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BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF
NEWS AND VIEWS

**Gu Mu on Policies for Port Cities
Northern Border Report • Antarctic Survey**

A Green Great Wall Against Wind & Dust



Latest Achievements in Science and Technology



Chinese scientists have developed a low-cost small atomic reactor which is easy to operate and free of radioactive pollution. It can be used for research work in physics, the environment, medicine and archaeology.



Gansu has developed a computer system which can process the Tibetan language. The system can be used in factory management in Tibetan areas and for data processing in Tibetan.

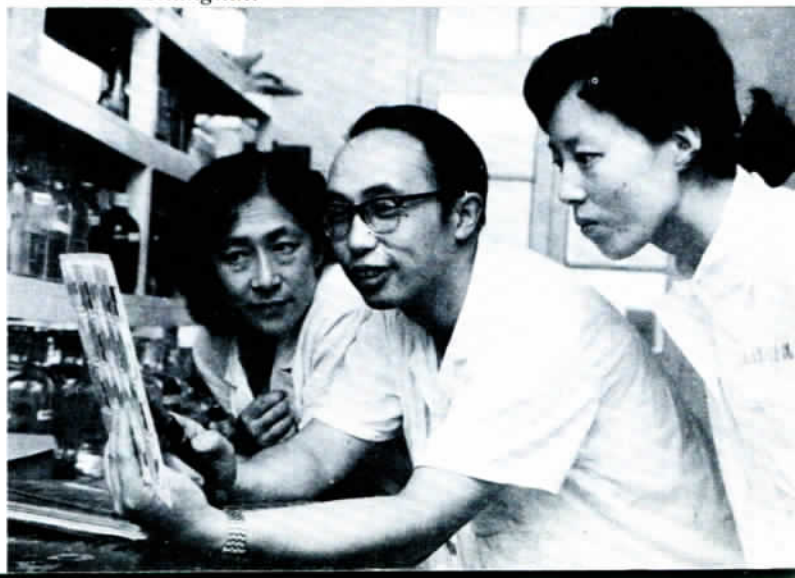
SPOTLIGHT

A large planetarium projection machine was developed recently, and passed technical tests in Beijing.

Professor Li Jingxiong has developed a strain of hybrid maize called "Zhong Dan No. 2" which won him a first-class state invention prize. The new strain is now cultivated over more than 1.6 million hectares.



Associate researcher Zeng Yitao (middle) of Shanghai has recently discovered three new types of abnormal hemoglobin. They have been named *Hb Harbin*, *Hb Chongqing* and *HbF Shanghai*.



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Photo by Qu Weibo

HIGHLIGHTS OF THE WEEK

Gu Mu Outlines Policies for Port Cities

In an exclusive interview with *Beijing Review*, State Councillor Gu Mu answers questions about policies for China's 14 open coastal cities. He talks about preferential policies, economic and technological development areas, time limits on joint ventures, and foreign enterprises selling their goods on the domestic market, as well as the long-term impact of the open policy (p. 16).

China Sends Its First Antarctic Expedition

China has sent its first research expedition to the Antarctic to establish a summer station. Members hope their work will help advance the peaceful utilization of Antarctica for all humanity (p. 4 & p. 33).

Report From China's Northern Border

Along the Sino-Soviet border in Xinjiang, Soviet truck drivers stop to buy consumer goods for their families and border officers exchange gifts and greetings on the holidays. The same peaceful atmosphere prevails on the Sino-Mongolian border. But durable peace and stability along the borders can be ensured only by removing barriers to Sino-Soviet normalization (p. 25).

17th PNC Session Stresses Unity

The 17th session of the Palestine National Council overcame problems and boycotts to end with a strong call for unity, a resolution providing political guidelines for future PLO actions and a new executive committee, headed by Yasser Arafat (p. 12).

Green Great Wall Stands Firm in the North

To check the encroaching threat of sand and wind from the deserts stretching all along northern China, the government has mobilized the local people to plant 7,000 kilometres of shelter belts since 1978. Are they working? Find the answer in the article by our correspondent (p. 22).

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China Sends Expedition to the Antarctic

by MU YOULIN
International Editor

China has sent its first expedition to the Antarctic. They will build China's first investigation station there and conduct research during the continent's five months of summer. This is a great event for Chinese scientists. The gigantic southern land mass has considerable environmental, climatic, scientific and potential economic significance. Today, the continent has actually become a place of research for scientists around the world. It has been called "the key to open the mysteries of the globe," because of its peculiar geographical position and its persistent severe cold. A wealth of scientific data may be collected in Antarctica which cannot be obtained on other continents.

Chinese scientists and explorers have long hoped for a chance to go to the Antarctic. Now their wish has come true. In old China, scientists did not even have the opportunity to do research work at home. Going to a frozen continent 12,000 kilometres south of Beijing as the crow flies was an impossible dream. The expedition and the research station waiting to be set up on Antarctica show how far China's science and technology have come since then.

Science and technology are the keys to carrying out China's modernization programme. They must be modernized first, which means bringing them up to the present world level. To accomplish this, Chinese scientists must face the

world and rise to the challenge of the future.

Establishing a research station in the Antarctic is a major step in China's efforts to fill in the gaps in the country's science and technology and bring great advances in a number of fields. For example, it is impossible to obtain reliable

China's expedition to the Antarctic is peaceful. Its members are very much concerned about protecting the natural environment of the continent and preventing it from becoming the object of international discord.

data about the ionosphere (the outer part of the earth's atmosphere) at high latitudes from China itself, because of geographical limitations. But it is easy to get this information from geophysical observations in Antarctica. Because data of this kind are necessary for astronavigation, these observations will be very helpful to the study of astronautics in China. Another example is that data concerning climate changes around the South Pole will be useful in determining global atmospheric cycles, which will improve local weather forecasting.

"Towards peaceful utilization of Antarctica by humanity," are the words of Deng Xiaoping inscribed on a bronze plaque presented to the expedition. They represent the best hopes of its members and the clear duty of a country with one

billion people. All the Chinese people are concerned about the difficult but glorious work which lies ahead for the scientists. They wish them every success and hope they will return with rich results.

After several decades of exploration and research, the Antarctic and its continental shelf have proven to be rich in minerals. Shrimp-like krill, now fished primarily for animal feed, are abundant in the Antarctic Ocean. It is estimated that these crustaceans will make up the world's largest stock of animal protein in the future.

For precisely this reason, some countries have done their best to establish a favourable position on the continent. Third world countries are also concerned about the exploitation of resources there. This is why the problem was put before the 37th session of United Nations General Assembly in 1982.

In view of the increasing international interest in the Antarctic, the heads of state of the non-aligned countries in their 1983 New Delhi summit conference asked the UN to "undertake a comprehensive study of Antarctica ... with a view to widening international co-operation in the area."

At the First Committee of the 38th UN General Assembly, which discussed the question in November 1983, the Chinese representative said this proposal deserved serious consideration.

The UN Secretary-General was then asked to prepare a comprehensive, objective study on all aspects of Antarctica, taking into account the Antarctic treaty system and other relevant factors. This



report has been included in the agenda of the present (39th) UN session for discussion.

China has formally acceded to the Antarctic treaty since May 1983. China believes that the purpose of the Antarctic treaty, which was signed by 12 countries in Washington in December 1959 and acceded to by another 17 nations afterwards, is positive and significant. The relative provisions of the treaty were in conformity with the principles and purposes of the UN Charter. However, some of its provisions concerning the rights of contracting parties place undue limitations on certain countries, especially developing countries.

China's expedition to the Antarctic is peaceful. Its members are very much concerned about protecting the natural environment of the continent and preventing it from becoming the object of international discord. They hope their investigation during the Antarctic summer will improve exchanges and co-operation with their colleagues from other countries. Together they will help make the continent and its vast potential better serve peace and the common interests of humanity.



LETTERS

Hope for the Future

I'd like to send you greetings on the 35th anniversary of the People's Republic of China. The great achievements of the Chinese people enable me to keep alive my hope for the future of humanity.

I'd also like to congratulate *Beijing Review*, the point of contact between your country and my family, my friends and I. Your magazine arrives here promptly every week, and we all read it with great interest.

It is very good for you to encourage your readers to present their opinions, and I feel satisfied to know that this is not a simple formality and that you really listen to what they have to say.

Some articles in your recent issues have especially caught my attention. In No. 32 "Build a Great Wall to Defend World Peace" by Li Yimang is an encouragement in the face of the grave problem of nuclear weapons.

What can we do before the destructive power of nuclear weapons? Whatever "progress" is made in developing more sophisticated weapons for defence or attack on the part of the superpowers is actually a fresh attack on all the countries of the world. The comparison to a great wall seems correct to me, but only in terms of a defensive attitude. However, at present the peoples of the world can do nothing but strengthen defence and maintain their vigilance. In order to become strong, they must combine forces to confront their common enemy.

I believe that we in Europe have a great responsibility to protest against those governments which are frightened before nuclear blackmail or want to take advantage of

the rivalry between the superpowers.

"China's Industry on the Up-swing" (No. 35), accompanied by many statistics, is an important scientific reference. It complements three emotional articles — "The Liberation of China" by Sidney Shapiro, "What China Was and Is" by Rewi Alley and "Fifty Years of Medicine" by Ma Haide (Nos. 36, 37 and 38). I believe that in countries like China and Spain, which have enjoyed a long period of peace after the turmoils of wars, or for people like me who want to know more about the Chinese Revolution, the testimony of the older generation is a valuable living history for the young people.

Jose Ramon Arago Gassiot
Barcelona, Spain

Breathing Fresh Air

I'm a middle-aged Japanese worker. "What China Was and Is" (No. 37) greatly helps my understanding of the history of China. It gives me a comprehensive and unified picture of China today and yesterday.

Although the road is tortuous, the future is bright. I firmly believe that the Chinese people will achieve their goal through their hard work. I sincerely hope that the Chinese and Japanese people will deepen the friendship between them and form a strong bond of friendship.

Marxism is a weapon workers use in their struggle against hardships, and the spiritual strength of self-emancipation. We breathe fresh air from *Beijing Review* every day.

Kohai Satake
Tokyo, Japan



Deng Xiaoping, Hu Yaobang, Chen Yun and Peng Zhen hold talks with Kim Il Sung (third from the left) in Beijing.

Kim Visits, Full Agreement Reached

Kim Il Sung, General Secretary of the Central Committee of Workers' Party of Korea, paid an unofficial visit to China from Nov. 26 to 28.

