Value

For a long time in the past, China had ignored the law of value which resulted in the overly rigid control of enterprises by the state plan. In the current economic reforms, a major change in China's planning system is that the law of value will be widely used, so as to ensure a more vigorous socialist commodity economy (p. 4).

Special Policies Bring Lhasa Prosperity

Special policies adopted in recent years for Tibet have brought great changes in Lhasa, capital of the autonomous region. The construction of many major projects is now under way and huge funds have been allocated to continue renovating temples and monasteries (p. 26).

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Economic Planning Uses Law of Value

by JIN QI
Economic Editor

An important part of the current economic restructuring is to relax the overly rigid control of the state plan, to establish a planning system under which the law of value is consciously observed, and to develop a socialist commodity economy.

The decision guiding the economic reforms adopted last month by the Third Plenary Session of the 12th Party Central Committee pointed out that it is necessary to reduce the scope of mandatory planning and extend the scope of guidance planning and market regulation. This should be done step by step and to an appropriate extent. It also stressed that both kinds of planning should observe the law of value. This is a major change in the theory and practice of China's planned economy.

The law of value should be observed in all commodity economies. It means that the prices of commodities which are exchanged on the market fluctuate spontaneously according to the values they embody — the amount of socially necessary labour time spent, and the changes in supply and demand.

Socially necessary labour time is the average time needed to produce a certain commodity within a given period. It is composed of two parts: material labour (such as the consumption of raw materials, fuel and power, as well as the wear and tear on the machines) and living labour (labour power

and management).

Any commodity producer who wants his products to sell well on the market, earn more profits and gain the upper hand in competition must pay attention to economic accounting to save labour time, adopt new technology and improve management. Only then can he turn out more high-quality prod-

While still upholding the planned economy, China will pay more attention to consciously observing the law of value. This law, which plays its role in production, circulation and distribution, will be used as an important basis for economic planning.

ucts which sell well with less labour time spent. Otherwise, his products will be less competitive and will thus be eliminated from the market.

One result of the competition on the market is the reduction in the socially necessary labour time for the production of each product and the steady increase in the production of the whole society.

The law of value must play its role, even in a planned socialist economy such as China. This is because China's socialist planned economy is also a kind of commod-

ity economy and the law of value inevitably plays its role in all production, circulation and distribution.

For a long time in the past, China had ignored the law of value. Instead, it has followed the slogan "Planning first and law of value second," separating the planned economy from the law of value or even setting them against each other. This is one of the ideological factors which led the central plan to embrace every aspect of economic life, giving it over-rigid control.

Now this old idea has been rejected. With it, the scope and method of planning will also change. After the economic reforms the role of the market will be greatly strengthened, so that there will be both planning and flexibility in future economic development.

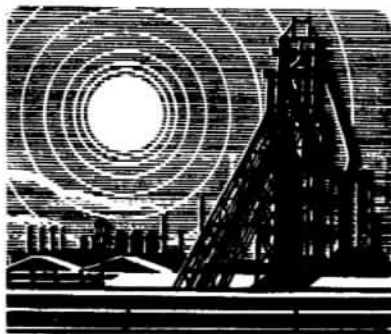
The law of value and market mechanisms will be widely used as an important basis for economic planning. For instance, the prices of commodities will be fixed and readjusted according to their real value. Social labour will be more sensibly and proportionally distributed according to production quotas and the amount of labour and raw materials consumed. The material interests of workers in various trades will be readjusted according to the reasonable price relations between various commodities. Plans for economic development will be drawn up and overall balance will be worked out according to accurate economic and tech-



nical data and the changes of the relations between market supply and demand. A strict system of economic accounting will be instituted in all enterprises.

Of course, because China has a planned commodity economy based on public ownership of the means of production, the basic economic laws of socialism still dominate. Under socialism labour is no longer a commodity, neither are land, mines, banks, railways and all state-owned enterprises and resources. Therefore, in China the law of value does not play a completely spontaneous role, as it does in capitalist countries. Instead, China is now able to consciously use it to serve the socialist economy.

Even when the commodity economy appears to be developing blindly, it is possible to overcome this with the guidance of planning, the regulatory role of economic levers and necessary administrative means. Reform will make this possibility a reality.



LETTERS

Good Reports on Provinces

The report "Sichuan — Land of Abundance" (No. 31) is very good. I like to read your provincial reports because they familiarize me with the special features of each province.

If you give some space to information on nature, art, history, geography and economics, your readers will enjoy your magazine more.

Your magazine's improvements in 1984 are greater than in any other year.

I like your colour cover very much; it reflects the changes in the Chinese people's livelihood. I hope to see more colour photos such as those on Africa in No. 28.

I especially enjoy the sports reports, which outline the state of Chinese sports.

The "International" column provides much news about Africa and the world, of course.

Mizonza Aime Samson
Congo

Reliable Coverage

Though not a subscriber, I am a regular and keen reader of *Beijing Review*, which I have been getting through the local book-stalls for the past 12 years.

Beijing Review is, to my knowledge, the only weekly that provides me and thousands of readers with details and reliable information about China and her people, for whom I have had profound love and affection since my childhood.

Articles on Chinese space

science and technology, tourism, the Chinese people's living standards, telecommunications, etc. are of great interest to me and I would like to read more on these subjects.

May I request you to allot a space for a "sports" column so as to enable all your readers to know the sports developments along with the political and economic developments in your country.

Anil Shakya
Kathmandu, Nepal

More on the Third World

Although I became a subscriber to your magazine about a year ago, I have been a reader of *Beijing Review* for the past 10 years.

Of course one would expect you to devote most of your magazine to events within China. But all the same, a magazine of your standing ought to have more coverage of events in other parts of the world, especially in the third world. I find your coverage on events in Africa too sketchy and in some cases outmoded and not newsworthy, and indeed not very much different from what is fed to us by the imperialist media, chiefly from the USA and Western Europe.

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

Umaru Aji
Kano, Nigeria

Li's Visit Strengthens Sino-Spanish Ties

At the Madrid-Barajas Airport, Chinese and Spanish national flags fluttered side by side in a gentle breeze under blue skies. A special plane escorted by two jet fighters from the Spanish Royal Air Force touched down at 11 a.m. local time on Nov. 12. Chinese President Li Xiannian and his wife, Lin Jiamei, stepped out of the plane and smiled and waved to the welcoming crowds. They were greeted with a ceremony held in their honour by King Juan Carlos and Queen Sofia.

President Li's tour of Southern Europe, the first ever by a Chinese head of state, had begun.

Li's diplomatic swing through Southern Europe includes Spain, Portugal and Malta. A *Renmin Ribao* (People's Daily) editorial hailed the visits as "another major diplomatic move China has made after Premier Zhao Ziyang's visit to Western Europe last summer."

"China's policy of opening to the outside world applies to the whole world," the editorial said. While making friends with big countries in Western Europe, China seeks friendly ties with medium-sized and small countries in the region as well.

President Li stayed in Spain for five days before leaving for Portugal. On Nov. 12 King Carlos hosted a welcoming banquet for the Lis. Carlos visited China in 1978, five years after China and Spain established diplomatic ties. Since then economic and trade exchanges between the two countries have increased steadily. The trade volume was up an estimated 56 per cent in the first nine months of this year over the same period of 1983. And further progress is expected in Sino-Spanish economic co-operation.

King Carlos said he was very

happy to have a Chinese president in Spain for the first time in history. Carlos told Li that the visit continues and supplements the contacts established by his visit to China six years ago. "The Spanish people fully understand the significance and importance of the meeting," he added.

This was Li's first visit to Spain and Western Europe. The president said in a toast that China and Spain have no fundamental conflicts of interest nor outstanding problems. He predicted that the two countries will further improve their economic co-operation.

During the week an agreement on furthering Sino-Spanish economic and industrial co-operation was signed. The two countries plan to develop co-operation in energy development and many other industries. The two sides also discussed establishing a governmental committee to encourage economic and industrial exchanges.

China needs peace in order for its modernization drive to succeed, Li noted. "We have always hoped to have a united and powerful Europe, which is devoted to world peace," said Li. He told the Spanish King that he hopes to see friendly relations between Eastern and Western Europe.

President Li and Foreign Minister Wu Xueqian, who accompanied Li on the European tour, met and talked with King Carlos, Prime Minister Felipe Gonzalez and other state officials. By the time Li and his entourage departed both sides felt confident that relations between China and Western Europe as a whole, and Sino-Spanish relations in particular, are on firm ground.

President Li Xiannian and his wife, Lin Jiamei, toast King Juan Carlos and Queen Sofia at Li's banquet honouring the Spanish King.



NPC Unanimous To OK HK Pact

The Standing Committee of the Sixth National People's Congress (NPC) unanimously endorsed the Sino-British Joint Declaration on Hongkong at its eighth meeting on Nov. 14.

The committee's resolution on Hongkong expressed satisfaction with the work of the Chinese and British negotiators. It said that after the declaration is officially signed by the two governments at the end of this year, it will be submitted to the Third Session of the Sixth NPC for final examination and ratification. The session is expected to convene in March or April next year.

Peng Zhen, Chairman of the NPC Standing Committee, said at the meeting that the joint declaration conforms to the Constitution

of China. It was initialled on Sept. 26, stipulating that China will resume the exercise of sovereignty over the region on July 1, 1997.

A group of Hongkong journalists were allowed into the Great Hall of the People to witness the approval of the Hongkong pact. This is the first time Hongkong reporters have been admitted to an NPC Standing Committee meeting.

Foreign Minister Wu Xueqian spoke at the meeting on behalf of the State Council. He pledged that the Chinese Government and people will work ceaselessly to ensure that all points of the accord are implemented. He said China and Britain will work together closely from now to 1997 to ensure a smooth transition.

The committee agreed that the successful settlement of the Hongkong issue marks a new stage in Sino-British friendly co-operation.

forts for this, and we hope that corresponding efforts will be made by both the US Government and the Senate," Zhao said.

The delegation from the Banking, Housing and Urban Affairs Committee of the US Senate, led by Committee Chairman Jake Garn, arrived in Beijing on Nov. 9.

"Sino-US relations improved during the four years of President Reagan's first term. We are satisfied with this. But there are also aspects with which we are not satisfied. The Taiwan issue, which is the main obstacle, still exists," the Premier added.

Zhao pointed out that the Taiwan Relations Act has always been a shadow over Sino-US relations, while the sale of US weapons to Taiwan continues to be a serious problem.

"If the US Government now has difficulties abolishing the Taiwan Relations Act, it should at least comply with the principle that there is only one China and should not hurt the national feelings of the Chinese people. It should also observe the Sino-US Joint Communiqué signed on August 17, 1982, reducing its arms sales to Taiwan, with the quality not exceeding past levels," Zhao said.

Zhao reiterated that how China achieves unification is the country's internal affair. "The Chinese people have the wisdom to solve the problem. The Chinese on both sides of the Taiwan Straits insist that there is only one China, and the reunification of the country is their common desire," he said.

Garn said he would work together with the Chinese to expand and develop friendly contacts and relations between the two countries.

Zhao also briefed the US delegation on China's views on major international issues, as well as on

Hu: China Neutral On Iraq-Iran War

China sincerely hopes Iraq and Iran will develop friendly and harmonious relations, Party General Secretary Hu Yaobang told an Iraqi delegation on Nov. 12. Meanwhile, China will remain strictly neutral towards their long-standing war.

The Iraqi delegation from the Arab Baath Socialist Party was led by Saad Qasim Hamoudi, Director of the Foreign Relations Bureau of the National Leadership.

Hamoudi gave a brief account on the war. Hu said China had good relations with both Iraq and Iran.

Hamoudi spoke highly of China's neutral position. He said

his country held to its position of restoring peace with Iran without preconditions. A just and eternal peace was beneficial to both countries, he added.

Hu said he hopes all countries will understand and support Iran and Iraq in all efforts at conciliation. "This is the only correct position for all third countries to adopt," Hu said.

Zhao: Improve Relations With US

China hopes Sino-US relations will enjoy healthy, steady development during President Ronald Reagan's second term, Premier Zhao Ziyang told a US Senate delegation on Nov. 12.

"China is willing to make ef-

the current reform of its economic structure.