Kim, who is also President of the Democratic People's Republic of Korea (DPRK), travelled to Beijing at the invitation of the Central Committee of the Communist Party of China. During his visit, Kim held talks with Chinese leaders Deng Xiaoping, Hu Yaobang, Chen Yun and Peng Zhen. Leaders of both countries expressed hope that tensions on the Korean Peninsula can be eased. They also exchanged views on further development of the friendly relations between the two parties and the two countries. Agreement was reached on all issues discussed.

Kim and the Chinese leaders also discussed the Nov. 23 shooting incident at Panmunjom, though it was not a main subject under discussion.

The incident which cost the

life of three security guards of the DPRK has upset the process of relaxation in the Korean Peninsula. DPRK negotiators at Panmunjom proposed on Nov. 27 that

the second round of north-south economic talks originally set for Dec. 5 be postponed until next year because of the shooting incident.

Wu Visits Iran to Seek Exchanges

Recent talks between Chinese Foreign Minister Wu Xueqian and Iranian leaders were "effective in promoting the existing atmosphere of understanding, and expanding and strengthening bilateral relations and international co-operation," according to a joint communique signed by the foreign ministers of both countries on Nov. 26.

Wu arrived in Iran on Nov. 23 for a four-day visit at the invitation of Iranian Foreign Minister Dr. Ali Akbar Velayati. Velayati visited China last year and invited Wu to make a reciprocal tour. During the four days, Wu met with Iranian President Ali Khamenei, Parliament Speaker Hashemi Rafsanjani and Prime Minister Hussein Moussavi.

During meetings Wu and Iranian leaders expressed a common hope to further develop friendly relations between China and Iran. The Iranian foreign minister said that it is rare to find two neighbouring countries with a history of thousands of years that have no record of disputes or contradictions. Both sides said the past year's visit has yielded positive results and underlined the need to continue such exchanges.

Wu and his Iranian hosts also explored the potential for expanding co-operation in cultural and economic endeavours. Iran's Prime Minister told Wu that China's experience in economic construction may be useful to Iran. Both sides agreed that further economic co-operation between the

two countries is possible and looks promising.

China to Sponsor Peace Forum

The Chinese Association for International Understanding (CAFIU) will hold a forum on promoting world peace in Beijing next June, CAFIU President Li Yimang announced on Nov. 27.

He said the purpose of the forum will be to strengthen the association's ties and co-operation with the international peace movement, and organizations and people in other countries.

Views will be freely exchanged, Li said. But the forum "does not intend to adopt any resolutions."

Li was speaking at a reception for a Japanese press and publishing delegation led by Katsuaki Kaneko.

Sino-Czechoslovak Trade Booms

Barter trade between China and Czechoslovakia is expected to reach a value of 600 million Swiss francs in 1984, double the total in 1983, according to Zdenek Cervený, head of a Czechoslovak industrial exhibition in Beijing from Nov. 27 to Dec. 5.

Trade contracts worth nearly one billion Swiss francs were signed this year, an all-time high in Sino-Czech trade, he said.

The opening ceremony was presided over by Minister of General Engineering Pavol Bahyl, who led a Czechoslovak government delegation which arrived in Beijing on Nov. 24 for a goodwill visit at the invitation of Zhou Jiannan, Chinese Minister of the Machine-Building Industry.

Chinese Vice-Premier Li Peng

met and gave a banquet for the delegation on Nov. 25.

The exhibition, featuring products from 17 companies, is the largest of its kind Czechoslovakia has held in China in more than 20 years, according to the China Council for the Promotion of International Trade, the host organization.

On show are Tatra and Liaz trucks, machine tools, medical instruments and printing presses. Orders have been placed this year for more than 3,000 Tatra trucks and more than 1,000 Liaz trucks, a Chinese official said.

A Sino-Czech long-term trade agreement for 1986-1990 will be signed early next year. A Sino-Czech Economic, Trade, Scientific and Technical Co-operation Commission will also be formed.

Hotline to Mayor Puts Him in Touch

No city telephone book in China lists the mayor's telephone number. This saves the mayor the distraction of a constantly ringing telephone. But it also makes it difficult for the people to let the mayor know their concerns.

This year the mayors of some cities made their telephone numbers public. The people have really welcomed this attempt to overcome bureaucratism and strengthen the ties between the leaders and the masses.

This past September *Hengshui Ribao* (Hengshui Daily), the newspaper of the Hengshui city government, started a special Criticisms and Suggestions column at the suggestion of Gao Qingying, mayor of Hengshui in Hebei Province. The paper encouraged the citizens to supervise the city government's work. It also published the

telephone number of the mayor's office. By early November the mayor had received more than 180 letters and telephone calls with all sorts of criticisms and suggestions.

One day the mayor received several calls complaining about an authorized rise in the service charge of many bicycle parking lots. He assured the callers that he would take care of the problem immediately, and sent some people to investigate. He also called two meetings and decided to check all the bicycle parks in order to urge the workers to correct the error. The charges came down in a few days.

The telephone number of the mayor of Chongqing, the largest industrial city in southwestern China, was published this past February. By the end of July the mayor had received 3,150 telephone calls about 1,570 problems. By early September 84 per cent of them had been solved.

Since it is impossible to tell each caller how his or her complaint was handled, and because most problems are of common concern, the Chongqing municipal government decided to start a special Reply to the Phone Calls to the Mayor column in *Chongqing Ribao* (Chongqing Daily). The column appears every Saturday on the front page of the paper to tell readers how some of the important problems they raised have been handled.

The people have complaints about a variety of problems, but they mostly involve traffic, public hygiene, housing, medical services, commodity prices, environmental protection, water supplies, social order, market management and the economic interests of individual workers. Because these problems are common concerns across the country, many people in other cities and provinces also take great interest in their resolution. A short time ago a retired economist in

Chinese Judge Elected to Court

Professor Ni Zhengyu, a noted Chinese international jurist was elected to the International Court of Justice (ICJ) on Nov. 7 in an election held during the United Nations General Assembly.

Ni is the first Chinese judge to be elected to ICJ since the founding of New China in 1949.

The 78-year-old judge currently serves as a legal adviser to the Chinese Foreign Ministry and is a member of the UN International Law Commission.

Foreign Minister Wu Xueqian congratulated Ni on behalf of his ministry. "His election demonstrates China's greater participation in international legal affairs, as well as in political and economic affairs. As a big country, China is playing the role it should," Wu said.

The International Court of Justice, founded in 1946 and located in The Hague, Holland, consists of 15 judges from different countries. One-third of its members are re-elected every three years. Being a judge of the court is the highest honour for experts in international law. Only those who are qualified for the highest position in domestic judicial bodies or specialists in international law are competent to hold the post.

Born in Wujiang County of Jiangsu Province in 1906, Ni graduated from the law school of Shanghai Dongwu University with a bachelor of law degree in 1928. He earned his doctorate in law

at Stanford University in the United States in 1929, and the next year he worked as a research fellow in the law school of Johns Hopkins University, also in the United States. In 1931 he became a member of the Shanghai Bar Association and began his long career of teaching law.

He served as a member of the international prosecution section of the International Military Tribunal for the Far East between 1946 and 1948. After 1949 he attended many international conferences as a law consultant of the government delegation of the People's Republic of China. In 1981 he was elected

a member of the UN International Law Commission.

His major works include *The Question of Judicial Jurisdiction in International Law*, *The Judicial Systems in the United States and the United Kingdom* and *The Theory and Practice Concerning Jurisdictional Immunities of States*.

Ni will leave for The Hague to take up his post in February. Commenting on his new post, he said, "The most important thing for a judge is to uphold justice. The present international situation is turbulent. International disputes and incidents keep emerging, and some of them are submitted to ICJ. I'll stand with other judges for justice, and do my best to promote world peace and security."



Professor Ni Zhengyu (middle) with Huan Xiang (left), president of the China International Law Society, and Han Nianlong (right), president of the Chinese People's Institute of Foreign Affairs.

Beijing wrote to the mayor of Hengshui with some suggestions for urban development.

To encourage the citizens to make criticisms and suggestions, the Hengshui city government also decided to praise or reward those whose suggestions have greatly helped improve the city's work.

Maritime Courts To Be Established

Maritime courts will be established in Chinese coastal port cities, according to a resolution passed at the eighth meeting of the Standing Committee of the

Sixth National People's Congress (NPC).

The resolution said that to exercise China's judicial and administrative powers, to promote China's ocean shipping and foreign trade and to promptly deal with cases concerning maritime affairs and maritime commerce, maritime

courts will be set up in coastal port cities as they are needed.

The resolution said that the maritime courts will deal exclusively with maritime problems. They will not be bothered with civil or criminal cases. The judicial work of any maritime court will be under the supervision of the Higher People's Court in the area.

The Standing Committee also endorsed the Sino-British Joint Declaration on Hongkong (for details, see "NPC Unanimous to OK HK Pact" in issue No. 48), passed a resolution on China's participation in the Paris Convention for the Protection of Industrial Property, and held initial discussions on the Draft Law on Grassland of the People's Republic of China. After the revision of the draft law, it will be further discussed and examined by the committee.

'Landlords' Lose Their Bad Name

Some 79,000 people will no longer be branded as landlords, rich peasants, counter-revolutionaries and bad elements, the Ministry of Public Security announced on Nov. 1. The labels were removed in the final stage of the government's efforts to re-educate some 20 million people. The move restored their political rights.

The ministry began removing these labels in 1979 following the "Decision on the Question of Removing the Designations of Landlords and Rich Peasants, and on the Class Status of the Children of Landlords and Rich Peasants," issued by the Communist Party Central Committee. It pointed out that after more than 20 years of remoulding through labour, the overwhelming majority of former landlords and rich peasants now support themselves by their own

labour. They should be treated as commune members and their children's class status should also be as commune members.

The ministry investigated the history and conduct of these people and solicited the opinions of the masses.

Of the final group of 79,504, 78,327 had their designations removed and 982 were told they had been wrongly labelled. However, 195 are still in jail or receiving re-education through forced labour for offences they committed.

The designations of people who have died or who are now living abroad were also removed and their families were informed, the ministry said.

Becoming Well-Off With Information

Zhu Qinxue was known as one of the poorest men in his brigade a few years ago. He had to borrow about 400-500 yuan a year and could not afford to build his own house. But by using the information he found in newspapers, magazines and radio programmes, Zhu has finally become well-off.

In 1980 when the rural production responsibility system was introduced to Yicheng County in Shanxi Province, where he lives, Zhu thought hard about how to get rich. One day he heard on the radio that sesame paste sells well in big cities. Sesame is widely planted where Zhu lives, so he made a barrel of paste and sold it in Beijing. On return his family and two others signed a contract with the local marketing co-operative on a deal of 50,000 kilogrammes of sesame paste. The large-scale production earned each family 13,000 yuan.

That was two years ago. Since then Zhu's food processing industry has expanded to the point

where he is a manager of a commune food processing company.

Now that he knows how valuable it is, Zhu invests more money in information. Over the past few years he has spent more than 100 yuan each year to subscribe to newspapers and magazines and to buy books.

In Xupu County in Hunan Province, Liu Yousheng introduced new breeds of rice and new ideas about rabbit-raising which he read in the newspaper. This autumn he earned 20,000 yuan from selling 2,900 kg of excellent rice seed and 150 pairs of breeding rabbits.

In 1984 Liu subscribed to 52 newspapers and magazines and employed a secretary to take charge of the "family newspaper information service station." He has already spent 200 yuan to subscribe to 58 different newspapers and magazines for 1985.

In the three decades after liberation in 1949, few individual Chinese peasants subscribed to newspapers or magazines. The newspapers bought by production teams were often used for packaging or rolling cigarettes. Since newspapers seldom carried economic information during that period, peasants were not interested in newspaper-reading activities organized in the evenings or beside the fields during work breaks.

However, things changed after the responsibility system was introduced in 1979. Many astute peasants realized the importance of information and became the first individual newspaper subscribers. Although those who have become prosperous by using information still make up only a small portion of all peasants, there will surely be more and more as they see what it can bring them.

What is more, for the first time in thousands of years in China some peasants are trying to make a living by providing information services. Shan Cuning, a young



Ma Junying (right foreground), a peasant in Shanxi Province, holds business talks in his home with information businessmen from other provinces.

peasant in Wenshang County, Shandong Province, sold much useful information to his fellow villagers, and everyone made a lot of money. Now he intends to specialize in providing information services. But before he can do this he must do away with the traditional notion that those who make money by their hands are honoured and those who earn it by their mouths — marketing and selling information — are not.

As people's demand for information increases and many newspapers carrying economic information emerge, some authorities have set up information exchange centres.

Earlier last month, the Wuhan Rural Information Consulting Company — the first in China to provide information services to rural areas — opened its office. Yu Guangyuan, a noted economist, and several other experienced economists were invited to be consultants.

However, a complete network providing information for rural commodity production has not yet been formed in China. The established information-service organizations cannot meet the new de-

mands of rural commodity producers.

Distant Workers Want Closer Jobs

Chinese authorities are concerned about the inconvenience to workers who live far from their work units, and are taking measures to improve the situation.

In the winter darkness of 6 a.m., many Beijing residents are already bustling around the bus stops, waiting for the long ride which will bring them to work by 8 a.m.

"How I want to sleep a little longer! It's so cold outside and I have to get up so early to go to work every morning. What a nuisance!" One woman worker was overheard complaining at one of the chilly bus stops.

"That's it! And it's a waste of time, too. How much time do we spend going to work and coming back home every day!" her companion agreed.

These complaints are not uncommon in big cities. Living far

from work is now a major problem in China.

If a worker spends two hours going to work and coming back home every day — which many do — about a month out of every year is wasted on the bus. And many people spend three hours or even more commuting.

"The disadvantages of going a long way to work are obvious. It tires out the workers, affects their work and study, creates traffic snarls and wastes large amount of energy," a leader of the All-China Federation of Trade Unions said. He called upon trade unions in all big and medium cities to co-ordinate the efforts of the departments working to solve this problem.

In Taiyuan, the capital of Shanxi Province, a job-exchange recommendation office was set up early last October to help workers find jobs closer to home. In the first 15 days after it opened, it helped 30 people find nearby work. There are more than 300,000 workers living far from their work place, accounting for one-seventh of the city's population, so the job-exchange recommendation office was warmly welcomed by the local people.

In Beijing many people would rather move their homes closer to where they work. This gave rise to a new service trade. The municipal housing-exchange centre, which has seven exchange stations, employs 900 staff members. From June 1980 to September 1984 these organizations helped 144,994 families exchange homes.

Zhao Shouyi, Minister of Labour and Personnel, said local authorities in recent years have helped many people exchange work units or homes. Shanghai authorities solved the commuting problem for more than 40,000 people over the past two years and Shenyang leaders helped 15,000 people around 1979 and another 4,000 this

year. "But generally speaking, the problem is far from being thoroughly solved," Zhao admitted.

One major problem is that housing and work exchanges often do not represent an equal trade. Zhao said. This is especially true in housing, a very sensitive problem in Chinese cities. Urban housing is still far from adequate, and people care a great deal about their living conditions. If exchanging jobs or homes would result in poorer housing, many people would rather let things go on as they are.

Zhao said that because the problem involves many aspects, such as modernized communications, subway construction, city planning and the distribution of enterprises, it cannot be completely solved overnight. Zhao stressed that in the days ahead workers should be placed in work units near their homes to avoid any new problems. "This can be done effectively," he said. "Tianjin is beginning to do so now."

Microcomputers Making an Impact

Single men and women can now screen potential future spouses by videotape at the Beijing Marriage Consulting Service Centre.

The video introduction is just one of the services brought by the centre's newly equipped microcomputer, which not only stores vital statistics on new registrants, but also videotapes them. Since opening, the centre has registered more than 30 singles daily.

Introducing single people to possible spouses is just one of the many ways the microcomputer is stepping into the lives of the Chinese people.

Beijing has a stronger computer technical force than anywhere else

in China. In the past three years the municipal government has stressed the development and use of computers and the number of microcomputer research projects has increased by 50 per cent a year. Microcomputers now play important roles in some 30 trades in the city, and they are turning up in new places all the time.

Computers have proved most useful in industrial automation. Workers in the Beijing No. 2 Chemical Plant used to weigh various raw materials by hand during production of laundry detergents. As a result, the health of the workers was jeopardized by breathing in the dangerous materials. A scientific research institute worked out an automated system that can mix the five raw materials without human handling. Workers now fulfil the task from a control room by pushing buttons, and they have doubled daily output.

According to municipal statistics, more than 200 factories and mines have been equipped with microcomputers.

In recent years microcomputers have also helped improve city administration. They are used to control traffic lights in the downtown area of Qiansanmen, to keep records in eight big hotels

and to maintain inventory and accounts at the Beijing Department Store in Wangfujing Street, the biggest in Beijing. A computer network between five savings banks, the first computer banking network in China, was recently established and began operation after passing tests.

In some hospitals computers serve as aides to doctors. The Beijing Chinese Medicine Hospital programmed its computer with the diagnostic techniques employed by Guan Youbo, an experienced doctor of traditional Chinese medicine. The computer now has the benefit of Guan's years of experience in diagnosing patients with liver ailments. About 80 per cent of the cases referred to the computer are correctly diagnosed, about the same rate Guan himself achieves.

Computers also act as a "go-between" when residents want to exchange houses so as to have homes in more convenient locations.

Although microcomputers are still not used in many fields, experts believe that the age of the computer in China is not far away. To prepare for the coming era, many middle schools have initiated computer courses.

Children in Shanghai use computers to solve mathematics problems.



Amman

17th PNC Session Stresses Unity

by **YI MING**

Beijing Review's News Analyst

THE long-delayed 17th session of the Palestine National Council (PNC) ended on Nov. 29 in Amman, Jordan, calling for Palestinian unity and ongoing dialogues among its various factions. The PNC is the highest organ of power of the Palestine Liberation Organization (PLO), equivalent to a parliament or congress.

The council members stuck firmly to their right to make their own decisions on internal affairs, despite persistent outside interference. They adopted a resolution which provides political guidelines for future PLO actions and elected a new executive committee headed by Yasser Arafat. Three seats on the committee were left vacant for those factions which boycotted this meeting but occupied the seats in the previous executive committee.

The decisions made at the eight-day PNC session will have a far-reaching influence on the struggle of the Palestinian people in the days to come and on developments in the Middle East as a whole.

The special stress on unity was necessary because, although several opposition groups boycotted the council meeting, the Palestinian people as a whole really wish to iron out their differences and unite against a common enemy. It was these internal differences and external obstructions which delayed the 17th session, originally scheduled for last February. Even now, differences still remain.

Since Fatah, the main group

within the PLO, split in May 1983 and open fighting began between pro- and anti-Arafat factions, various political forces within the PLO have realigned themselves. At present there are three forces within the PLO: the Fatah; the Democratic Alliance, which joins the Popular Front for the Liberation of Palestine, the Democratic Front for the Liberation of Palestine, the Palestine Liberation Front and the Palestinian Communist Party; and the Nationalist Alliance, which joins the Popular Front for the Liberation of Palestine (General Command), Al-Sa'eqa Command, the Front for the Palestinian People's Struggle of Palestine and the Fatah dissidents.

Early last summer Fatah reached an agreement with the Democratic Alliance to guard against factional splits and to hold democratic dialogues to prevent any other group from setting up an alternate PLO leadership. And although the groups boycotting the Amman meeting had many reasons for doing so, their absence, they said, was not equal to rejecting reconciliation. The council members decided to establish a special committee to conduct continued dialogues with the dissenters.

The resolution passed at the session not only emphasized unity among various PLO factions, but also called for unity between the PLO and the Arab countries. Specially, relations with Jordan must be strengthened. The political report the PLO executive committee made at the meeting says that the PNC session in Amman constitutes a starting point for fraternal relations between Jordan and the PLO.

The report also expressed the desire for better relations with Syria and said the PLO hopes dialogues will be resumed. (So far, this offer has not been accepted.) However, the resolution declares, this improvement should be based on a strict observance of the resolutions of the Arab summit conferences and principles of non-interference, equality and respect for the PLO's independence. The 1974 Arab summit meeting in Rabat adopted a resolution recognizing that the PLO is the sole legal representative of the Palestinian people, but Syria continues to support PLO opponents, some of whom have threatened to form their own Palestinian governing bodies.

The resolution called Arafat's visit to Cairo at the end of 1983 a major step in improving relations between the PLO and Egypt. Arafat has said Egypt's return to the Arab ranks would be in the highest interests of the present Arab world.