China Gives More Grain to Africa

The Chinese Government has decided to donate 50,000 tons of grain to the drought-stricken African countries, in addition to the 30,000 tons given earlier this year. Ma Yuzhen, newly-appointed Director of the Information Department of the Chinese Foreign Ministry, announced at a weekly news briefing in Beijing on Nov. 14.

Ma said Africa has suffered from serious drought for several years in a row, and a huge number of drought-stricken victims are now facing the threat of starvation.

China has donated 1,000 tons of maize to aid Ethiopia's drought-relief work.

The food has been distributed in the northern part of the country.

Ethiopia is suffering from a severe drought with an estimated seven million people threatened by starvation.

A national committee has been set up under the chairmanship of Mengistu Haile Mariam, General Secretary of the Workers Party of Ethiopia, to oversee the relief work.

Record Harvest Poses Problems

China's record-shattering grain harvest of an estimated 400 million tons this year has left many peasants with mixed feelings. While they are happy to see the long-strained grain supply considerably alleviated, they are frustrated by slow grain delivery

which has resulted from inadequate shipping and storage capacities.

Granaries across the country are already overflowing, and state purchasing agencies are reluctant to buy more grain, to the chagrin of the long queues of waiting grain sellers. During a recent national grain conference, provincial officials vied with each other to get rid of their grain surplus. In previous years they were always trying to find more grain and holding on to all they could get.

Indeed, the abundant grain harvest caught everyone off balance. Few had expected a surplus, having been accustomed to chronic shortages. And today, a price is being paid for this lack of preparation: Large quantities of grain have been left to rot out in the open.

To avoid further losses, the government has instructed purchasing agencies not to refuse the grain sellers, and has set out to build enough granaries to store an additional 20 million tons. But due to a lack of building materials, only half of the new granaries have been completed.

To fill the gap in storage facilities, the government has now asked the peasants to store grain inside their houses. The state buys the grain and then pays the peasants to store it.

That system has worked fairly well. "But it is hardly the fundamental answer to the grain surplus," said Xu Zongren, a Ministry of Commerce official who has long been a grain specialist. "You can't store grain for too long, or its quality will be affected. Indications are that more rich harvests will come our way in the next few years, and you can't count on building enough granaries to accommodate the growing amount of surplus grain."

Experts say the key to solving the surplus grain problem is the development of foodstuff and fodder industries. By processing some grain as animal feed, China could improve its animal husbandry and aquaculture to increase the availability of meat, seafood, eggs and milk. "In that way, the people's diet will be gradually improved — they will eat more meat, eggs and milk," said Xu.

Peasants in many areas have already begun to improve foodstuff and fodder processing. In Haiyang County, Shandong Province, 1,000 such factories have sprung up, processing 100,000 tons of grain annually.

Another area where grain processing has advanced is Jingzhou Prefecture on the middle reaches of the Changjiang (Yangtze) River. Jingzhou Prefecture produces one-third of Hubei Province's total grain output. Over the last few years, the local peasants have vigorously developed fodder processing to utilize excess grain that couldn't be stored or sold. The prefecture's 3,700 fodder-processing factories — run by the state, collectives or individual households — produce 741,000 tons of fodder every year.

Barring extreme natural disasters in the years ahead, China's grain output will continue to grow by 13.5 million tons annually. So an important task for the grain producers is to expand the grain and fodder markets and to boost consumer demand for grain.

Expanding the fodder market involves a lot of work in the future, said Ministry of Commerce official Xu Zongren. It is necessary, for instance, to convince the peasants of the advantages of developing livestock breeding and aquaculture. Many peasants would rather sell grain for ready cash than use it to feed pigs, fish, chickens or cattle. This attitude



Newly built granaries in the suburbs of Heihe, Heilongjiang Province, will help store this year's record harvest.

can be changed only by readjusting the current irrational pricing system. After the output of meat, eggs and milk is increased, prices should go down and consumers should buy more of the products. Only with an increased demand for animal products can the fodder processing industry be developed.

Though this year's harvest has put pressure on storage facilities, China's grain harvest has not really reached the point of over-production. Per-capita grain output averages only 380 kilogrammes, as compared with the world average of 410 kilogrammes. The peasants should not be too satisfied with their initial success. Rather, said Xu, they should redouble their efforts in grain production.

More Seaports, Airports Opened

China has opened more sea and air ports to international traffic.

They include seven seaports in Zhejiang and Guangdong Provinces, and two airports at Haikou on Hainan Island and Xiamen in Fujian Province. Shatoujiao sea-

port in Shenzhen is expected to open soon.

The navy units of the People's Liberation Army in coastal cities have also voluntarily vacated some naval ports, docks and airports to support local foreign trade and tourism.

One navy unit stationed at Lianyungang in Jiangsu Province immediately turned over its former dock to the local authorities and chose a new site for its own dock when it heard that the local government needed a large-scale dock to expand the city's capacity to export coal.

The site of the Huangpu (Whampoa) Military Academy and the old home of Dr. Sun Yat-sen, which the Nanhai Fleet spent a lot of money rebuilding and repairing, were turned over to local authorities this past May to receive both Chinese and foreign tourists.

The traffic flow on the country's frontiers last year came to 22.26 million entries and departures. This is a four-fold increase over 1978, when China began to adopt the open policy. About 35 per cent of the border crossings made in the first nine months of this year were by business people.

Contracts Spark Drivers' Initiative

Ever since the Beijing Taxi Company for Tourists began contracting its cars directly to its drivers, visitors to Beijing have found it much easier to get a taxi any time of the day or night.

The contracts give drivers the freedom to find their own business and to adjust their timetables as they like, as long as they follow the laws and policies of the state and rules of the company. Within certain limits, drivers are also allowed to offer lower prices.

Contractors pay a monthly fee of 990 yuan out of the fares they collect. They may keep all money they make after that, except for certain administrative fees and expenses for repairs. Drivers working under this system receive no regular salary.

Taxi drivers working under contracts have already won a reputation in the capital for their innovative business methods, reasonable prices and good service. Their cars appear in the small hours, when it is almost impossible to get a taxi from a regular company. They pay attention to small matters, such as opening and closing the car doors and carrying luggage. When it rains, they shield customers under their umbrellas.

Despite the fact that their cars are not new, these drivers have won a steady market among guests from outside of China, who prefer their polite, friendly attitude and their fine driving skills.

At the same time, the profits of the Beijing Taxi Company for Tourists have doubled since 1982, and everyone is making a much higher wage.

The Shenyang Taxi Company in Liaoning Province contracted all of their 85 taxis to their drivers.

Last September the company earned more than 130,000 yuan, more than double what they made in September of 1983. Of that, 17,000 yuan was clear profit, an 11-fold increase over the previous year. Now the drivers each earn 306 yuan a month on average, compared with just 100 yuan a month before the reform.

TV Scheme Bilks Beijing Consumers

An elaborate scheme to hike prices of colour television sets bilked consumers out of 110,000 yuan this fall.

The Beijing office for price inspection uncovered the case, which involved more than 20 work units and a series of television sales and resales with illegal price hikes added at each resale.

The Yilai Industrial Corporation purchased 605 colour TV sets at wholesale price from the Beijing Television Factory on Sept. 22. Of the 605 TV sets, 185 were sold at the legal retail price to consumers and 35 were kept in stock. The corporation sold the remaining 385 television sets at 10 per cent above the legal state price to the Duoli Science and Technology Corporation and the Zhonghai Industrial Economic Development Corporation. Those two corporations then resold the sets at even higher prices. Before the selling and reselling was over, some television sets had been bought and sold a total of six times.

What's worse, some of the buying and selling was purely speculative, as the goods didn't even change hands.

The TV sets were finally sold to the Haixing Science and Technology Service Centre, which sold part of them to a store run by educated youths. By that time,

they were placed on the market for consumers at 2,200 yuan, almost twice the original price.

The Beijing office for price inspection, after hearing protests from consumers, investigated and determined that the elaborate resales scheme had bilked consumers out of nearly 110,000 yuan. After untangling the complicated plot, the investigators confiscated the illegal earnings from the guilty parties and fined the Yilai Industrial Corporation, the prime violator, and other units involved.

The scheme points out the need for prices to reflect the true value of goods and to more accurately reflect supply and demand. Economic reforms announced last month include reforming the pricing system. Prices will be raised or lowered in order to more accurately reflect the real value of goods. But prices will remain controlled by the state to avoid speculation and rampant price hikes that would disrupt the socialist market and harm consumers.

The reforms encourage people to work hard and get rich quick. But cheating and profiteering will not be tolerated at any time.

North Hungers for Better Products

Officials in northeast China were shocked to see peasants from south China selling bean curd on the streets of Harbin, and they soon discovered that the "bean curd invasion" was a sign of more than just a hunger for the taste of the south.

The provincial officials in Heilongjiang soon found that people selling soap made in Shandong Province were undercutting local soap-makers with better quality and lower prices. And the local textile factory was losing money

selling its white cloth at 88 fen per metre while trying to compete with cloth imported from the south that costs only 80 fen a metre, even with the transportation costs added in.

The fact that the Zhejiang Province peasants were selling several hundred kilogrammes of their tender white bean curd was just one of many signs that the local products of the northeast just couldn't match the quality of imports from other parts of China.

People from all over China moved to the northeast in the old days when they had trouble making a living in their home provinces. They figured that there would be work in the resource-rich northeast areas.

Years ago, Heilongjiang, with a virtually closed economy, had regulations forbidding the import of products from other provinces. Those regulations left the officials in the province blind to the defects of their products and their outdated management methods. They had nothing to compare their goods with. Recently, as the barriers between provinces have been removed and trade has resumed, the defects have become obvious.

Against heavy odds, the provincial government set out to invigorate its economy so that it could compete with the rest of China. As the influx of bean curd had brought the problem to light, the officials first set out to assist the local bean curd industry. The government moved to exempt all local bean curd makers from taxation and began to introduce the responsibility system into the management of bean curd operations. The bean curd makers for the first time would feel the effects of their products' sales on the streets of Harbin.

The efforts have begun to pay off. Not only is the local bean curd improving, but other products

have shown new higher standards. The Dongyu brand heating pad produced by the Harbin Barbers' Tools Factory is the top rated brand of more than 1,000 varieties manufactured all over China. It sells well in all the provinces. And the Heiyouliang (Black and Bright) brand shoe polish produced by the collectively owned Harbin No. 4 Chemicals Factory surpassed in sales volume the famous Jinji (Golden Cock) brand. The success of the local products has opened up eyes to the possibility for further success.

The "southern bean curd" case is just another example demonstrating that the people can enliven their economy if they reform their economic structure.

First Vote for Party Leader

A provincial Communist Party secretary has been chosen by a secret ballot of 300 local cadres, including county Party secretaries, for the first time.

This is a major departure from regular practice, in which senior local officials were appointed by the Party Central Committee. It prompted *Renmin Ribao* (People's Daily) to cite the example of the Shaanxi provincial Party committee and make this democratic procedure more widespread.

Eleven candidates were selected after two ballots. In the end, Bai Jinian, a member of the standing committee of the provincial Party committee and a deputy governor, was chosen from among the six final candidates. The Party Central Committee approved the election.

In a commentary *Renmin Ribao* described the election through democratic recommendation as a successful trial reform of the cadre system which merits attention and wide popularization.

It is noteworthy, it says, because candidates were not chosen by higher authorities or recommended just by a few individuals. This will help elevate cadres of real ability and learning, the newspaper concluded.

Students Offer Consulting Services

On the morning of Oct. 28, an eye-catching placard was set up by the Wushetu Altar in Zhongshan Park in Beijing. It read: "In the United States there is Rand corporation; in Japan there is Nomura. The Lida of Qinghua will be their counterparts in China." Rand and Nomura are two well-known consulting companies.

"Our Lida will compete with them to help boost our country's current reform," said Liu Hongfei, deputy manager of the Lida Consulting Centre, which was organized by the post-graduate students of Qinghua University in Beijing.

More than 3,000 post-graduates took part in the day's activities. They came from 37 universities, colleges and institutes, including Beijing University, Qinghua University, the Chinese People's University, the Chinese Academy of Sciences and the Chinese Academy of Social Sciences. The meeting marked the beginning of Lida's consulting activities, centred on urban reform and young people's intellectual development.

Students majoring in computer science, economic management, literature, history, philosophy, radio, bio-engineering and law set up consultation booths and gave public lectures on popular science subjects. Using displays, recorders and video tapes, they exchanged views on the new technological revolution and reforms of the urban economic structure. They also

established business links with leaders from local enterprises.