Unity is strength. Unity will lead to victory, while division offers no hope for the future of the Palestinian nation. The council members' decision to put unity first will certainly win the approval and support of the four million Palestinian people.

The main point of difference among the Palestinians is the form of struggle they should use to obtain their independent state. Since the end of 1983, when the PLO fighters led by Arafat left the northern Lebanese city of Tripoli, they have been dispersed among as many as eight Arab countries. This has brought much difficulty to their struggle. The mainstream within the PLO, headed by Arafat, have come to believe that armed struggle should no longer be the only way to fight. It should be accompanied by political and di-

plomatic efforts aimed at creating an independent Palestinian state on the West Bank of the Jordan River, the Gaza Strip and other lands now occupied by Israel. However, opposition factions have clung to the idea that armed struggle is the only way, and have opposed any direct talks with Israel and rejected various peace proposals, including the Fez resolution passed at the Arab summit conference.

In his opening speech to the 17th PNC session, Arafat said the PLO will use all forms of struggle to deal with the Israeli challenge, but armed struggle will be strengthened first of all. The final resolution, besides emphasizing armed struggle against Israel and aid to the Palestinians fighting in occupied lands, also charges the PLO executive committee to conscientiously study the speech made by King Hussein of Jordan at the opening session, in which he proposed a joint Jordanian-Palestinian initia-

tive to negotiate a settlement of the conflict with Israel. The resolution says dialogues should be continued with Jordan based on the Arab summit's resolution.

Arafat and Hussein have been discussing peace proposals for a long time in an attempt to reach a joint strategy between Jordan and the PLO. But the opposition accused Arafat of surrendering. Because of disagreements within the PLO, the talks were suspended in April 1983. The dissidents have since rebelled against Arafat and the leadership of the PLO has been in a state of paralysis.

The 17th PNC session was therefore confronted with setting out a political line and programme of action for the PLO, and bringing the organization's operation back to normal. The council members not only stressed unity, but also reinvigorated the PLO to continue struggle for the Palestinian people's national rights.

Spain-Britain

Agreement to Negotiate on Gibraltar

by ZHANG QIHUA

SPAIN and Britain agreed on Nov. 27 to open talks on the future of Gibraltar, including the question of sovereignty. According to the agreement reached by the foreign ministers of the two countries, Spain will reopen the border to Gibraltar on Feb. 25, 1985. The people, buses and goods of both sides will be able to pass freely, and both governments will introduce legislation to ensure that Spaniards and Gibraltarians will enjoy equal rights on both sides of the border.

For nearly two decades talks on this issue have come to nothing. This breakthrough has finally cleared the way for formal negotiation.

The main problem has always been that the British refused to negotiate on the question of sovereignty. They maintained that ownership was settled in a referendum held in Gibraltar in 1967. But the Spanish Government wanted to recover sovereignty of the rock between Europe and Africa. Then, in May 1969, the British Government, working through the House of Assembly of Gibraltar, formed a new constitution specifying that Gibraltar is a part of Britain. The Spanish Government closed the border that June.

The British action was also condemned by the United Nations. The United Nations demanded that Britain and Spain resolve their dispute over Gibraltar

through negotiations and that Gibraltar be decolonized. The UN General Assembly passed a resolution in November 1979 demanding that Britain and Spain negotiate a permanent settlement.

The British claimed that Spain's closing all air, sea and land passages to Gibraltar was the main obstacle blocking negotiations. The Spanish said that Gibraltar was ceded to Britain and that sovereignty belongs to Spain. Because Britain refused to discuss sovereignty, negotiations could not be resumed.

Now that Britain has changed its position and agreed for the first time to discuss Gibraltar's sovereignty, Spain has also agreed to reopen the border.

The fate of Gibraltar has been pushed into the spot-light by Spain's bid to enter the European Economic Community (EEC), now planned for January 1986. Although Spanish Foreign Minister Fernando Moran stated that the Spanish and British agreement has nothing to do with the EEC, others noted that the development is not isolated. The British Government has repeatedly told Spain that if it did not observe the practice of free exchange among EEC members, Britain would not agree to Spain's entry into the community. Other EEC members also issued a similar request, hoping Spain would completely open its frontier with Gibraltar.

In fact, the ruling Socialist Workers' Party unilaterally decided to open the frontier to pedestrians at the end of 1982. At that time some observers believed this would ease the atmosphere for early negotiations and give Spain British support for entering the EEC. The current agreement might convince the EEC to accept Spain. In turn, Spain's entry into the EEC will contribute to the Spanish-British talks.

Gibraltar was occupied by Britain in 1704 after the British and Spanish War. It is the only colony in Europe. The United Nations has repeatedly demanded that Gibraltar be decolonized, and the EEC members also urged Britain and Spain to negotiate a settlement so that Spain could join the EEC.

Gibraltar straddles the strategic passage between the Mediterranean and the Atlantic. Therefore

its ownership involves the defence of all of Western Europe. The dispute over Gibraltar's sovereignty and its future have aroused the concern of Western Europe and NATO. This also has pushed both sides to make some compromises.

Although negotiations are now planned, the question of Gibraltar's sovereignty cannot be solved overnight. The negotiations ahead will be complicated and difficult.

to solving population problems, and the conferences put forward many measures to achieve the goals.

Economists, population experts and even the press have called upon the government leaders to control population growth so that people can be provided with necessary living conditions.

Recently African countries, in addition to publicizing the advantages of birth control in the press and on the radio, adopted many concrete measures. Egypt, Botswana, Tunisia, Kenya and five other African countries have adopted population control policies. Tunisia provides services and material assistance to those who practise birth control. Nigeria, the most populous country in Africa, set up a committee to deal with population issues. Some four to eight per cent of the adults are using contraceptives in Ghana, Sierra Leone, Kenya, Zambia and Botswana. The birth rate and natural growth rate are down to 2.6 and 1.8 per cent respectively in three East African countries, Mauritius, Seychelles and Reunion, lower than the African average. More than ten other African countries have also put birth control on their agendas.

Some African countries are also attempting to control urban population growth. Cameroon provides young people with 100,000 African francs (one US dollar equal to 403 African francs) as a settlement allowance and 200,000 African francs as a loan if they will go back to the countryside to do farm work. Senegal reduced the population crunch in its capital by establishing a satellite city 16 kilometres outside Dakar and settling more than 100,000 people there. Congo set up "centre villages" to help stabilize the population in the countryside.

Africa

Work to Control Populations

by CAI GUOZHONG

IN contrast with the vast and sparsely populated countryside, Africa's cities, like the burgeoning Latin American and Asian urban areas, have witnessed a population boom that has left transportation and housing facilities in short supply since the end of the 1950s. Facing this population pressure, many African countries have adopted measures to combat the problem.

Africa's populations, which has experienced the most rapid growth in the world, more than doubled between 1950 and 1984, leaping from 220 million to 500 million. While grain supplies grew by 1.3 per cent annually during the 1970s, the population grew by 2.7 per cent a year.

The rate of population growth in the cities is also the highest in the world, 4.4 per cent annually in the 1950s and 5 per cent in the 1970s.

The population boom, along with other causes, has produced an abnormal population composition. Youths under 20 make up one-half the total population. Some 89 per cent of the adults are supporting children or elderly relatives. The figure is below 60 per

cent in industrialized countries. Some 60 per cent of the people cannot read or write, the world's highest illiteracy rate.

Rapid population growth is a major cause for African economic difficulties.

Many African leaders, as early as 1980, expressed concern about the population boom and its impact on the economy at the first economic summit meeting of the Organization of African Unity (OAU). The leaders called on African countries to adopt measures to make population changes in correspondence with their development plans. A meeting of state ministers on the planning and utilization of human resources, the first of its kind, was held in Liberia the following year. That same year a meeting on Africa's population and development issues was held in Nairobi, Kenya. That session called for increased education on birth control and putting the population element into all aspects of economic planning.

Four more international conferences on population were held in 1984 among the African countries. All these conferences stressed that priority should be given

However, early marriage, high birth rates and polygyny are still common in many African countries. Many Africans hold prejudice against birth control. Western population experts predict that the population boom will con-

tinue to worsen until 1995. There is still a long way to go before African countries can convince their people to drop their traditional prejudice against birth control and begin to bring the population spiral into control.

The decision of the fifth summit to mediate in the war between Iran and Iraq will not only further the harmony of Gulf countries, but will also contribute to the unity of the Arab world.

Gulf Region

Council to Mediate Iran-Iraq War

by LU JIN

THE Gulf Co-operation Council (GCC) declared at the end of its three-day summit conference in Kuwait that the GCC countries are ready to hold direct mediation sessions with Iran and Iraq in an attempt to end their four-year-old war.

The Nov. 29 statement supported the United Nations, the Islamic Conference Organization and the non-aligned movement mediation efforts.

During the conference the GCC heads of state also reviewed Gulf defence and security achievements. GCC defence efforts have recently stressed self-reliance and have guaranteed the region's security and stability, according to the statement.

The GCC states are ready to take part in efforts aimed at eliminating the differences between Arab countries, said the Kuwaiti declaration. The council also said it will continue to support the Palestine Liberation Organization as the sole legitimate representative of the Palestinian people.

The GCC has been engaged in maintaining peace and stability in the Gulf region since it was formed. It has made tireless efforts to mediate in the Iran-Iraq war, which has threatened the security and economic development of the Gulf countries. China earnestly hopes the warring countries will

respond to the GCC call and end the war under conditions that both can accept.

US-Iraq

Renewed Ties to Affect Middle East

by SHEN ZHAODU

IRAQ and the United States on Nov. 26 agreed to resume diplomatic relations after 17 years of suspension. The two countries will exchange ambassadors as soon as possible.

Observers in Baghdad predict the move will pave the way for improved bilateral relations and will have a significant impact on the Mideast situation.

Substantial contacts between the two countries have never actually ceased in the 17 years since 1967, when Iraq broke its relations with the United States because of US support for the Israeli invasion of Arab nations during the June 5 War.

With the four-year-old Iraq-Iran war still going on, it is hoped that the resumption of Iraqi-US relations may help bring an end to the war. Iraq, in particular, has been hoping the United States and its allies will play a positive role in achieving a settlement of the war through peaceful channels.

However, there is fear that Iran will be incensed by the move.

The rivalry of the superpowers is the source of turbulence in the Gulf region. The recent summit stressed that strengthening the defence alliance while developing economic co-operation is essential. China is glad to see the six Gulf countries become a force to be reckoned with in the region.

Mindful of this, officials in Washington have pledged that they will oppose arms shipments to the Gulf region.

With no end to the Israeli-Arab confrontation in sight, the United States, though a consistent supporter of Israel, cannot ignore the need to be on better terms with numerous Arab countries. It remains to be seen whether the United States will become more receptive to the views of Iraq, a long-time supporter of the Palestinian people and their efforts to win a homeland from Israel.

Iraq has underscored its policy of even-handedness towards the two superpowers and downplayed any possibility that resuming ties with the United States will damage Iraq's good relations with the Soviet Union. However, the fact remains, just as a US Government official pointed out, that the United States has "vital political, economic and strategic interests" in the Gulf region. And the resumption of diplomatic relations with Iraq will eventually beef up the US position in its rivalry with the Soviet Union in the Middle East.

Gu Mu on Policies for Coastal Cities

Gu Mu, a member of the Secretariat of the Central Committee of the Chinese Communist Party and a State Councillor, was interviewed by a "Beijing Review" correspondent and answered questions about policies for China's 14 open coastal cities. Gu talked about preferential policies, economic and technological development areas, time limits on joint ventures, foreign enterprises selling goods on the domestic market and the impact of the open policy. He revealed that in the first nine months of this year, 420 foreign investment contracts were signed in the 14 cities. The contracts involve a total sum of US\$ 880 million, or 1.5 times the total foreign investment over the previous five years. At the Symposium on Investment in the Open Cities held recently in Hongkong, more contracts and agreements were reached.



Question: The state's opening of 14 coastal cities to foreign investment was strongly supported by people throughout China. What's the reaction abroad?

Answer: The opening of 14 coastal cities was a follow-up to the establishment of four special economic zones and the opening of Hainan Island. It is another important step towards opening to the world and a strategic measure for speeding up China's socialist modernization programme. From this important policy decision, people from all walks of life abroad have seen more clearly the stability, continuity and long-term nature of China's open policy, and they have given it a positive appraisal. I don't want to go into details here, but I do wish to tell you a fact: After the opening

of the 14 cities was announced, though the investment situation is not perfect, more and more foreign investors have come for talks on investment. In the first nine months alone, 420 foreign investment contracts were signed for projects in the 14 cities. The total investment amounted to US\$880 million, or 1.5 times the total investment in the previous five years. At the Symposium on Investment in the Open Cities held recently in Hongkong, more contracts and agreements were reached, involving a handsome sum of money.

Q: What special policies will be implemented in the 14 coastal cities?

A: In order to increase the economic and technological exchange with foreign countries and create better conditions for investment, the government has decided to enforce the following major policies and measures in these cities:

First, these cities have greater power to examine and approve construction of projects financed by foreign capital. The foreign capital is used to upgrade old enterprises and to build new factories. For those enterprises which are free from state planning and quotas, whose products are not marketed by the state and whose exports do not involve fixed quotas, Tianjin and Shanghai have the power to approve projects each

costing no more than US\$30 million; Dalian and Guangzhou have the power to approve projects of less than US\$10 million each; and other cities may approve projects involving less than US\$5 million each. With regard to non-productive projects, city authorities have the power to examine and approve projects which use foreign capital, locally raised funds and imported equipment and which do not fall under state planning, regardless of the amount of investment.

Acting on the above-mentioned prescribed limits of power, the city authorities may examine and approve the projects using foreign capital. They may also approve the import of related equipment, dispatch study delegations abroad, host business talks and reach agreements with foreign companies.

Second, the government is actively supporting these cities in using foreign capital to import advanced technology to upgrade their old enterprises. For instance, customs duties, taxes on imported products or value-added taxes (VAT) are exempted prior to 1990 on the import of key equipment and other materials necessary for technical transformation which cannot be readily obtained in China.

Third, the government is giving preferential treatment to those business people who come to these cities to set up enterprises with

their own funds. If foreign investors set up technology- and knowledge-intensive productive projects, energy and communications projects or projects involving an investment of more than US\$30 million, they will pay only 15 per cent income tax with approval from the departments concerned.

As for those projects which do not qualify for the tax reduction but involve machine-building, electronics, metallurgy, chemicals, building materials, light industry, textiles, packaging, medical equipment, pharmaceuticals, construction, agriculture, forestry, animal husbandry, aquaculture and related processing industries, the investors may pay 80 per cent of the normal income tax if the project is established in the old city districts. Customs duties, import taxes and VAT will all be exempted from the production and management equipment and building materials imported as investment by joint ventures, co-operative enterprises and wholly owned foreign enterprises. Exempted items include raw and semi-finished materials, components, spare parts and packaging materials imported for producing export products. Also exempted are communications and office equipment imported for the foreign enterprises. Those foreign companies which set up enterprises or research institutes in the economic and technological development areas in these cities, besides enjoying all the preferential treatment provided for investors in the old urban districts, pay only 15 per cent income tax. When remitting their legal profits home, the foreign investors are exempted from paying the usual income tax equivalent to 10 per cent of their remittance. In addition, the procedures for entrance and exit of foreign business people who come to these cities on study tours or for business talks will be simplified to make things convenient for them.

Q: What is the difference between the economic and technological development areas set up in these coastal cities and the special economic zones?

A: The main differences are as follows:

First, there are different tasks and functions. In the special economic zone, which is a comprehensive economic development area, investors can invest in industry, agriculture, animal husbandry, aquaculture, tourism, housing, the building industry, high-grade technology development, and other ventures of common interest. Whereas in the coastal city economic and technological development area, the investors operate primarily productive enterprises and research institutes, developing new technologies, new products and new industries.

Second, there are different preferential tax policies. In the special economic zone, joint ventures, co-operative enterprises and wholly owned foreign enterprises, be they productive or non-productive enterprises, all pay 15 per cent income tax. Whereas in the coastal city economic and technological development area, only productive enterprises enjoy this preferential tax treatment. In the special economic zone, customs duties are exempted from imported capital goods and consumer goods (except for cigarettes, liquors and a few other commodities), whereas in the coastal city economic and technological development area, only imported capital goods are exempted from customs duties.

Q: Joint venture contracts usually contain a provision on the time duration. Can the duration of contracts be extended and, if so, how long can they be extended?

A: The regulations (see *Beijing Review* No. 41, 1983) stipulate: "The duration of a joint venture shall be decided upon through con-

sultation of all parties to the joint venture according to the actual conditions of the particular lines of business and projects. The duration of a joint venture engaged in an ordinary project is usually from 10 to 30 years. Duration for those engaged in projects requiring large amounts of investment, long construction periods and low interest rates on funds can be extended to more than 30 years. When all parties to a joint venture agree to extend the duration, the joint venture shall file an application for extending the duration signed by representatives authorized by the parties with the examination and approval authority six months before the date of expiration of the duration." So, the duration of a joint venture contract can be extended after its expiration. As for how long the extension will be, it will be decided upon through consultation between all parties to the joint venture, and through endorsement by the examination and approval authority.

Q: Foreign businesses come to invest in China because they know China, with a population of more than one billion, can provide a big market. The Chinese Government has also said that it will allow some goods produced by joint ventures to be sold on the domestic market. Would you please brief us on China's policy towards such sales?

A: Goods produced by joint ventures should, in principle, be sold abroad. In exchange for advanced imported technologies, however, our country is willing to allow some joint venture products to be sold in China. Joint venture products may be sold on the domestic market as long as they meet one of the following requirements: (1) The products are advanced equipment or contain advanced technology, products which are in short supply in China; (2) the products are items scheduled to be

imported in China's medium- and long-term plans; or (3) The products are up to the advanced world level in quality, function and design, though the likes of which are already being produced in China. Government departments are considering concrete measures on domestic sales rules.

Q: Some foreign friends worry that the establishment of special economic zones and the opening of the 14 coastal cities to the outside world will bring capitalist practices to China and adversely affect China's orientation. Do you think there is such a danger?

A: It is unlikely if we keep a sober mind and adopt correct policies. Take "cultural contamination" for example. When we decided to open China to the outside world, we set out to import advanced technology and science and modern management methods. As for those decadent things in capitalist society, we will never "import" them but rather resist them resolutely. Foreigners who come to invest in China or to do

other business must abide by China's laws and respect China's social ethics. We hope that efforts should be made to improve China's cultural life while we are using foreign funds and technology to build up the country. Practice has proved that we can do both well. Take the rapidly developing Shenzhen Special Economic Zone, for example. Social ethics are healthy there, and the people are enterprising. A survey of 43 Shenzhen departments shows that 70 per cent of the employees have joined self-teaching groups. Public order is quite good, and the crime rate is lower than in many other Chinese cities.

Some worry that using foreign investment will cause China to fall deep into debt. This is a problem to be taken seriously. We carefully examine every item, which involves foreign investment, to make sure that we can afford to pay back our loans in the future. The internationally established "confidence level" of repayment capacity is that the total amount of principal with interest cannot ex-

ceed 20 to 25 per cent of one year's export income. Now the principal and interest we are to pay account for less than 10 per cent. Some projects for which we are using foreign investment are going very well. The point is not that we have imported too much foreign investment, but that we have to take new steps to get more experiences and better results.

The establishment of special economic zones and the opening of some coastal cities to foreign investment can quicken the pace of China's socialist modernization programme. Using foreign funds and attracting foreign investors to set up joint ventures, co-operative enterprises and wholly owned foreign enterprises are necessary and a helpful supplement to China's socialist economy. Since our country's economic foundation is solid, the import of billions or even hundreds of billions of US dollars in foreign investment could not exert any adverse impact upon the nature of our socialist economy. □

Rural Responsibility System (VI)

Rural Township Enterprises Flourish

This is the final instalment in our series on the rural responsibility system. The preceding articles are in issues No. 44, 45, 46, 47 and 49. — Ed.

by **LU YUN**
Our Correspondent

THE implementation of the rural responsibility system has not only created conditions for the emergence of specialized households, on which our last ar-

ticle focused, but has also prompted the rapid development of township enterprises. The many people freed from farm work by the implementation of the rural responsibility system have gone to work in township enterprises. The enterprises, mostly small industrial factories, are helping to boost agricultural production. They are changing the traditional rural economic structure from one of solely farming to a diversified economy and are putting an end to the long-standing situation in which

800 million peasants are involved in producing grain to feed all the Chinese people. This is a transformation of strategic importance.