The New and Remote Science and Technology Development Consulting Centre, another consulting firm organized by the post-graduates of Beijing Engineering Institute has reached various preliminary agreements on technological co-operation with more than 20 units. It has also agreed to provide new product designs and production line technology for the plastic plant of Hangu Farm, a state-owned farm in Hebei Province. This agreement involves 100,000 to 200,000 yuan.

These activities of the post-graduate students have received the support of the state and Beijing municipal authorities. Huang Xiqing, a noted octogenarian Chinese geologist, some members of the General Assembly of the Chinese Academy of Sciences and the leaders of several departments viewed Lida's demonstration in Zhongshan Park with great interest. They talked with the post-graduates and encouraged them to take the lead in developing new branches of science, the new technological revolution and urban reform.

Fourteen of the representatives attending the Forum of Activists in Urban Reform sponsored by the Central Committee of the Chinese Communist Youth League also joined the activities. They were invited to be honorary members of the Discussion Society on the Technological Revolution and Economic Reforms of the Post-Graduates Association of Qinghua University.



Ethiopia

OAU Summit Makes Firm Decisions

by YE ZHIXIONG

THE four-day 20th summit of the Organization of African Unity (OAU) ended in Addis Ababa, the capital of Ethiopia, on Nov. 15 after members backed the Lagos Plan of Action, which seeks "collective development based on self-reliance and self-sufficiency," with foreign aid as a supplement.

The organization's feeling of solidarity in a crisis was reflected in Chinese Premier Zhao Ziyang's message of greeting. "With a global perspective in mind and an unyielding will, the African countries and people are today striving to maintain African unity, win complete liberation of the African continent, safeguard their state sovereignty, reinvigorate their national economies and combat natural disasters," Zhao said.

The OAU secretary general's report also pointed out that the summit was held at a very grim time, when Africa is facing unprecedented social and economic crises. Thirty-six African countries are suffering from severe drought and 27 of them are dependent on international aid.

The summit devoted a full day to economic matters. It rightly pointed out that "the African economy has suffered serious difficulties as a result of the inequitable global economic, trade and financial system" and called for the establishment of a new international economic order. It decided to set up a special fund to deal with the food crisis, and to convene an economic summit of the OAU next year.

Against this backdrop the summit made a decision on one of Africa's most controversial issues, the Western Sahara.

The Polisario guerrillas have been waging a desert war against Morocco's control of this former Spanish colony since the Spanish evacuation in 1976. The 18th OAU summit, held in Nairobi in 1981, accepted Morocco's proposal for a ceasefire and a referendum in the Western Sahara. But unfortunately, since February 1982 the OAU has been sharply divided over membership for the area, which the Polisario Front calls the Saharan Arab Democratic Republic (SADR). The OAU failed to make any progress because of Morocco's refusal to have direct talks with the Polisario Front.

Prior to the 20th summit, Nigeria withdrew from the OAU's implementation committee and recognized SADR as an independent nation. This reflected the mood of the majority of OAU members, who were disappointed over the four-year deadlock and wished to maintain African unity and move ahead on the continent's pressing economic and social problems.

Thus, the 20th summit accepted SADR as a full member, prompting Morocco to withdraw from the organization. Zaire also suspended its OAU membership.

Observers in Addis Ababa noted that this is the first organizational division caused by political differences since the OAU was founded in 1963. In his closing remarks the new OAU chairman, Tanzanian President Julius Nyerere called the absence of Moroc-

co and Zaire "a matter of regret to us all." He said he and other leaders looked forward to their return. The OAU has dealt with the Western Sahara question for the time being, but it must wait for a long-term solution satisfactory to all sides.

The summit was held just two months after France and Libya signed an agreement to withdraw their troops from Chad, and just one month after the Chad reconciliation meeting in Brazzaville failed. Summit participants noted that "a favourable climate exists for meaningful negotiations" between Chad's government, led by President Hissene Habre, and the faction following his ousted predecessor Goukouni Oueddei. Members reaffirmed their determination to continue their efforts for national reconciliation in Chad. The OAU has decided to set up a reconciliation committee for this purpose.

The summit paid particular attention to developments in southern Africa. While expressing sympathy and understanding for the circumstances which led Angola and Mozambique to sign peace agreements with South Africa, the summit adopted a statement declaring the total liberation of Africa, particularly Namibia and South Africa, the urgent and central objective of all OAU members.

The summit called on all members to increase their contributions to the OAU liberation committee and to the frontline states. It firmly rejected the so-called linkage of Namibian independence with the irrelevant issue of withdrawing Cuban troops from Angola, and demanded the immediate imple-

mentation of United Nations resolution 435 on Namibian independence.

Nyerere was unanimously elected chairman at the start of the summit. Many delegates said they

hoped that under the leadership of this experienced African politician, the OAU will manage to further overcome its differences and strengthen unity, for the best interests of Africa.

and South. He also proposed re-connecting irrigation networks that were cut by the demarcation line.

During the talks, the two sides exchanged lists of possible trade goods. Li said that each should supply what the other needs, including raw materials, finished products, agricultural and aquatic products.

To facilitate collaboration, Li suggested that the Seoul-Sinuiju railway line be relinked and that some ports be opened to one another, including Wonsan and Nampo in north Korea and Inchon and Pohang in the south.

He also proposed the formation of a "North-South economic co-operation committee" comprised of about five economic experts from each side.

South Korea's chief delegate, Kim Ki Hwan, proposed trade items, quantities, prices, free tariffs and other trade matters. He also said that joint ventures could be made in iron mining, anthracite and light industry.

Before the conclusion of the meeting, both sides agreed to study the proposals and to continue talks on Dec. 5.

North, South Korea

First Economic Co-operation Talks

by LIU ZHENGXUE
and FENG ZHIYUAN

THE first economic talks between the two sides of Korea in almost 40 years were held on Nov. 15, with both sides putting forward proposals for economic co-operation.

Li Song Rok, Vice-Minister of Foreign Trade of the Democratic People's Republic of Korea (DPRK), and Kim Ki Hwan, chief delegate of south Korea, each headed seven-member delegations at the formal talks in Panmunjom.

In a harmonious and calm atmosphere, the two sides held earnest discussions about improving relations and boosting North-South economic exchanges and co-operation.

During the meeting, Li conveyed a message from DPRK Vice-Premier Kim Hwan to his south Korean counterpart, Sin Byong Hyon requesting consultations between them either through messages or through a direct meeting at the next round of talks or the rest of talks.

Li stressed that North-South economic co-operation would benefit the economies of both sides and open up prospects for the reunification of Korea.

Li raised three guiding principles for future co-operation: Consideration of the interests of both sides to promote a uniform development of the national economy as a whole;

mutual respect for the economic policies; and adherence to the principle of reciprocity.

He mapped out areas where economic collaboration and trade could be undertaken in the near future. Li suggested that both sides exploit and utilize mines in the other side with its labour force and equipment. The North may offer iron ore and coal, while the South may offer wolfram and rare metal ores.

Li proposed that the North and South establish "common fishing areas," develop and jointly use new fishing grounds and form a "joint venture fishing corporation."

In agriculture, the north Korean vice-minister proposed that the two sides co-operate in exploiting continental shelf along the west coast both in the North

Nicaragua

Meeting Strong Pressure From US

by REN YAN

RELATIONS between Nicaragua and the United States have grown extremely tense. On Nov. 12 the Nicaraguan Defence Ministry declared a state of alert throughout the country. It ordered its ground, naval and air forces, the army reserves and the Sandinista people's militia to prepare for a possible US invasion.

The direct reason for the Nicaraguan Government's fears

is that the United States announced it would send two warships and aircraft to intercept a cargo ship loaded with Soviet-made Mig-21 aircraft bound for Nicaragua. Also American SR-71 supersonic spyplanes have been intruding in Nicaraguan airspace.

Although the United States has repeatedly denied any plans to invade Nicaragua, US Secretary of State George Shultz declined on Nov. 12 to promise that there would be no military action

against Nicaragua. He said the US invasion of Grenada just over a year ago could not be compared to the situation in Nicaragua, because Washington had acted at the request of Grenada's Caribbean neighbours. President Ronald Reagan would take the same action if he had to do it again, Shultz concluded. To the wary Nicaraguans, this seemed to clear the deck for a direct military invasion of their own country.

After the US monitoring confirmed that no jet fighters had been unloaded from the Soviet freighter a US official stated he would not rule out the use of air strikes, sabotage or other military actions to disable Soviet Mig-21 fighters if they were delivered to Nicaragua.

The second reason for Nicaragua's fears is the US attitude towards the general elections held on Nov. 4, which the United States has rejected. The ruling Sandinist National Liberation Front was joined by the Christian Social People's Party, the Nicaraguan Socialist Party, the Nicaraguan Communist Party, the People's Action Movement (M-L) and the Democratic Conservative Party in the elections. Sandinist candidate Daniel Ortega was elected president and his running mate Sergio Ramirez became vice-president. This is the first election in Nicaragua since its revolution in 1979.

However, talking to reporters on Nov. 5, US State Department spokesman John Hughes said the Nicaraguan people "were not allowed to participate in an election in any real sense of the word." He said the United States consistently supported the opposition efforts to participate "in a meaningful electoral process. Unfortunately those efforts went unheeded." President Reagan also said the Nicaraguan election was merely a deception. He noted that

he would continue to ask the US Congress to give new aid to the anti-Sandinista forces.

The strong words and actions from the United States have aroused the concern of the international community. The conference of the Organization of American States passed a resolution on Nov. 15 demanding no direct or indirect interference into the internal or foreign affairs of other countries. French President Francois Mitterrand declared that his country opposes a US military intervention in Nicaragua.

Indian Prime Minister Rajiv Gandhi, in his capacity as chairman of the non-aligned movement, said in a statement on Nov.

14 that this situation poses threats to the sovereignty, independence and territorial integrity of all the countries in the region, as well as to global peace and security. The non-aligned movement, he added, had reiterated its firm solidarity with Nicaragua on various occasions since last year.

Although the White House announced on Nov. 15 that the United States will soon send an envoy to meet with Nicaraguan Foreign Minister Miguel d'Escoto to discuss the Contadora regional peace proposal, its show of force to bully a small country and ignoring international norms, will arouse the anger of all peace-loving countries, especially third world countries.

Algeria

Rapid Growth Since Independence

by QIU WEIJU

A GRAND rally was held on Nov. 1 in Algiers to mark the 30th anniversary of the Algerian revolution.

In 1954, the Algerian people, led by the National Liberation Front, began a guerrilla war for independence. Seven years later, the Algerian people overthrew 130 years of French colonial rule. Independence was declared on July 3, 1962.

In the past 22 years the Algerian people have maintained their revolutionary spirit and built a poor, backward nation into a prosperous one. In 1982 Algeria's gross national product (GNP) was 176.6 billion dinars (about US\$59.2 billion), up from 11 billion dinars in 1962.

Oil and natural gas have become the mainstay of the national economy. In recent years Algeria has also built up other industries, in-

cluding steel, machinery, automobiles, electricity, chemicals, textiles and foodstuffs. Algeria is now one of the few countries developing well in Africa.

Algeria's achievements quickened after February 1971 when Algeria nationalized its natural resources, particularly oil and gas. Later, the Algerian Government joined the Organization of Petroleum Exporting Countries (OPEC) and took part in setting reasonable world oil prices.

The increasing oil revenues have boosted Algeria's economic development and ensured its economic independence. That is why the Algerian people refer to the 1971 nationalization as the "second independence movement."

In 1980, the Algerian government launched another campaign to set reasonable prices for its natural gas exports. The price of natural gas was raised to a level relative to that of crude oil

through negotiations with several Western countries.

Since the 1970s much work has gone into developing the oil and natural gas industries. They have become Algeria's major exports, replacing the traditional agricultural products. According to government statistics, earnings from exports of oil and natural gas reached US\$12.9 billion in 1983, and are expected to reach US\$13.7 billion or more this year. The output value of these two items accounts for about 40 per cent of Algeria's GNP. At the same time, Algeria has made great efforts to develop agriculture to avoid over-dependence on oil exports and to meet the people's needs.