Township Enterprises and The Responsibility System

Township enterprises include industries which have been run by communes, production brigades and teams since the establishment of people's communes. They also include associations of enterprises set up by peasants in recent years, enterprises jointly run by

various rural economic sectors and individual enterprises.

Many such enterprises were established by the agricultural co-operatives set up in 1956 with the participation of more than 10 million peasants who concurrently run commercial handicraft businesses and some professional artisans scattered about the rural areas. After 1956 the township enterprises continually increased their annual output value and by 1976 the output value had reached 27.2 billion yuan, or 8 per cent of the gross national output value of industry.

Township enterprises involve industry, agriculture (crop planting, animal husbandry), transportation, construction and commercial service trades. Industry is subdivided into a dozen or so sectors, such as coal, electricity, chemicals, building materials, foodstuffs, textiles, sewing and leather processing. While taking sole responsibility for their own profits or losses, these numerous small enterprises use flexible management techniques to provide a wide assortment of goods.

The thousands of products produced by township enterprises range from complete sets of large equipment to shirt buttons. Such enterprises even supply precision parts needed for the aeronautics industry. Attracting urban industry to the countryside, the township enterprises produce many parts that are used in big urban industrial factories, thus making themselves an indispensable part of the big industries.

In 1983 China's township enterprises created a total industrial output value of 75.7 billion yuan, an increase of 17 per cent over the previous year, accounting for 12 per cent of the national gross industrial output value or equalling that of 1957. The foreign cash earned by township enterprises exports makes an important contri-



Garments produced by the Shuguang Garment Factory of Yiwu County, Zhejiang Province, sell well throughout the country.

bution to China's national economy.

With the implementation of the rural responsibility system, the old methods of paying fixed wages or workpoints and subsidies have changed. Instead, the contract responsibility system has been instituted. Under the contract system, all enterprises, while still owned by communes, production brigades or teams, are contracted to managers, directors, workshops, production groups or to the entire staff. Part of the after-tax profits are used to pay bonuses to the workers and staff members.

A medical apparatus factory of the Huangjing Commune in Taicang County, Jiangsu Province, which employs more than 100 people, was contracted to the director

in 1980. The commune, as the owner of the factory, benefits from the profits and decides on important matters such as the variety of products, the use of public fixed assets and the basic distribution principles. Meanwhile, the contracting director is given full power to handle the business of the enterprise within the limits authorized by the commune during the contract period. Before it was contracted, the Huangjing Commune factory produced metal fittings and low-grade electric fans, but it could hardly keep operating because of losses. But today it has shifted to the production of medical apparatuses and works with the Shanghai Biochemical Institute to produce technologically advanced products. Small as it is, the factory

can, within two to three months, convert research results into products that would take a big factory one or two years to produce. The institute provides technological expertise and materials to the factory, and is responsible for appraising the quality of the products. The medical apparatuses factory now concentrates on producing large-capacity centrifuges and constant-temperature oscillators. Some of its products have won quality awards in Jiangsu Province and are in great demand on the domestic market.

After paying its state taxes, the factory netted 110,000 yuan in 1982 and 280,000 yuan in 1983. The profits went to pay for the technological assistance of the institute and pay for investment in the factory. Profits are also used to pay for public projects, to boost the public welfare services and to provide a bonus for the workers and staff members. Last year the average monthly bonus for each person was 58 yuan, a sum higher than the monthly wage. Each worker contributes 30 yuan a year to the production brigade's public welfare fund and is entitled to the same welfare benefits as the peasants in the brigade.

All-Round Development Of the Rural Economy

In recent years the vigorous development of township enterprises has radically transformed the rural economic structure. In the past, most of the rural economic income came from agriculture and sideline occupations, whereas very little came from industry. But last year the income from township enterprises accounted for one quarter of the total rural income. In the 1960s the income from agriculture and sideline occupations in Jiangsu Province accounted for 92 per cent of the total rural income.



Workers at the motor vehicle horns factory run by the Liuzhuang Production Brigade.

while last year they were responsible for about 60 per cent. By simultaneously improving agriculture, sideline occupations and industry in recent years, Taicang County more than doubled its total output value for agriculture, sideline occupations and industry between 1978 and 1983. During that period industry replaced agriculture as the principal source of income. In some Jiangsu Province counties the value of township industry accounted for more than 75 per cent of the total output.

The development of township enterprises, which has gradually transformed a purely agricultural economy to a diversified economy composed of agriculture, forestry, animal husbandry, fishing, industry and commerce, is challenging the talents of rural cadres. Having been accustomed to directing agriculture for years and being unfamiliar with industry, commerce and finance, many cadres have been put to the test of managing a commodity economy following the implementation of the responsibility system. The changes have compelled them to painstakingly study scientific techniques and modern management so they can lead large-scale commodity production.

With the development of township enterprises, peasant incomes have risen remarkably. In some

regions of Jiangsu, Zhejiang, and Guangdong Provinces and in the suburbs of Beijing, Tianjin and Shanghai, where the economy is well-developed, the peasants earn some 50 to 70 per cent of their income from township enterprises, and the annual per-capita income is around 400 to 500 yuan, already higher than the average income of urban residents. The differences between urban and rural living standards are dwindling in these regions with each passing day.

The Liuzhuang Production Brigade of the Qiliying Commune in Xinxiang County, Henan Province, which has 210 households, has set up food processing plants and others to manufacture milk powder machines, automobile horns and paper. Last year, the income of industry and sideline occupations accounted for 73.8 per cent of the total income, while agriculture earned only 16 per cent. The peasants' living standards have risen rapidly. The average bank savings for each household is 6,000 yuan, and almost every family has a TV set, washing machine, cassette recorder and other household electrical appliances. Agricultural production is now done with the help of machines. This year the brigade placed an order for a light-weight plane to spray insecticide on the

crops. Not long ago, the brigade bought a microcomputer system to handle cost accounting and profit distribution and to process agricultural research data. Brigade members have even established a small television station.

In addition to expanding production and benefiting the commune members, the profits from township enterprises have also been used to improve agricultural production. During 1979 and 1982 the township enterprises throughout the country invested more than 8 billion yuan in agricultural conservation projects and in new agricultural machinery. That figure was equal to 73 per cent of the investment the state made in agriculture, forestry, animal husbandry and fisheries (state-owned farms included) in the corresponding period.

Staying in the Countryside

Township enterprises have freed a large number of peasants from farm work. They have become rural workers, developing a new division of social labour in China. Still living in the countryside, these workers ride bikes to the factories in small towns to work in the morning and return to their villages in the evening. They can even do some farming in contracted fields after work or during holidays. As they don't leave the countryside, the state doesn't have to supply them with grain, and the factories don't have to build housing. They constitute a new type of worker who lives in the countryside and works in the factory.

To date township enterprises have employed 9.3 per cent of the rural labour force. In Jiangsu and Zhejiang Provinces, in Shanghai and Beijing municipalities, and in other places where the economy is well-developed, more than half of the labourers in many communes and brigades have left agriculture in favour of other trades.

Township enterprises also promise to provide useful employment for the labour-rich countryside. For example, the development of processing industries for agricultural products, foodstuff industries, fodder industries, and building material and construction industries, which are all growing rapidly with the expansion of towns, provide good jobs. There is also great potential for developing small hydroelectric power stations, small coal pits and other energy industries. In a word, the growing demand for labour is not to be underestimated.

As the peasants become wealthier, it is only natural that they are demanding an ever-richer and more colourful material and cultural life. To meet their demands, the small towns where the township enterprises are located are gradually becoming centres of economics, culture, science and technology and services. Old towns are being rejuvenated and new ones are springing up. As centres for collecting and distributing agricultural and sideline products and for selling urban industrial products, these small towns serve as links between the urban and rural areas, thus greatly promoting the development of commodity production.

At present China has 87,000 small towns. Some 10,000 are home to township enterprises and take on the characteristics of both the city and the countryside. Some peasants have said with satisfaction, "Now we can enjoy urban life without leaving our villages."

As China's big cities are already overcrowded, their development must be strictly controlled. The construction and development of small towns utilizes a large number of surplus rural labourers, preventing their immigration into big cities. The trend may even bring about the transfer of urban industries and population to small towns. Beginning this year the government has allowed peasants to

move to small towns, though the peasants will not receive grain from the state. This will inevitably boost the development and prosperity of small towns.

The implementation of the rural responsibility system, the emergence of specialized households and the rapid development of township enterprises have brought prosperity to the rural economy. Commodity production is developing on an unprecedented scale, and the living standards of peasants are improving with a speed unknown in the past. China's agricultural modernization is forging ahead.

In the early period of the world capitalist industrialization, wrote Friedrich Engels, "Every advance in production is at the same time a retrogression in the condition of the oppressed class, that is, of the great majority." (Engels: "Origin of Family, Private Property and State," 1884, *Marx, Engels Selected Works*, Vol. II, p. 324.) What followed the infusion of capital into the countryside was an agricultural depression and the bankruptcy of many small farmers, who then thronged to cities and became the labour reserves for industrial enterprises.

Today, however, when a sector of China's rural labourers have given up farming and turned to other trades, they have taken a very different road.

With the development of commodity production and the progress of science and technology, further changes are sure to take place in China's rural economic structure. By the end of this century, according to some observers, 30 per cent of China's rural work force will engage in crop planting; 20 per cent in forestry, fishing and animal husbandry; 10 per cent will move to big cities and industrial areas; and the remaining 40 per cent will turn to township enterprises and service trades. This change is an inevitable historical advance. □

Hetian: Western End of Green Great Wall

by LI YONGZENG
Our Correspondent

DESERT covers 150 million hectares all along the northern part of China. People sometimes call this "the ten-thousand-li wind and sand line." The fierce north winds lift the yellow sand up into the sky and sweep it to the south and east. Some scientists predict that if the sand is allowed to spread unchecked, in about 200 years it will bury Beijing.

But, of course, the Chinese people will not allow it to spread unchecked. The government has already begun extensive programmes to plant trees along the desert line and to improve the ecology in imperiled areas. The shelter belts built since 1978 stretch across 7,000 kilometres — longer than the Great Wall. For this reason, people call the mighty tree line the "green great wall."

A good place to view the effects of this green great wall is Hetian Prefecture, on the southern tip of the Taklimakan Desert, stretching across central Xinjiang.