In order to fulfil its Five-Year Plan (1980-84), the Algerian Government has launched a production campaign aimed at reforming state-run enterprises and agricultural organizations so as to ensure smooth economic development. These reforms include improving management, raising efficiency and exploiting other resources. The total value of industrial production (not including oil and natural gas) has increased by 7 per cent during the Five-Year Plan. The country has also enjoyed a foreign trade surplus since 1981.

Algeria's next five-year plan will concentrate on developing agriculture and water conservation in order to balance the economy and make full use of the country's arable land.

However, the Algerian economy has troubles. In the past 20 years, agricultural production has increased slowly and the grain output went up and down between 1.2 million tons and 2.2 million tons. In 1983, because of the bad weather, the total grain output was only 1.2 million tons, down 24 per cent from 1982. The population, however, has doubled in the past 20 years.

US-USSR

Rivals Show Signs of Easing Tension

WITH the conclusion of the US presidential election, both Moscow and Washington have expressed a willingness to improve their long-strained relations. This signal may predict an easing in the confrontation of the two superpowers.

After his re-election, US President Ronald Reagan said several times that he would put US-Soviet relations at the top of his agenda in his second term, and would negotiate with the Soviet Union on nuclear disarmament regardless of how long it takes to reach an agreement.

In a congratulatory message to Konstantin Chernenko on the Soviet National Day, Reagan said that the United States is prepared to hold constructive talks with the Soviet Union on a number of issues including arms control. Reagan also said the possibilities are now better than ever before to hold a summit meeting of US and Soviet leaders.

The Presidium of the Supreme Soviet of the USSR sent a congratulatory message to Reagan on his re-election, expressing its hope that Reagan's re-election would mark "a turning point for better relations" between the two countries. It promised that the Soviet Union will join in efforts with the United States to this end.

In a preface written for American readers of the book "Soviet-American Relations: Articles and Speeches by Konstantin Chernenko," published by Praeger Publishers, Chernenko said the Soviet Union wants "equal and, if possible, good relations with the United States" and "wants to reach agreement with the United States on a wide range of issues."

Although the Soviet Union is still colder than the United States,

offering more reproaches and asking repeatedly for the US to concretely show its sincerity, it has warmed much in comparison with the past.

These changes were not entirely unexpected. The possibility of a summit meeting was discussed between Reagan and Soviet Foreign Minister Andrei Gromyko last September. Reagan's re-election provides a fresh opportunity.

The Reagan administration has always claimed its policy towards the Soviet Union is based on realism, and negotiating from a position of strength. After four years of military build-up, the administration may think the United States is now in an unprecedentedly favourable position to hold arms reduction talks with the Soviets.

US voters called for a halt to the arms race and less global tension during the US presidential election, because Reagan had made no progress in US-Soviet relations during his first term. The same demand also came from the world community. Under this pressure Reagan must make some efforts to improve the strained East-West relationship and his hawkish image. His second term may see better relations.

The economy of the Soviet Union has been burdened for a long time by the intensified arms race. Moscow put on a tough face quitting the disarmament talks, but it had to readjust some policies out of economic need and a desire to improve its international image.

However, despite signs of relaxation from the two superpowers, neither of them will abandon its rivalry for military superiority and world hegemony. An improvement of relations is possible, but it will be a long, slow process.

International Conflicts and Our Choices

This is an excerpt from a speech given at the fifth session of the international symposium sponsored by "Mainichi Shimbun" of Osaka, the Youth Association of Osaka and the Broadcasting Corporation of Mainichi. Huan Xiang, noted economist and international affairs expert, analyses the problems in East-West and North-South relations and their effect on international politics. He stresses the urgency of the need for peaceful coexistence and the necessity for international friendly co-operation and common development and prosperity. — Ed.

by HUAN XIANG

WHAT shall we expect as the 21st century draws near? Peace or war, prosperity or poverty, advance or setbacks? The human race is wise but sometimes foolish. Now we face a choice between entirely different fates.

The World Today

We are living in a world fraught with contradictions and conflicts. However, through the veil of these complexities one can easily discern the root cause of intensified world conflicts: East-West relations are locked in acute confrontation and North-South relations are abnormal.

The numerous problems arising from this state of affairs pose two grave dangers to the international community: nuclear conflicts capable of destroying civilization, and an unjust international economic order which impedes global development.

We are living in the nuclear age. The peaceful exploration of nuclear technology can bring a bright future to people hungry for more energy. But nuclear weapons could just as easily push the human race back into a primitive state.

Constant improvements in nuclear weaponry mean the destruction of a future nuclear war will inevitably go beyond the

boundaries of the belligerent countries and bring disaster upon the whole world. There will be no victor, but only massive, global defeat.

With scientific and technological progress conventional weapons, too, are becoming increasingly advanced and somewhat unconventional. Actually the destructive power of many conventional weapons surpasses that of some tactical nuclear weapons.

Under the present East-West confrontation, there are no firm barriers between conventional warfare, regional conflicts and nuclear confrontations. The two big military blocs are therefore making double preparations. Although a nuclear war is still only a possibility since World War II, various conventional conflicts have never stopped, posing a constant threat to the security and stability of the international community.

The two world wars and numerous smaller conflicts in this century have inflicted huge losses upon civilization and human development. The possibility of a new world war or nuclear war hangs over us all like the sword of Damocles. The increased threat comes from the huge stockpiling and upgrading of nuclear weapons by the two major military blocs, from their confrontation policies and from frequent local wars. The bloc ideology of mutual distrust,

hostility and counteraction has led arms reduction talks to a stalemate and catalyzed many conflicts.

We are living in a world both unified and divided. The closely interdependent world market has taken the place of regional and national self-reliance and closed doors. National economies are interrelated and supplemented through trade, capital, technology, raw materials and sales. However, because of differences in economic and social development and clashes in ideology, values, cultures and religion, disagreements and conflicts are universal. Of these, North-South relations stand out. Whether they improve or deteriorate has a direct bearing on the world's economic and political situation.

Although present-day problems in North-South relations have found more expression in economics, one must remember that fundamentally they are an extension of the old international relations. In the current world economic system the vast majority of developing countries still serve as developed countries' raw materials suppliers, a big market for commodities and a place to invest.

Although the interdependence of this relationship may be mutually beneficial, its nature is most unequal. As a result, the gap between the rich and poor is widening, and hunger and poverty continue to plague many developing countries. This is one of the main causes of regional instability and conflict.

The problems in North-South relations have been internationally discussed for 10 years. But these talks still have not yielded any results, and relations are deteriorating. This has directly af-

fects, the stability and development of the world economy.

It should be noted that since the 1970s the growth of trade between developed and developing countries has far surpassed that between developed countries. This has led to the belief that the economic prosperity of the developed countries is closely related to the economic growth and market enlargement of the developing countries. However, some developed countries deliberately force down the export prices of raw materials from developing countries and limit imports of manufactured products, leaving most developing countries debt-ridden. According to a United Nations estimate, the total debt will reach US\$645 billion by the end of this year.

The export earnings of the developing countries are dropping, and their balance of payments is deteriorating. This rebounds on the economies of the developed countries, making it difficult for them to circulate their goods. If those countries entrenching themselves behind protectionist measures do not abandon their short-sighted policies, the resulting turbulence and confrontation are bound to entail even more grave economic and political consequences. In the end, the developed countries will have to swallow their own bitter fruit.

East-West relations and North-South dialogue are closely inter-related. As the East and West power blocs increase their military spending, they force the developing countries to do the same to protect themselves against outside aggression. The deterioration of North-South relations brings about regional turbulence and conflict, giving the big powers more opportunities for interference and intervention. This, in turn, further intensifies the opposition between the East and West.

As the human race enters the

21st century, the situation we face is grave and complex. Our goals are to reduce the confrontations and conflicts in international politics, military strategy, ideology, and economic relations and to realize lasting peace and development. We must boldly, decisively choose between war and poverty on the one hand or peace and prosperity on the other.

Peaceful Coexistence — Choice of the Times

China's experience, and the history of post-war international relations, have proved that the Five Principles of Peaceful Coexistence (mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence) are universally applicable. They are effective in handling relations among countries and realizing peace, co-operation and development. Having stood the test of time and change over the past 30 years, these principles have shown their clear foresight and have been accepted by more and more countries.

Ensuring that sovereign systems are not changed and interests are not encroached upon, the principles of peaceful coexistence are a guide in solving disputes and handling relations without resorting to force. They are also a basis for improving co-operation in every field and realizing mutual development and mutual prosperity equally and voluntarily.

The principles do not ask any country to give up its political beliefs, its concept of value or its religion. Rather, they recognize and respect each country's choice of political, economic and social systems.

The principles of peaceful coexistence were proposed for

countries with different systems. But they should also be the guide for relations between countries with similar social systems.

If all countries carried out these principles, it would not only effectively ease the current East-West tensions, but also greatly relax other conflicts and disputes, guarantee independent development for all countries, and bring about stable, lasting peace and co-operation.

Today following the principles of peaceful coexistence in international relations is not only more urgent and realistic than ever before, but is also an inevitable trend towards developing equality and progress.

Multipolarity in international relations is increasingly the norm, despite the fact that East-West tensions still govern the world situation to a large extent. National feelings of sovereignty and independent interests have been growing, although the rapid developments in economics, science, technology and information have closely linked interests among countries.

Post-war experience has proved that if any country, no matter how powerful its economic and military resources are, attempts to export revolution or counter-revolution to other countries by force, or to impose its views on others, it will face strong moral condemnation and meet stubborn resistance. The final results will always be just the opposite to what it wished to achieve.

East-West tension is in essence a manifestation of the confrontation between the two major military blocs. Therefore, great efforts should be made to gradually weaken and finally eliminate the bloc mentality, if international tension is to be eased.

The confrontation between the two military blocs has already become the most dangerous source

of global destruction. It also limits the efforts towards reconciliation made by any member of either bloc and hinders the development of democracy, equality and progress in international relations.

Wisdom and foresight, trust and respect are needed to break out of the current deadlock.

The non-alignment policy, like the principles of peaceful coexistence, is another effective means for preventing international conflicts which transcend ideology and social systems. Under this policy, disputes between individual states are bilateral and local, and are consequently relatively easy to resolve.

Peaceful coexistence assures the people of every country free choice in their social forms and path of development. The way any country chooses to develop must be decided by its people according to its own conditions. Imposing one's own experience on another country without regard for its situation and national interests, and demanding that other countries should follow the lead of any one nation will never do any good. These are but copies of obsolete ideas of diplomacy which rely on aggression and intervention. They must be completely rejected, in international relations.

To achieve peaceful coexistence it is imperative that countries seek common ground while reserving their differences, and know when to compromise and make concessions. This is not only a diplomatic art but also an expression of honesty, reason and foresight. Faced with the current nuclear threat, this kind of diplomacy is both vital and realistic.

In today's interrelated world market, no country wanting rapid economic development can isolate itself. The relationship between production and consumption in

the international economy cannot and should not be arbitrarily divided. But differences in social systems and levels of development are creating disagreements and conflicts, which, in turn, have hindered the development of every country. Therefore, we need not only peaceful coexistence, but also friendly co-operation and mutual development.

Co-operation for Mutual Prosperity

North-South relations have a significant impact on the development of the world economy and international politics. We might go so far as to say that fundamental improvement in the world economy in the future and even in the 21st century depends on whether or not the present North-South relations can break out of the old, unjust international economic order. And this hinges on our own choice: confrontation or co-operation.

There is no future in confrontation. The only wise choice is co-operation. The strength and potential of the developing countries cannot be ignored. It is roughly estimated that by the end of the century the developing countries will create 27 per cent of the world's industrial output value and share 28 per cent of international trade. Since the development and prosperity of all countries is linked in mutual interdependence, the advanced countries must stop trying to damage the economies of developing countries if they want stable and healthy development themselves. The problems in North-South relations can only be solved through dialogue and co-operation.

It is futile to use force and subversion to settle differences in politics and ideology. Maintaining advance by keeping others backward is, in fact, a continua-

tion of the old practice of colonialism. It will lead to a shrinking market and will eventually limit the development of all countries concerned. Policies of this kind are extremely shortsighted.

Using economic blockades to show superiority and to artificially divide the unified world market benefits nobody. If countries which do not understand the trends of social development and progress seek to organize themselves into blocs or spheres of influence in order to impose their interests on others, the world will never be stable.