Viewed from the air, Hetian looks like a string of green beads across the desert. The prefecture covers 247,800 square kilometres, of which only 187,000 hectares, or just 0.7 per cent are farmland. About 1.2 million people live there. Ninety-six per cent are of the Uygur minority. The seven counties and one city under Hetian's jurisdiction stretch along a 600-kilometre highway. All the areas under cultivation are divided into small plots around oases. The biggest oasis covers 87,000 hectares and supports 700,000 people. The smallest one hosts only a few families.

Hetian is a combination of floating dust and endless rows of

trees. The crops, flowers, grass, trees and houses are all covered by a thin layer of dust. But every place — the big and small roads, the riversides and the ditch banks — is also encircled by trees. The tall, straight poplars planted in two rows look like a double wall. They keep the place looking fresh and vigorous.

Hetian city, or Yutian State in ancient times, was once a famous city along the Silk Road, known for its white jade and carpets. There were a number of bustling cities around Hetian too, but unfortunately two British explorers carried off many of the valuable artifacts from the historical sites of these cities during the 19th century. Now most of those ancient cities are buried in the desert.

Rain is scarce in this part of the country. No more than 40 millimetres fall annually, but about 2,500 millimetres of water evaporate each year. The temperature varies greatly between day and night, with the highest at 42.5 degrees centigrade and the lowest at -22.8 degrees centigrade. The wind, always carrying dust, can blow up to 25 metres per second.

Hard Lessons

During the later part of the 1950s and the early 1960s the "five-good" campaign, encouraging water conservation projects and shelter belts, was launched in Xinjiang. During the campaign garden-style farmland, good ditches, forest belts, roads and residential quarters were built. Trees offered welcome shade in the rural areas and forest belts crisscrossed the fields. But during the "cultural revolution" shelter belts were considered revisionist. Most of the planted trees were felled, and the natural forests also came under the axe. Poplars and red willows



A good Hami melon harvest in the Hongqi Youth Farm in Turpan.

growing in the desert were cut too. The ecological balance was destroyed, bringing disaster.

For three days in April 1979 a dust storm in the Tarim Basin dumped an average of 38,400 tons of dust on each square kilometre of land. The next month a fierce wind in Pishan County wounded two people and killed 452 domestic animals. About 452 hectares of crops were ruined. In nearby Luopu County two people were killed by the 19-metre-per-second winds and 1,200 hectares of crops were destroyed. One-third of the land under cultivation in Pishan was buried by sand because all the trees and grass had been cut. Thirty-one families were driven from their homes.

Nearly 2 million trees were destroyed and 3,500 hectares of cultivated land were engulfed by desert in a people's commune in Cele County. The desert mowed five kilometres towards a local village. All together about 20,000 hectares of cultivated land in Hetian were taken over by the sand.

Hard lessons were drawn from this bitter experience. The people of Hetian, living under the threat of an encroaching desert, have taken up tree planting once again. They are even willing to part with some farmland so that they can save the rest from the wind and dust. Now 7.8 per cent of all cultivated land has been forested, and the figure will be expanded to 10 per cent.

Planting by Plan

Over the past five years 16,000 hectares have been planted with trees. In the oases, 20 per cent of the land surface is covered by trees.

The results have been impressive. According to statistics there were 14 fewer "floating dust days" and one less day of heavy wind a year. The humidity above the farmland within the forest networks increased 11 per cent a year. The temperature in winter rose 1.4 degrees to 2 degrees centigrade in winter, and in summer it dropped 0.5 degrees centigrade. Forestation has balanced the ecology and improved farm and livestock production and the people's livelihood.

The forest networks in Hetian have been planted by the peasants under the guidance of the local government. Every working peasant is encouraged to spend 45 to 60 days a year planting trees. After a forest belt is finished it is contracted out to be tended and protected. The work requires a survival rate for the trees, and pay, bonuses and compensation are all fixed. The profits from standing timber are divided by giving 30 per cent to the people who have protected the trees, 30 per cent to the peasants who plant the trees and 40 per cent to planting new forests.

The Hetian people are fighting a long, hard battle against the wind and sand, and it has tough-

ened their spirit. In 1980 an old Uygur man named Mamuti moved his family to the frontline of the encroaching desert in Pishan County. People thought he was a bit foolish, and even his own children could not fully understand his actions. But Mamuti insisted that the fringes of his oasis would be swallowed up unless people dug in and faced the wind.

Since then he has planted 0.3 hectares of trees around his house every year. So far he has planted 11,000 oleasters, poplars, mulberries and grapevines, and the desert has retreated 200 to 300 metres.

Mamuti's actions have encouraged others to follow his example. Peasants from 18 families have planted 87,000 trees around the fringes of the desert, and a small oasis has taken shape.

Another old Uygur man named Aihemaiti Pulaxi has insisted for 33 years on afforestation. Altogether he has afforested 21 hectares and protected 220,000 trees, valued at 668,000 yuan. Now his forest farm has become the site for dancing parties held by urban workers.

Science and Enthusiasm

The people in Hetian Prefecture combine this rugged enthusiasm with a solid scientific foundation to control the wind and sand.

They have developed a complete set of realistic methods to build shelterbelts to protect their farmland.

In the 1960s, 80 per cent of the trees planted in the prefecture were poplars. But the variety used (*Populus nigra var italica*) yields inferior timber, and just as it is growing big enough to effectively block the wind and sand it begins to wither and becomes hollow. In comparison, the Xinjiang poplar lives longer and grows quickly. It has a stiff trunk and a small crown and yields good quality timber. The Xinjiang poplar is an ideal tree for shelter belts. The only problem is that its seedlings are difficult to nurse. By the ordinary cutting method the survival rate is less than 20 per cent. The agrotechnicians in the prefecture nursed seedlings by inserting both ends of the cutting into the earth, and thus increased the survival rate to 50-70 per cent. They also raised the survival rate to 80 per cent by delaying the cutting date for one month. Soon after they publicized their methods, collectives and individual peasants were running their own seedling nurseries and providing all the Xinjiang poplar seedlings needed by the prefecture.

The spacing of shelter belts is also important. The sheltering effect will be poor if the belt is too

A shelter belt in southern Xinjiang provides protection from dust and wind.





Forest engineer Li Zhiping (second from left) from Inner Mongolia gives advice on experimental seedlings.

wide or too narrow. Shelter belts made up of two lines of poplars only lessen the wind velocity by 22 per cent and keep out 24 per cent of the wind. Forests of 30 lines of poplars decrease the wind velocity by just 30 per cent. But a shelter belt made of six lines of poplars and mulberry trees or oleasters can lessen the wind velocity by 40 per cent.

Between each main shelter belt within an oasis is 200 metres, and on the desert it is 500 metres. A network of shelter belts can protect 10-12 hectares of cultivated land. But at the edge of the oases the space between the shelter belts must be narrowed.

Ditches and roads are also lined with trees. On both sides of the main ditches the slender branches of weeping willow trees link to form a green arch. Along the small farm ditches 70 per cent of the trees are mulberries and the rest are fruit trees. Each tract of farmland is crisscrossed with walnut trees, which do not take up much space. In this way 230,000 more walnut trees can be planted along the farmland in one county of Hetian Prefecture.

By planting trees and farming scientifically, the people in Hetian not only beautify their ditches, roads and fields but also make full use of their water, fields and fertilizer.

Diverting Rivers

To level and forest one hectare of land costs 22,500 yuan. But the Hetian people cut the investment to only 150 yuan by diverting the local rivers and their silt on to the sandy land. They have channelled the water from rivers winding down from the Kunlun Mountains, bringing with them rich silt and tree seeds. The silt covers the sandy land and the plant seeds grow into young trees and grasses. These trees become natural forests several years later. There are now 180 hectares of forest formed in this way. Each square metre is covered by 1.2 poplars, 12 willow trees and 18.2 other plants, all of which have grown naturally.

The Hanggui commune lies at the edge of a desert. Before 1982, 47 hectares of its farmland were covered by sand and 87 hectares had become sandy. The rest of the farmland was dotted with 15 dunes, each about 20 metres high,

and numerous small ones. In 1982 and 1983 the people diverted the water from the local rivers to wash away the sand and cover the sandy land with silt. They levelled 95 dunes, washed away 120,000 cubic metres of sand and planted 48,000 trees. In 1983 the per-capita grain ration increased to 550 kilograms, compared with 136 kilograms in 1974.

In Hetian Prefecture every village is surrounded by trees and the courtyard of each family is shadowed by grapevines. The vines creep everywhere around the houses. One peasant had planted 1,000 grape plants in his 0.1-hectare courtyard. Last year he earned about 4,000 yuan selling his grapes. All the peasants plant vines to beautify their surroundings and purify the air. They are a pleasure to see in the midst of a vast desert.

The work on the shelter belts in Hetian Prefecture is typical of the forestation programmes in northern China. Between 1978 and 1985 the government plans to plant 5.93 million hectares of sandy land in 396 northern counties. By the end of 1983, 4.4 million hectares had been afforested. This fulfilled 75 per cent of the plan. Fifty-seven counties, including three in Hetian Prefecture, fulfilled their quotas two years ahead of schedule.

After this plan is fulfilled, the government will set the second and third plans for forestation, until the north is covered with trees and the ecology is balanced.

Vice-Minister of Forestry Dong Zhiyong said during an inspecting tour, "There is a sandy belt encircling the Middle and Near East and the ancient Silk Road in China. China is determined to cut this desert circle and control the wind and sand within its borders." The experience of the Hetian Prefecture proves that with hard work and determination, in the long run this aim can be realized. □

Report From China's Northern Border

China shares a boundary line about 12,000 kilometres long with the Soviet Union and the People's Republic of Mongolia, from the northwest to the northeast. This special report describes the lives of the people on the border and the recent developments in relations between China and its neighbours across the northern border. Included are Party General Secretary Hu Yaobang's recent tour to the Sino-Mongolian border and his talks on development in the border areas. Our readers may see the unremitting efforts China has made for peace, stability and prosperity in these areas. — Ed.

told that across the border the Soviets had deployed some motorized and rocket units, and had set up air corps and intermediate-range missile bases.

Eager to see the present situation on the western end of the border, I drove on to Horgos (Korgas), a border town northwest of Yining.