At present the best way for a country to establish its influence in the world is not to bully its neighbours, but to turn itself into a more affluent and more democratic society by quick, high-quality economic development, sincere co-operation and promoting international economic and cultural exchanges. Its leaders must be broad-minded and willing to absorb what is useful from all other countries, regardless of their political or social orientation. They must improve their people's material and cultural well-being.

Diversification Promotes World Civilization

Today civilization and culture are entering a new phase. Cultures and thoughts have become more and more diversified, and more national and individualistic in character. They express the past and the present of the world in various forms never seen before, and influence the future. But, thoughts and cultures also influence each other to an unprecedented degree due to progress in global information exchanges.

These two trends run parallel to the evolution and development of international politics and economies. They have broadened our interest in the world around us and in other cultural traditions,

(Continued on p. 25.)

Reports From Shenzhen (1)

Special Economic Zone Typifies Open Policy

Beginning with this issue, "Beijing Review" will run a series of six reports on the Shenzhen Special Economic Zone as a follow-up to a special report printed in issue No. 4, 1984. Following is the first instalment, in which Zou Erkang, secretary-general of the Shenzhen Special Economic Zone, answers questions posed by correspondent Zhang Zeyu about the zone's origin, development and policies. — Ed.

Question: When did you begin to set up the special economic zone?

Answer: We had been seriously considering the special economic zone for some time before we established it in 1980. Its establishment coincided with the nation's efforts to shift the emphasis of its work to the modernization drive, in line with a decision made at the end of 1978 by the Third Plenary Session of the 11th Party Central Committee. We cannot modernize our country behind closed doors. Instead, we should develop economic co-operation and technical exchanges with other countries and regions. That is no small job, however, because China, the home of one-quarter of mankind, is so large (more than 9.6 million square kilometres) and its natural conditions vary so vastly. Guangdong and Fujian Provinces were the first to open to foreign investment for a couple of reasons. First, their ideal locations and favourable natural conditions have enabled both provinces to further their already time-honoured ties with the rest of the world. Second, the two provinces are the homeland of many Chinese living overseas who want to contribute to making China prosperous and strong. Guangdong's Shenzhen and Zhuhai have yet another advantage: Their close proximity to Hongkong



Zou Erkang.

and Macao has brought about extensive economic co-operation and technological exchanges between them. All these factors have prompted the central authorities to designate Shenzhen, Zhuhai and Shantou and Fujian's Xiamen as special economic zones. These zones follow economic policies which are more flexible and preferential to foreign investors than those followed elsewhere in China. Setting up special economic zones represents a pioneering effort to better implement the open policy.

Q: Did you have any particular consideration when you chose Shenzhen, Zhuhai, Shantou and Xiamen as special economic zones?

A: We chose these sites for special economic zones chiefly because of their favourable geographic conditions. Convenient

transportation is essential to attracting foreign investment. Shenzhen, for instance, is linked with Hongkong by the Luohu Bridge and the Wenjin ferry, and its long coastline offers many ideal sites for building the harbours and wharves needed to develop marine shipping. One more plus is that Hongkong, after two decades of rapid economic growth, is a convenient source of the advanced science, technology and management expertise China needs in its modernization drive.

The establishment of special economic zones did have impact on the resumption of the exercise of China's sovereignty over Hongkong. Some Hongkong residents were worried that capitalists' property would be confiscated, and that their living standards would go down after 1997. The establishment of the special economic zone has been a stabilizing factor in easing those worries.

In the last few years, Shenzhen has been actively attracting foreign investment and providing overseas investors with favourable conditions. In the meantime, various economic laws have been enacted or tightened up. "Good faith" is the watchword in carrying out contracts signed with investors from Hongkong and foreign countries. The laws are strictly followed, so that foreign enterprises' lawful rights and interests are protected.

The rapid progress in the special economic zone has brought in its wake steady improvement in living standards. Some Shenzhen residents are already enjoying a life as good as, or even better

than, people in Hongkong's New Territories. By 1990 Shenzhen will catch up with or near Hongkong's 1985 per-capita production, total industrial output value, revenue and labour productivity. All this will help dispel the anxieties of the Hongkong people.

Q: Some foreigners asserted that the Shenzhen Special Economic Zone is a capitalist area. What's your comment about that?

A: The view is incorrect. The special economic zones are different from most of China because they are financed mainly by foreign investment. Within the zones foreign investors may open their own enterprises or co-operate with Chinese companies. Their legal rights and interests are protected. With the influx of foreign capital, more joint ventures and wholly owned foreign enterprises will spring up, which will result in a multiple economic setup, with joint ventures and foreign-owned enterprises playing the predominant roles. This is what makes the special economic zones different from other parts of China. But it is wrong to say these zones are capitalist. The special economic zones are exactly the same as the rest of the nation in

politics, culture and other aspects of the superstructure. To be more exact, Shenzhen is socialist China's special economic zone practising a more open policy.

Q: What will the foreign-owned enterprises in the special economic zone be like? How do you handle disputes between labour and capital in these enterprises?

A: Wholly owned foreign enterprises belong to the capitalist economy, and the relationship between the managers and the workers is the same as that between employers and employees. However, because they are situated in socialist China and should therefore abide by Chinese laws and decrees, they are also state-capitalist in nature.

Most joint ventures and wholly owned foreign enterprises in Shenzhen are doing a fairly good job in handling their labour-capital relations so that both investors and the workers benefit from the partnership. Disputes are avoidable so long as both sides consciously observe China's laws and regulations. If an investor violates the state laws or does something humiliating to the workers, the people's government

and trade unions will intervene. The problem now is whether workers in wholly owned foreign enterprises are their own masters. As a class, the working people are the masters of the state. But in those enterprises, the workers pay a price for being hired labourers. That means they allow the investors to exploit part of their surplus labour. They make these sacrifices for the sake of the long-term interests of the working class and the country.

Q: Now that the number of open cities has increased, will it adversely affect Shenzhen's chances for success?

A: The 14 open port cities have provided foreign investors with more choices, and the resultant scattering of foreign funds will have some influence on the special economic zones. Of course, we would prefer concentrated investment here. However, our zone is open to the entire world, and so far only a very small portion of the huge sum of available foreign capital has been invested in Shenzhen. So we are not worried that those port cities will affect our future. In fact, many countries have asked us to accept their loans, and some want us to issue bonds. This shows that capitalist countries need to find more outlet for their funds and technology, and a few special economic zones can hardly attract enough foreign funds to help boost China's modernization drive. That is why more cities have to be opened to attract foreign funds and technology. The increase in the number of open cities will not harm the special economic zones. On the contrary, they have generated more opportunities for competition and mutual emulation, which will help improve the investment climate and raise our efficiency.

Q: With advanced science, tech-

Cassette tape-recorders being assembled in a joint venture factory using local and Hongkong investment.



nology and management expertise flowing in from Hongkong and overseas, moribund capitalist ideas will also find their way into the special economic zone. How will you tackle this problem?

A: Shenzhen will be influenced by capitalist society as it imports advanced scientific knowledge, technical know-how and management expertise from Hongkong and foreign countries. This is not surprising; it is to be expected. We should import advanced science and technology and management expertise because they are needed in our modernization programme. But at the same time, we should resolutely reject the decadent and moribund ideology and culture inherent in capitalism, reflected in such undesirable lifestyles as gambling and prostitution.

During the zone's four-year history, we have never for a moment slackened our efforts to foster an ideological awareness against capitalist decadence among our Party members, government officials and citizens. As a result, economic construction is making rapid headway, while the social mores are improving steadily. There is ample reason to say that Shenzhen will never go capitalist as some have worried. On the contrary, with the passage of time, the advantages of the socialist system over capitalism will become ever clearer.

Q: The slogan "time means money, and efficiency is life" is now in vogue in Shenzhen's Shekou Industrial District. How do you interpret this slogan?

A: There used to be a lot of controversy over this slogan. But today, a basic consensus has been reached. The concept "money" was often wrongly, or one-sidedly, interpreted due to the "Leftist" influence. Some people equated "money" with capitalism. They turned a blind eye to the value of commodities and never cared



The Shekou Industrial District under construction.

to improve economic results. In fact, money is only a converted form of property, which, in turn, is created through labour. When we talk about making money in a socialist country, we mean creating material wealth for the state. The higher the labour productivity becomes, the more property is created, so the Marxist point of view goes. There is nothing wrong with the Shekou slogan, because it only reminds people to be time-conscious, improve their efficiency and create more material wealth for the state. In the past, however, efficiency was neglected, and much time was wasted on buck-passing and delays. That gravely slowed the growth of the forces of production. In that sense, the Shekou slogan is a repudiation of our recent past.

Q: What progress has Shenzhen made since it was established as a special economic zone four years ago?

A: The establishment of the special economic zone has transformed what used to be an isolated, poor town into a thriving business centre.

In the last few years, we have

been building up the infrastructure of our economy in a systematic way. We have built or widened 55 city streets, with a total length of 80 kilometres, which have formed an extensive transportation network. Meanwhile, we have constructed many factory buildings, houses, stores, restaurants, posh hotels and summer resorts. By the end of June 1984, Shenzhen had invested 2.516 billion yuan in capital construction, and completed new structures with a total floor space of 4.23 million square metres.

With large-scale urban development in high gear, we have been importing foreign capital and advanced technology. By the end of June, Shenzhen had signed 3,018 contracts with overseas companies. Of the US\$1.8 billion invested, more than US\$500 million has already been put to use. Much of the imported equipment (30,000 pieces or sets) is quite sophisticated. Imported items include printing presses from West Germany, phototypesetting equipment from Japan and fodder processors from the United States. We are now using advanced technology in the manufacture of plastic sheets, microcomputers and software.



The Luohu border crossing.

And our construction equipment and interior decoration techniques are rather advanced.

All this has resulted in an all-round economic takeoff. Shenzhen's 1983 gross industrial output value was 12 times what it was in 1978. Despite a reduction in farming acreage, agriculture registered a 19 per cent rise in output. Total revenue has multiplied 11 times, and foreign exchange income has tripled. In its four-year history as a special zone, Shenzhen's economic growth outstripped its gains over the previous three decades: Specifically, total output value of industry rose by 66 per cent; investment in capital construction jumped 20-fold; revenue multiplied 2.2 times; local foreign exchange revenue increased 57 per cent; and the total sales of commodities went up 39 per cent.

The standard of living has vastly improved. Some 80,000 people have been employed in the last four years. With full employment ensured, the local people are earning higher wages today. In 1983 the average wage for a state-owned enterprise worker was 2.7 times the 1978 figure. Peasant incomes averaged 840 yuan per person and more than 20 per cent of the peas-

ant families are making 10,000 yuan a year. Today, the local people are living in peace and contentment, and a good social order is maintained in the border area.

Q: What measures have you taken to improve the investment climate and entice foreign investment?

A: Foreign capital constitutes the main financial source for construction of the Shenzhen Special Economic Zone. Shenzhen's economy, therefore, is marked by an "openness" unseen elsewhere in China. Attracting enough foreign investment is the key to the zone's success. In order to attract large amounts of foreign capital and to set up more technology- and knowledge-intensive enterprises, we have, while actively building the infrastructure and improving the investment climate, adopted policies that are more open and preferential than those followed in other parts of the country.

To make Shenzhen more accessible to industrialists and entrepreneurs from Hongkong, Macao and overseas who come to visit, investigate, spend holidays or seek business deals, we have simplified the procedures for

granting them entrance permits. A special gate has been opened at the Luohu customs station for cars travelling between Hongkong and Shenzhen, and the closing time for the gate has been made later. Three more customs gates will be added to the original three. After a "special economic zone administrative system" is introduced, the red tape for entry and exit will be further cut. These are the kinds of things I'm talking about when I say we are being more open.

By being more preferential, I mean that the conditions provided for those who invest in Shenzhen will be better than what they can get in other parts of the country, Hongkong included. For example, the rate of business income tax is 15 per cent here, as compared to 18.5 per cent in Hongkong. Projects with an investment of more than US\$5 million or those which make use of advanced technology and take a long time to recoup the investment will enjoy tax reductions or even exemptions. Exports produced in Shenzhen are exempted from export taxes. After the "special economic zone administrative system" is formed, no customs duties will be levied on imported production equipment and daily necessities, with the exception of cigarettes, liquors and a few other commodities. Shenzhen also offers low prices for leasing land. In 1981, industrial rents in Hongkong averaged US\$57 per square metre but only US\$5-15 in Shenzhen. Last year, when land prices were dropping in Hongkong, Shenzhen cut its rental rates by half. A contract system for wages has been introduced. Workers in the city proper are hired through public exams. Each worker in the special economic zone earns about 40 per cent of what an average Hongkong worker earns, but faces much lower expenses. And Shenzhen workers have an efficiency rate about 70 per cent of the level in Hongkong. □

Understanding China's Socialist System

The second part of this article on China's socialist system recalls how socialism was born in this country and analyses the impact of the ongoing economic reform on socialist development. Why socialism is superior to capitalism is also explained. The article's first part appeared in our last issue. — Ed.

Marx said, "No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society." (*Preface to A Contribution to the Critique of Political Economy*, 1859). This principle should be noted in studying the establishment of China's socialist system. In old China, the force of production was fairly weak, but the basic material conditions for the birth of socialism were already there. The main indications were: The capital of China's national bourgeoisie had grown considerably for nearly a century, and the bureaucratic capital attached to imperialism, that is, the state monopoly capital, reached its zenith after World War II. Old China's large industrial complex and transport and communications network had furnished the material conditions for Chinese society to evolve from new democratism to socialism in a fairly short period of time.

As is known to all, China's democratic revolution since the May 4th Movement in 1919 was not a bourgeois revolution in the ordinary sense of the expression, but was a new democratic revolution under the leadership of the proletariat. Shortly after liberation in 1949, China had already established a working class-led people's democratic dictatorship based on the worker-peasant alliance and had established a strong socialist state economy on the basis of confiscated bureaucratic capital, which once accounted for 80 per cent of China's total cap-

ital. The socialist economy showed its superiority as the most advanced economic form at the very beginning. In order to further emancipate the force of production and shake off poverty and backwardness as soon as possible, China had no alternative but to move to socialism.

The socialist transformation was certainly not without problems. The movement to combine state and private management, for example, involved too many enterprises. The regrouping of the enterprises was carried a bit too far, and too many people were dubbed representatives of the private sector. But, on the whole, the transformation was a success; it was unprecedented in the history of world socialism.

The socialist transformation of agriculture and the individual economy of handicraftsmen was started earlier than that of the capitalist industry and commerce. China was different from the Soviet Union in this respect. We had accumulated a lot of experience in gradually developing mutual assistance and co-operation in farm production, first in the revolutionary base areas and then in liberated areas during the 22-year period of revolutionary wars. This enabled the peasants to begin agricultural co-operation immediately after land reform took place. The progress of agricultural co-operative movement was, on the whole, smooth. Agriculture did not diminish, but expanded. The only shortcomings were that the pace of collectivization was a bit too quick and the form taken too monotonous, which dampened the peasants' enthusiasm.

Should the capitalist sector of the economy be kept longer during the transitional period so as to bring its positive role into full play? Historically speaking, this experience can certainly be studied, but things like this were often not decided by the human will. After the October Revolution, the Soviet Union also planned to introduce state capitalism for a period of time. But Lenin's government received only resistance from the capitalists and the Soviets had to eliminate capitalism by armed force in 1918. Aware of the difference between China's national capitalists and their Russian counterparts, the Chinese Communist Party followed a policy of utilizing, restricting and transforming the national industry and commerce. That is why China's socialist transformation of the capitalist private ownership took a longer time than in the Soviet Union—seven years before it was basically completed, and 17 years before the private capital interests were completely abolished. Our problems occurred primarily not during the socialist transformation but afterwards. Guided by the then prevailing erroneous "Left" ideology, we had made hasty, sometimes too frequent changes in the ownership of the means of production. And during the "cultural revolution," we even attempted what was called "transition to communism in poverty." This policy, which violated objective economic laws, backfired.

After the Third Plenary Session of the 11th Party Central Committee was held in 1978, we corrected the series of "Left" policies concerning urban and rural economy and class struggle which followed the completion of the socialist transformation, particularly during the "cultural revolution."

Of course, we also have to correct our mistakes made during the socialist transformation. And in the meantime, the socialist transformation of private ownership of the means of production has been fully confirmed. The general line guiding the great changes in society for the transitional period was entirely correct, as it reflected the inevitability of history. In the last few years, China has made marked progress in extensively revamping the management system in the rural and urban areas on the basis of consolidating public ownership of the means of production. The changes in the countryside after the institution of the responsibility system, basing remuneration on output, have been particularly striking. These reforms are designed to readjust certain links in the relations of production and the superstructure and dovetail them to the needs of the development of the force of production. They are, in the final analysis, designed to consolidate and boost the socialist system. However, some people, out of their misunderstanding of these transformations, suspected that our policy has steered us away from the "socialist orbit." This viewpoint, reflecting the influence of "Leftist" ideology, is wrong.

China's socialist system displayed its advantages soon after its establishment. However, it was marred by two major setbacks. One setback came during the "big leap forward," and the other came in the form of the "cultural revolution." Both gravely jeopardized the national economy. While China was suffering the two setbacks, many other nations and regions achieved economic progress, leaving us far behind with an already backward economy. The widened gap, coupled with a lack of understanding of the nature of the capitalist countries, misled some people into shaking their faith in socialism. Some think that socialism is not as good as capi-

talism. This is certainly a misunderstanding. The superiority of socialism lies in the essence of its social system.

First, the socialist system is based on public ownership of the means of production. It has eliminated the system of exploitation and established the labouring people as masters of the means of production and their country. This is something unimaginable under capitalism. Many foreign visitors are deeply impressed by the fact that though China's living standards are comparatively low, life is stable, and that there is not the kind of huge gap between millionaires and poverty-stricken labourers commonly seen in a capitalist society. This certainly testifies to the superiority of the public ownership of the means of production.

Differences do exist between the awards for labour and the living standards in a socialist society. But this results from the differences in the amount and quality of people's labour and the number of family members each worker supports. It is much different than the polarization which exists between capitalists and workers. We are opposed to special privileges and the practice of pursuing personal gains by taking advantage of one's position and power under public ownership of the means of production. In this regard, everybody in China is equal to everyone else.

A major defect in China's method of work compensation is the egalitarian practice of "everybody eating from the same big pot." But this old practice has been basically eliminated in the rural collective economy with the introduction of the responsibility system, which links remuneration with output. But in the state economy, this practice is yet to be completely uprooted. To get rid of the "big pot," the wage system should be further improved so that the principle of "to each according to

his work" is better implemented. Such change will arouse the enthusiasm of the workers and staff.

The beauty of socialism also lies in the fact that the national economy proceeds in a planned and proportionate way, meeting the people's increasing needs on the basis of expanding production. In this way China is immune from recurring economic crises. This is something impossible under the capitalist system.

A capitalist economy has its good days, but the prosperity itself breeds crisis. During the short-lived capitalist economic boom after World War I, some bourgeois scholars predicted that no more economic crises would ever occur. But just when the capitalists were celebrating, the Great Depression of 1929-33 suddenly broke out.

After World War II, the capitalist world was hit by one crisis after another, though none were as serious as the one in the 1930s. In the 1970s, the United States economy was in a state of stagnation, and its situation in the 1980s does not look that rosy either.

But in China the picture is totally different. The economy grew rapidly after the founding of the People's Republic, and, having suffered the two major setbacks in 1958 and during 1966-76, it has returned to the road of healthy development since the Third Plenary Session of the 11th Party Central Committee corrected the "Left" mistakes. The economy is getting better with each passing year.

In 1983 China fulfilled its annual quota for industry and agriculture set forth in the Sixth Five-Year Plan two years ahead of schedule. Some sensible statesmen in the capitalist world have already noticed this and have revamped their thoughts about China. As many in the world have seen, China's socialist system has come into its own once again.

China's backward economy and

culture are not the result of socialism. They are, in truth, left over from the imperialism and feudalism of pre-liberation China. It is the socialist system that has opened broad vistas for the development of the force of production. Judging from the average annual growth rate in industry and agriculture, China's rate of development over the past three decades is higher than that of many developed capitalist countries. But because we were so far behind, even at this fast speed it will be some time before we can really catch up with and surpass the advanced countries.

Although Chinese incomes are low, the substantial government subsidies have kept expenses incurred by individuals much lower than in capitalist countries. Our livelihood is stable. Our production is different from that in the hands of profit-crazy capitalists, because it is designed to satisfy

the growing needs of the people rather than to simply make profits. So long as production keeps going up, the living standards of the labouring people will constantly improve.

That is only the material aspect of socialist life. As for cultural life, the socialist system has unmatched superiority over the capitalist system. On the basis of the socialist economy, the Chinese people share the common political, economic and social ideals and the same moral values. This is inconceivable under the capitalist system.

It is true that the advantages of the socialist system have not been brought into full play in China. One reason is that our rigid economic system has long stunted the growth of the productive force and dampened the enthusiasm of the enterprises and workers.

In order to build up a more robust socialist economic system imbued with distinctive Chinese characteristics, the Third Plenary Session of the 12th Party Central Committee made the decision to reform the economic structure. Integrating the universal Marxist-Leninist principles with China's reality, the decision answered a series of theoretical and practical questions posed in the practice of socialism. It is therefore a programmatic document that will guide the nation's economic restructuring for years to come. It can be said with certainty that the reform will help China's socialist system to develop further, and the advantages of our young social system will be brought into fuller play.

We may encounter difficulties of one kind or another. But we are full of confidence when we look ahead to our future. □

(Continued from p. 18.)

and have enriched our lives and our thoughts.

A closed society cannot keep pace with world development, and any individual culture can develop only through comparison and exchange with other cultural traditions. The current rapid development of economy and technology has brought extensive changes to the world. Human thought has penetrated formerly forbidden areas. Information technology, new theories, thoughts, values and ethics are developing and changing as never before.

Against this background, all past civilizations and traditions should be looked at anew, and all cultural forms should be judged by current standards. Only by investigating, comparing and judging them in the context of the whole process of civilization

can the differences and similarities among them be found. Only in relation to each other can the characteristics of any particular culture be distinguished, and can the identity and development of the world's cultures be assured.

China, with an ancient civilization, has made valuable contributions to the progress of humanity. Socialist China has no reason not to continue to add what it can to world civilization and to take the best from other cultures and traditions. I believe other nations will do the same, and civilization in the next century will be richer and more harmonious.

Looking Ahead

The severe East-West conflict and the unequal North-South relations make all kinds of international problems more acute and more changeable. This represents

a very real, very dangerous long-range trend.

Despite the ups and downs, advances and setbacks, the international community is moving towards a more just, democratic, equal and progressive order. This is a fundamental trend, and no force in the world can reverse it.

Progress in international political and economic relations is based on the independence and sovereignty of every country. It is reflected in international democracy, equality and diversity. Every country should and certainly can make its contributions to the improvement of international relations.

Despite the high price paid for many advances, the human spirit remains tireless. Stumbling over obstacles and sidetracked by conflicts, peace and democracy will still make their way into the 21st century. □

Lhasa Thrives From Kaleidoscopic Changes

by SHEN YANTAI
Our Guest Reporter

THE Boeing-707 took off from Chengdu, climbed up the "Roof of the World," and landed 110 minutes later at Gonggar Airport, some 100 kilometres from downtown Lhasa. The airport teemed with workers busy expanding the runway and building a new hotel. The bumpy road to Tibet's capital, 3,650 metres above sea level, was lined with men and women paving the highway. Their bodies swayed in time with their rhythmic chanting. Soon the rough road will be a top-quality asphalt-surfaced expressway.

Lhasa, sometimes called the City of Sunshine for its 3,057 sunlit hours a year, is Tibet's political, economic and cultural hub. From the gilded roof of the Potala Palace, a city in the midst of great change unfolds down a valley.

Lhasa today is a mixture of old and new, where modern automobiles speed along tree-lined streets, and people throng golden-topped temples and pagodas, set among the new apartment buildings, department stores and large factories.

This is a far cry from the old days, when Lhasa had only a coin-making factory and a few handicraft workshops producing carpets and religious articles. "The only things on wheels in Lhasa were wheelbarrows," recalled an old-timer.

Today that tiny industrial base

has grown into 68 mines, power plants and factories manufacturing 44 major products such as chemicals, electric motors, cement, forestry equipment, leather goods, printed matter, woollen fabrics, carpets and foodstuffs. The traditional handicraft industry has also grown enormously.

43 Projects

In the next few years, 43 construction projects will be completed for Tibet. The plan was made earlier this year at a conference on developing Tibet called by the Party Central Committee Secretariat. These projects together will cost 303 million yuan and will cover some 220,000 square metres

of floor space. They will be built with assistance from several State Council ministries and nine provinces and municipalities, and most will be completed before the autonomous region celebrates its 20th anniversary next year.

Most projects will be located in Lhasa, according to a vice-chairman of the region and co-ordinator of the project. The others will be in Xigaze, Shannan, Qamdo, Gyangze, Ngari and Nagqu.

Once finished, these projects will play an important role in Tibet's economic and cultural development. For example, the Lhasa Power Plant will be renovated and the Yangbajain Power Transmission Project built to add a generat-

New buildings spring up at the foot of the Potala Palace.



ing capacity of 15,000 kw needed to alleviate Tibet's energy shortage.

The Qinghai-Tibet Highway will be paved and widened, to increase its annual traffic capacity from 400,000 tons to more than one million tons. Other projects include a TV teaching building, a theatre, a gymnasium, a children's centre and a public club to be built in Lhasa.

Two hotels will be built in Lhasa to accommodate the growing numbers of tourists, investigators and religious worshippers. The Lhasa Hotel will have a 37,000-square-metre reception centre, a conference hall and guest rooms ranging from de luxe suites for heads of state to middle-grade rooms. The hotel will also be decorated with gardens in the southern Chinese style, with pavilions, rockeries, greenaries and springs.

Many engineers and skilled workers have arrived, bringing with them advanced techniques and tools. While working on the projects, they will help train Tibetan technicians and engineers.

The central authorities have shown great concern for Lhasa's development. In the spring of 1983 the State Council approved an outline plan to build the city, already world famous for its ancient civilization, into a prosperous socialist city where people of different ethnic backgrounds live together in friendship.

Good Policies Here to Stay

The state has put together a package of special economic policies to help Tibet's peasants and herdsmen become prosperous as soon as possible. No taxes will be levied on farming and livestock breeding until 1990, and the local people are free to buy and sell their farm and animal products.

To lessen the peasants' and herdsmen's economic burden, the

government subsidizes township and village cadres, who were formerly supported by the villagers, and social relief will be increased to support all orphans and old people without families. Primary and middle school education will be free, over and above free boarding and clothing. Collective and individual handicraft industries are encouraged, and the peasants and herdsmen may also engage in commerce, the service trades, transportation and construction.

What is being done in Damxung, a pastureland county on the outskirts of Lhasa, 4,200-4,700 metres above sea level, is illustrative. After much public discussion, the county authorities have allotted all the animals to the herdsmen by household. The herdsmen now control buying and selling. To earn a good living, they work hard and are keen to learn more about scientific breeding and care.

Damxung County has set up an extensive network of veterinary hospitals and clinics to improve animal husbandry. A research centre develops field grass seeds, protects the meadows and popularizes fine strains of field grass. There is also an organization which trains mechanics to service animal husbandry machinery. One of the

county farms supplies high-quality breeding stock and popularizes scientific breeding methods.

Thanks to the new policies and the emphasis on scientific methods, the animals raised in Damxung had a 74 per cent survival rate in 1983, compared with 49 per cent in 1977. In 1983, the county's animal husbandry produced 12.36 million yuan in output value, 91 per cent more than in 1980. The herdsmen's incomes averaged 235.56 yuan per capita, a 51 per cent increase. Improved living standards have enabled 80 per cent of the families to build new houses or expand their old ones, and they can now afford to buy expensive clothes, good furniture, radio-cassette recorders and other household electrical appliances.

In Doilungdeqen County, the family of Keli, a 41-year-old Party member, was among the first in the commune to become affluent. Towards the end of 1982, he and the 17 working people of five families contracted to till the production team's farmland and bought a tractor with borrowed money. In this way they formed the commune's first shipping and farming company. Their hard work paid off handsomely. In 1983 they earned a net income of 40,000 yuan.

Keli and his family picnicking during an outing.



five times what they earned in 1982. Recently they have bought a truck and are preparing to start a long-distance hauling business.

Religion Respected

For 1,300 years Lhasa has been a religious centre for Tibetans, almost all of whom believe in the Lama sect of Buddhism. The religion's influence can be felt in every aspect of Tibet's social life. Between 5 and 7 o'clock in the morning, the street surrounding Lhasa's Jokhang Monastery is packed with religious believers. Fingering their beads or chanting softly from copies of Buddhist sutra which they roll in their hands, the large crowd move slowly clockwise around the monastery for two hours. The monastery itself, meanwhile, receives a steady stream of people on pilgrimage, bowing humbly.

Since 1980 the State Council has allotted 3.5 million yuan, alongside the 2.9 million yuan earmarked by the autonomous regional government, to repair 75 temples, monasteries and pagodas. As a result, Lhasa's Potala Palace and Dairubung and Sera Monasteries have all taken on a new look. The Ganden Monastery, torn down during the early stage of the "cultural revolution," is now being rebuilt.

Lhasa's only nunnery, the Canko Convent, resumed its daily religious activities recently. The nine nuns were overjoyed, and those who have returned to the secular life came to join the celebration.

Lob Changpowanmo, the convent's 65-year-old abbess, really enjoys the progress she sees all around her. She said, "The life today is so good, I want to live longer—I really do." She is now a standing committee member of the Tibet Autonomous Regional Committee of the Chinese People's Political Consultative Conference and a standing council member of the Buddhist Association of China.



Tibetan peasants selling vegetables in a Lhasa street.

In 1981 she was transferred to Tibet's bureau of religious affairs to supervise the restoration and construction of Buddhist temples.

Brisk Market

Bajiao (Pakor) Street, which winds one kilometre around the Jokhang Monastery, is the oldest and busiest street in Lhasa. The street is lined with stores and peddlers, and 11 small lanes radiate in all directions. Several narrow streets lead to the Chongsekang market, where commodities such as farm and animal products, local specialities, industrial products from Beijing and Shanghai and small articles from neighbouring Nepal, Bhutan and India are abundant.

High-quality goods enjoy brisk sales there, because prosperity has left people with more money to spend. Sales of cassette recorders increased 24.5 times over the 1978 figure, and the sales of sewing machines increased 3.6 times. Mattresses, carpets, TV sets, upholstered chairs, Tibetan-style furniture and silk and woollen fabrics all sell well.

Lhasa's booming market owes much to the government's policy of

urging individuals and collectives to develop shipping and commerce and encouraging self-employed workers, collectives and state enterprises to set up stores and factories or develop processing and service trades, according to Chenyang, an official in charge of commerce in Lhasa. Since 1980 the number of collectives and individuals working in commerce has been growing quickly. In the city proper, the number rose from 280 in 1980 to 1,815 in 1982, and to 2,173 in 1984. This does not include the 672 business people working in Lhasa who are from other provinces and municipalities.

Diversified forms of business have also been adopted to boost trade with neighbouring countries. To quicken local development, Lhasa is now open to overseas Chinese and compatriots from Hongkong, Macao and Taiwan, who may come to run their own enterprises or joint ventures. Foreign business people may also invest or run joint ventures in commerce, service trades and industry.

Like Beijing, Lhasa is moving quickly towards a bright future, and the changes there are indeed kaleidoscopic. Almost no one leaves Lhasa without thinking of a second visit in a few years. □



At courtside Yuan Weimin (centre) and Lang Ping are interviewed by a reporter from Japanese television.

Secret Weapon of Successful Coach

from "ZHOU MO"
(Weekend Magazine)

THE Chinese women's volleyball team stormed the World Cup Contest, and came out on top in the World Championships and in the Olympics, to the pride of all of China. The secret of success for their coach Yuan Weimin is a subject on everyone's lips.

But does he really have a secret weapon? Actually, Yuan says he has several. The first is training hard, the second is developing the finest players and the third is establishing the prestige of the coach.

Yuan said, "Who thinks an athlete can achieve anything without grueling training? Our women volleyball team arose out of hard training. Every team must have its top players. Their efforts, the advantages of each player and the team work will lead to changes in game strategy.

Yuan also stressed the importance of the hardships a coach must bear and the relationship he must establish with all team members. He is convinced it is the only way to lead his players to realize the significance of intensive training. "Outstanding skill in the field, being good at reasoning things out, and a correct trend of thought during competition help to establish the prestige of a coach," Yuan said.

Criticize Director And Earn a Bonus

from "GUANGMING RIBAO"
(Guangming Daily)

A FACTORY director in Wenzhou in Zhejiang Province established a "criticizing the director" award to encourage opinions and proposals from workers.

Since he became director of the

Dongfeng Furniture Factory, Su Fangzhong has never rested although he has doubled the factory's output value for three years running. Last August he started offering the "criticizing the director" award, which he thought would encourage the workers to share their wisdom about how to run the factory. Su put 5 per cent of his monthly wages and part of his personal savings in a special bank account as the award fund.

According to the rules, any proposal or criticism will receive a reply within 15 days. If a proposal is adopted or a criticism is good, the worker who submitted it will receive from two to 20 yuan, according to its effect on the director's work.

In just one month 20 workers offered more than 30 suggestions, 15 of which were adopted. Those 15 workers each received a bonus.

The innovative director plans to extend his prize offer to the factory's customers as well, to solicit their suggestions.

Prison School Has Eager Pupils

from "NANFANG RIBAO"
(Southern China Daily)

IN Shaoguan prison in Guangdong Province, 175 men and women prisoners received junior middle school certificates from the Shaoguan city Educational Bureau, after working hard to make up for lost time and missed lessons.

Since 1979 the prison has run several educational and vocational programmes. This past April it established the first official prison school. The school now has 50

classes, ranging from simple literacy lessons to junior middle school courses. It has well quali-

fied teachers and good facilities, and its diplomas are recognized as valid after the prisoner's release.

tinuity of the lives of individuals and their ethnic groups. It is obvious that in the early days humanity reproduction was associated with the creative activities and aesthetic judgment. If not, it is inexplicable why so many forms of literature and art as far back as ancient times describe the same theme," Lou concluded.

Reproduction Inspires the Arts

from "SHANGHAI JIAOYU-XUEYUAN XUEBAO"
(Shanghai Educational College Journal)

SINCE Aristotle in ancient Greece there have been various schools of thought about the origin of the literature and art, such as the school of imitation, the school of recreation and so on. However, after Marx many literary theoreticians and specialists in the history of literature, following the principles of historical materialism, began to agree on one point: literature and art came from labour.

Recently Lou Bosheng, a Chinese scholar, published a new idea. Lou says continuation of the race once played a key role, when blood ties were stronger than the social system. Only those races with a flourishing population could survive in the struggle for existence. Likewise, only well-populated groups can keep developing production.

Lou doesn't agree that the literary and artistic activities being merely eulogize labour. He says, "In fact, even in ancient times poems, dramas, sculptures and other artistic creations from both East and West often took their themes from the idea of increasing human offspring.

"Piling up evidence of this can be found among the relics unearthed from Stone Age ruins all over the world.

"As far back as primitive times, 'affection' symbolized increasing the population. In the same way, the goddess of birth is equal to the goddess of love. So it is quite natural to praise the ability to reproduce.

"While engaging in the production of materials, humanity must reproduce itself to ensure the con-

Workers Act as Masters of Factory

from "GONGREN RIBAO"
(Workers' Daily)

IN a Beijing automobile parts factory, the adoption of a proposal offered last August by a young worker brought about an emulation drive for high-yield output and better quality products.

Since the factory began compensating workers according to their efforts last March, initiative has soared. In the past, it took at least seven or eight minutes for a piece of machine to roll a 39-metre wire spring. With such a long interval, one worker is able to run two machines.

But Zhang Duhua, a spring rolling worker, told his two colleagues, "The reforms cannot rely on the director alone. We workers are masters of the factory. Let's gather our skill to make more contributions."

The three then contracted to do the work of 12 hands. In addition, they more than doubled output. Other workers soon vied with each other to follow suit. Quotas were still met, but the number of the workers in the workshop dwindled from 69 to 53.

In the first month after the reform Zhang received 87 yuan in bonuses. Later, he suggested to the head of the workshop to eliminate the original low quota.

The factory leadership immediately praised the advanced deeds

of Zhang's and his colleagues.

Guo Yong, a former lawbreaker, raised his production quota from 1,500 to 3,000 daily. In July he actually produced more than 4,000 every day. From January to July this year, the output of the factory increased by 97 per cent as compared with the same period last year, and profits went up 146 per cent.

4th Characteristic Of Giant Pandas

from "XINMIN WANBAO"
(Shanghai Evening News)

WHILE dissecting a panda last April, Chinese scientists found hundreds of follicles in her ovaries. Resembling those of frogs, they show that pandas still retain some heritage from their amphibious ancestors.

In his article, Doctor George Schaller, head of the Protection Department of the New York Animal Association, pointed out that the latest finding must be added to the previously discovered three features of pandas as living fossils.

The panda's other three features are the high development of three bones in the skull, their very small skulls and their undefined stomachs.

Rural Men Feel Lonely

from "ZHONGGUO FUNU"
(Women of China)

Young men living in the countryside are having a hard time finding wives.

While the plight of unmarried women in the cities has drawn widespread attention, the problem in rural areas has been neglected. The situation in the countryside is much more serious than in cities.

A survey by the Youth Research Institute of the Chinese Academy of Social Sciences found that 2,905 rural young men between the ages of 25-35 in seven provinces—Hebei, Shanxi, Anhui, Zhejiang, Guangdong, Sichuan and Gansu—were having trouble finding girl friends.

In comparison, only 162 women participating in the survey were not married, 0.9 per cent of the total age group.

The statistics show that the problem in Anhui Province is the most serious. Some 26.6 per cent of the men surveyed said they were having difficulties in finding suitable wives.

The problem has several causes. First, there has been an imbalance in the rural population. According to the 1982 census, Anhui had 3,580,000 more men than women between the ages of 25 and 35.

There is also a tendency in rural areas for young women in mountainous regions to seek husbands in the plains. Women in the plains often want to marry men from towns or suburbs.

There still exists a gap between city and rural life due to the backward economy and poverty in the countryside.

Various organizations have stepped in to help solve the problem.

In Wuxi County, Jiangsu Province, the County Women's Federation is beginning to lend a helping hand to this area where 5,882 out of 6,054 young people above the age of 28 are male.

To correct the imbalance, the federation introduced as many young women as possible, with its members as go-betweens. One woman brought together 25 couples in two years and another woman matched 16 couples, of which 14 finally got married.

Thanks to the work of the go-betweens, the severity of the problem has decreased. In less than two years, 2,987 male farmers between the age of 25 and 35—more than half the total number—

got married and settled down in the county.

The problem, however, remains serious in many other places. In a survey of 3,408 males between the age of 25 and 29, more than one-third of them listed finding a spouse as their main problem. Some people even became discouraged and dispirited.

The problem has also resulted in more arranged marriages in some areas. Some parents marry off their daughters in the hope of finding brides in their son-in-law's family. Many young people have to part from their true love.

In the past, young girls were even bought and sold in areas where men vastly outnumbered women. The more eager the males were to find wives, the more serious the trading in girls was.

Improvement in Domestic Economy

from "BANYUETAN"
(Semimonthly)

CHINA has seen three satisfactory changes in the economy, since the Third Plenum of the 11th Party Central Committee in 1978.

First, the pace of economic development has quickened. The rate of average annual increase in the total output value was 8.2 per cent in the last five years as compared with 7.9 per cent in the previous 26 years. The annual average growth rate of the national income rose to 7.1 per cent in the past five years as against a 6 per cent annual average in the preceding 26 years.

Second, the ratio between agriculture, light industry and heavy industry has become more balanced. Since 1978, the growth rate in heavy industry has dwindled to 5.1 per cent a year on average, while the annual growth rates of light in-

dustry and agriculture have gone up to 11.2 per cent and 7.9 per cent each year, respectively.

Third, people's living standards have noticeably improved. The average consumption level of the Chinese people has grown at a rate of 7.2 per cent each year in the past five years. Compared with the 2.2 per cent growth rate in the previous 26 years, the figure has more than tripled after adjusting for rising prices.



Western Opera Revived in China

After a 30-year hiatus, Chinese theatre-goers were again treated to Western opera when the Bavarian State Opera Company of the Federal Republic of Germany staged Mozart's *The Marriage of Figaro* and *The Magic Flute* in Shanghai and Beijing last October.

One of the best opera companies in the West, the Bavarian troupe delighted and fascinated Chinese audiences both in front of the stage and in front of their television sets.

Language was no barrier, for Wolfgang Amadeus Mozart is not at all alien to Chinese ears. Many of the maestro's works can be heard over radio stations throughout China, from piano concertos to orchestra symphonies. Yet a live performance by European artists who had grown up with the musical traditions of Mozart was something new and exciting. The Bavarians put Chinese opera-lovers

into tangible contact with the 18th-century Mozart. As the dean of the Central Conservatory of Music and composer Wu Zuqiang put it, "Their performances are typically Western, and we can learn a lot from them."

It is necessary to draw on Western experience to improve Western-style opera performances in China. Soprano and vocal professor Zhou Xiaoyan recalled that in the 1950s China had successfully trained quite a few opera singers who could sing the leading roles in some Western operas. They staged *La Traviata* and *Madame Butterfly*, and *Eugene Onegin* and *The Cloth Seller* by Russian composers. They attended the performances of visiting Soviet artists, but they had no opportunity to see the performances of Western opera singers.

But during the later years of the "cultural revolution," anything which had to do with Western art

forms was deemed bourgeois. The "Leftists" said Western enunciation, voice control and aesthetics were foreign, if not detrimental, to developing local operas with national characteristics, and to socialist culture in general. They went so far as to reject all Western art forms, with no exceptions. It was only after the fall of the gang of four in 1976 that cultural policy favoured opening to other forms and traditions.

Along with a resurgence of traditional Chinese operas, Western operas have also been staged in China's theatres in recent years. The Beijing-based Central Opera Company alone has staged such classical Western works as *Carmen*, *La Traviata*, *Madame Butterfly*, *La Boheme*, *Yuzuru* of Japan, *Red Riding Hood* of the United States and *The Marriage of Figaro*, some of which were directed by foreign opera experts.

To crown it all, home-grown Western opera singers have captivated the imagination of theatre-goers and musical specialists in international competitions. For instance, soprano Hu Xiaoping has captured the top honour at an international singing competition in Budapest. Another 26-year-old mezzo-soprano, Liang Ning, has won prizes in London, Vienna and Helsinki international contests in the last two years. In 1983 she sang Cherubino, the lovely boy in *The Marriage of Figaro*, when it was staged by opera graduates of the Central Conservatory of Music.

In Beijing, a few trial productions of Chinese operas written in the Western bel canto style have been staged. *Regret for the Past* is adapted from Lu Xun's novel of

Scene From "The Magic Flute."



the same name, and *Flower Guard* is a memorial to the late Premier Zhou Enlai.

Birthday Greetings To Writer Ba Jin

"Happy birthday to you, our respectable Ba Jin," reads a poster outside a Shanghai theatre.

Ba Jin, a famous name among those who love Chinese literature, passed his 81st birthday on Nov. 25. By coincidence a new film, *Winter Night*, adapted from his novel of the same title, is appearing on the screen this month.

Ba Jin is a giant in Chinese literature. Fifty-five years ago he published his first novel *Extinction*. Fifty-five years later, his latest work *Essays by the Sickbed*, the fourth volume of *Random Thoughts*, has just come off the press. Two years ago he fell in his study and hurt his leg. Ba Jin was in hospital for one year. Now, he has contracted Parkinson's disease, robbing him of control of his muscles. Yet despite his poor health, he has recently written 30 simple, touching articles describing his miscellaneous thoughts. These works demonstrate the writer's sense of responsibility to life and society.

During his visit to Hongkong last month, the octogenarian writer won the heartfelt respect of Hongkong residents for his staunchness, optimism and friendliness.

"I believe that the future for Chinese literature is bright," he said. "As a writer, I am willing to devote my heart to the readers."

So far Ba Jin has written 70 works, ranging from novels to prose, and has translated more than 50 works. Coming out of the disaster of the "cultural revolution," he continued his writing. In the last few years he has pub-

lished *Reminiscences of My Writing Career*, four collections of *Random Thoughts*, and other works. In addition, he has translated and published one volume of the reminiscences of Aleksandr Ivanovich Herzen, a 19th century Russian thinker. Later he put out a 10-volume collection, which is a continuation of his 14-volume collection published more than 20 years ago. Ba Jin is now working on a new novel, *The Beautiful Eyes*.

To celebrate the birthday of the most versatile and influential writers in modern Chinese literature, his own words seem most appropriate: "Writers are living in their own works. I will never put down my pen for a moment. My love, my feelings will never disappear until the fire my pen has ignited burns me away."

Meteorite Contains Solar System Clues

A meteorite which crashed to earth in Jiangsu Province this summer contains clues to the birth of the solar system, say

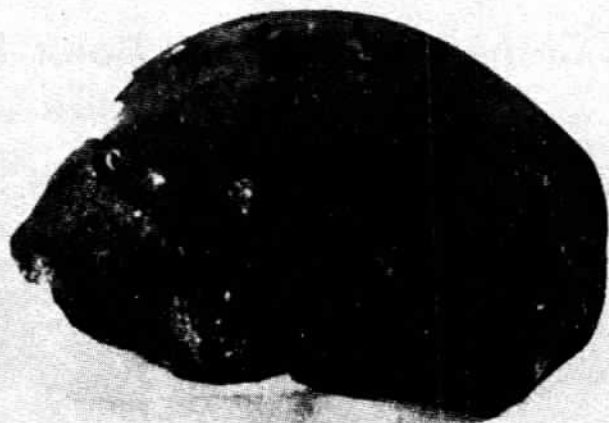
astronomers from the Zijinshan Observatory of the Chinese Academy of Sciences.

The meteorite, about the size of a tennis ball and weighing 529 grammes, landed in Nantong County, Jiangsu Province, at 11:35 a.m. June 15. Witnesses said they heard a noise similar to a motorcycle engine as the meteorite passed through the northwest sky over Shaxi village. The noise grew louder, becoming almost like thunder, and then the meteorite hit the earth and people could feel a quake.

Yi Junquan, who was working in a nearby field, found a trumpet-shaped hole some seven metres away from where he had been standing. He put his hand into the hole, which was 70 centimetres deep, and felt something warm and solid. He dug it out and found it was a piece of yellow, purple and blue stone. He then washed it in a nearby stream and it turned black. Yi and a dozen other witnesses then sent the stone to the observatory.

Astronomers discovered in their initial examinations that the stone contains many ball-like grains one

A tennis ball-size meteorite recovered in Jiangsu Province.



millimetre in diameter. These grains, they believe, are the primitive materials that existed when the solar system was born 4.6 billion years ago. The meteorite therefore contains important information about the birth of the solar system.

Statistics show that an average of five meteorites are collected on earth annually. Jiangsu Province, the province where the most meteorites have been recovered, has collected six meteorites since 1949.

China Made Glass In Ancient Times

It had long been believed that glass was brought into China from other parts of the world in ancient times. But at a 1984 world conference on glass-making, Chinese

archaeologists surprised the participants by announcing that China was able to make its own glass more than 2,000 years ago.

They based their assertion on the recent discovery in Yangzhou, in eastern China, of a burial robe in a tomb dating from the late Western Han Dynasty (206 BC-24 AD).

Wrapped around what appeared to be the remains of a female aristocrat, the robe was made of 0.4-centimetre-thick glass pieces sewn together with copper wire. Some are trapezoidal or round, but most are oblongs 6.2 cm by 4 cm.

Twenty similar burial suits were unearthed before the recent finding, but none were made of glass. They were formed with pieces of jade or stone.

Basing himself on chemical ana-

lyses, Shi Meiguang, a noted glass-making expert, concluded that the glass pieces used to grace the remains of that aristocrat were made in China sometime between the Warring States Period (475-221 BC) and the Western Han Dynasty. Like most other ancient Chinese glass unearthed in the past three decades, he said, these pieces have high lead and barium contents unique to glass made in ancient China. Another clue that they were made in China is that many of the pieces bear traditional Chinese patterns.

Kazuo Yamazaki, a University of Nagoya honorary professor, discovered similar high lead and barium contents in glass found in ancient Japan. According to him, glass first found its way to his country from China, and the Sino-Japanese glass trade dates from the third century BC.



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