As my jeep drove down the poplar-lined roads, I saw fields stretching to the horizon and, occasionally, some shepherd girls and their herds of sheep and cattle. Eager shoppers crowded round stalls in the road side villages. My jeep stopped in a big courtyard 50 metres from the border gate. I wanted a look at this courtyard, shaded by apple trees and dotted with flower beds, because it is the frontier inspection station of the

A Look at the Sino-Soviet Border

by **LU YUN**
Our Correspondent

WHEN our jeep approached Yining, a town about 70 kilometres from the border in Xinjiang, we were stopped politely by an armed police officer. I presented my border areas permit, realizing that I had already arrived at the western tip of China.

Yining, which is known as a garden city, was shaded by green trees and carpeted with rainbows of flowers in mid-September. Celebrations were under way marking the 30th anniversary of the founding of the Ili Kazakh Autonomous Prefecture. Placards written in Uygur, Kazakh and Han marked the occasion. Holiday-makers were dressed up in colourful native costumes, a spectacular mass parade passed by, singing and dancing, and clouds of balloons and splendid fireworks bathed the city in peace and jubilation. In the parade, People's Liberation Army soldiers carried conventional weapons, and armed police, members of the construction corps and militia of all ethnic groups marched in high spirits, showing their determination and strength to defend the motherland.

In late autumn two years ago I visited Zhenbao Island and Sui-fenhe, on the northern and eastern borders of Heilongjiang Province. The tension which had lasted for so many years on the Sino-Soviet border then showed some signs of relaxation. I noticed that the frontier guards on both sides greeted each other when their patrol boats met on the boundary river. But, I was

Gala celebration marking the 30th anniversary of the founding of the Ili Kazakh Autonomous Prefecture.



Chinese people's armed police, the meeting station of the People's Liberation Army and the barracks of the frontier guards company. An observation tower stands at the end of the courtyard.

After a look around, we went on to the bank of the Horgos River. A cement bridge straddling the river links China and the Soviet Union. A line across the middle of the bridge serves as the boundary separating the two countries. The bridge, which is eight metres wide and 16 metres long, was jointly built in 1980 by the two countries.

Looking to the west across the bridge, the Soviet gate emblazoned with the Soviet national emblem, the hammer and sickle, is clearly discernible. West of the gate there is a village shaded by tall trees, where the Soviet Horgos frontier inspection station is located. I saw also some observation towers and bunkers sticking up from the ground a bit on the Soviet side. Beyond the barbed wire entanglements, on the small hills, I saw a jeep followed by two frontier guards and their dogs, patrolling from north to south.

Official Meetings

The Horgos bridge is also called the meeting bridge because officials of both sides meet there if

someone is caught trying to cross the border illegally, if the grassland or forest has caught fire, if an unpleasant incident has occurred which one side feels it must call the other side's attention, or when one side wants to make an appointment to discuss border disputes or invite the other side to a celebration. The head, deputy heads and many officers at the Chinese meeting station can speak Russian.

If one side wants to meet the other, it will hoist a red flag over the observation tower nearest the bridgehead. If the other side agrees, it will hoist its red flag in response. When the representatives of the two sides meet they first salute each other politely and then shake hands.

But the situation here was different several years ago. When the two sides met they used harsh words and seemed as if they might come to blows. Now the representatives of both sides issue invitations and politely call to each other's attention any unpleasant incidents which have occurred. Words of strong protest have diminished.

The two sides hold talks to settle border disputes and infrastructural construction shared by both sides. Every year they meet about 200 times and hold just over a

dozen talks. The talks are conducted at the meeting centre of the country which proposed them.

The Chinese meeting centre is on the roadside opposite the meeting station. It is a villa-type building with a parlour, a meeting room, a dining hall and two sitting rooms. It is furnished with palace lanterns, carpets, tapestries, paintings, calligraphy and some arts and crafts. At one end of a long table in the meeting room stand the national flags of both countries.

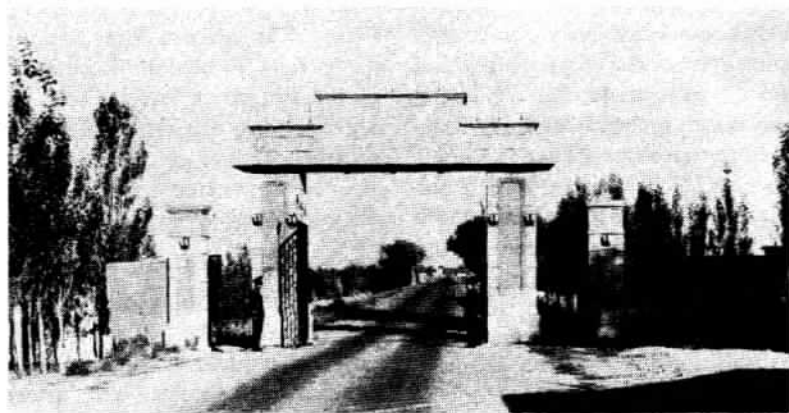
The talks always proceed in a serious atmosphere. Occasionally there are some unpleasant scenes. But, as soon as the talks are over, the representatives of both countries have dinner together. They also present each other with gifts, convey greetings to each other's families and have cordial chats. They introduce their own country's political, economic and cultural development and discuss some questions of common interest, in an effort to promote mutual understanding and friendship. Disagreements, of course, are quite common.

On festivals the two sides invite each to participate in celebrations, which always go on in a friendly atmosphere. But even on such occasions unpleasant incidents still occur from time to time. For instance, Chinese representatives have discovered that the Soviets sometimes put on display in their meeting room publications in Chinese which are unfriendly towards China. I myself saw eight of these publications. The Chinese people hope this kind of thing will stop permanently.

For Good Neighbourly Relations

Officers at the Horgos meeting station also regularly measure the level of the Horgos River together with their Soviet counterparts. Two young officers told me that when working together, the of-





The Chinese border gate at Horgos.

Officers of both countries always joke with each other like old friends. All of them want the river to become a river of friendship linking their two peoples together.

While talking about Sino-Soviet relations, a leader of the Chinese meeting station told me sincerely that China works hard to establish good relations with all its neighbours. It is opposed to any form of aggression or expansion. "We will never claim one inch of land from anybody nor will we give one inch of land to anybody," he said. There are many problems which need to be solved between China and the Soviet Union. "Before they are solved," the leader said, "relations between the two countries should be pushed forward, not pulled back. Retrogression will do the peoples of both countries no good."

Since the exchange of visits between China and the Soviet Union was restored in 1981, the Horgos bridge has become the route of many people visiting their relatives. The armed police at the Chinese frontier inspection station and the customs staff not only check everyone's passports, travel permits and luggage, but also help arrange accommodations if needed.

Travellers often express their gratitude to the Chinese officers for their kind service. They are particularly satisfied with the

Chinese policy of relaxing restrictions on the articles one may carry and feel at ease because the Chinese officers are polite and do not confiscate their goods at will or use police dogs.

The officers and staff of the frontier inspection station and the customs are devoted to their duty. Few people engaging in illegal activities on the excuse of visiting relatives escape their eyes. A few days before my visit they discovered someone trying to smuggle confidential documents out of China.

Frontier Trade

The Horgos bridge is also an important passage for Sino-Soviet frontier trade. Every day Soviet trucks carrying some 20 tons of goods cross this bridge. After going through entrance formalities, they ride into the freight yard of the Horgos branch of the China National Foreign Trade Transportation Corporation. The yard is piled with rolled steel, cement, chemical fertilizer, cars and other goods imported from the Soviet Union as well as Chinese-made cotton cloth, sweaters, fur hats, thermos flasks and other daily necessities waiting to be picked up by the Soviets.

In the 1950s this place was quite prosperous, with busy traffic from both sides. In 1970 trade was suspended here, and the Chinese

customs left only two people behind to check Soviet postal cars. The personnel from the two countries did not speak to each other except on essential matters. This went on until the end of 1983. Now the customs station has more than 10 staff members.

Yan Longhao has been working in the Horgos freight yard since 1950. He told me that before 1954 he often followed the Chinese trucks on their way to the Soviet side of the Horgos bridge to pick up goods. The policy was changed in 1955. Since then all goods have been delivered and picked up by the Soviets. When the two countries restored trade relations here last year, the Soviets said they needed some time to build a new freight yard for the Chinese trucks. So the old non-reciprocal rule is still temporarily in force. Yan said that after one year of doing business the workers of both countries have grown to respect each other. Occasionally there are some problems in delivering and picking up goods, but they are all solved appropriately through discussions.

The Soviet truck drivers cross the Chinese border in the morning and leave in the afternoon. They never stay overnight. After lunch they like to go shopping.

A Chat With a Soviet Driver

In a state-owned shop, I met a Soviet truck driver. He took great interest in Chinese-made table tennis bats, cassette tape-recorders, air pots, printed corduroy, nail-clippers and cigarette lighters, and said that he would like to buy them later. That day he bought a flashlight and some razor blades. He wanted to buy a pair of hand-shake grip table tennis bats for his son. They were all sold out, and the shop assistant told him to come back 10 days later. The

shop replenishes its stock every 10 days and offers a refund on any goods it has sold, including such expensive articles as cassette tape-recorders.

The driver told me that he once bought a ball pen with a calendar for himself. But all his four children wanted one, and he had to come back and buy another four.

There is a private shop in the town run by a senior middle school graduate. Her father works at the Yining customs and her mother is a local primary school teacher. She sells fur coats, electrical appliances, daily necessities, cigarettes, wines, foodstuffs and other popular goods. The driver said he had bought a hair-styling kit from Hongkong there.

Since the reopening of this trading hub last year, the Chinese personnel's earnest and conscientious style of work has won the praise of the Soviet side. The driver I met said since he took the job two months ago he has never seen the Chinese make a mistake. Once he forgot a bag of chemical fertilizer and was reminded by the Chinese workers to bring it next time he came.

He said the frontier inspection is quick and that the inspectors always wear a smile, which is, he thinks, a gesture for friends. He said the only trouble he has in China is the language barrier. Many shop assistants here are learning Russian, and the driver was very impressed by the fast progress they have made. He wished more people could learn Russian and was very glad to hear that many Chinese middle schools have Russian classes.

Zhou Guilai, deputy head of the meeting station, accompanied me to the shop. He said that the Soviet truck drivers are getting along quite well with the Chinese people. A driver told him that he felt the two countries should no longer be hostile to each other.

as it does nobody any good. Another driver said the Soviet Union and China should never fight a war between them. He told Zhou, "We two are good friends, and I promise I'll never fight with you." Zhou told them that China needs a peaceful environment, and the Chinese people sincerely hope that relations between China and the Soviet Union can be normalized.

Prospects for Development

Today the Horgos port only handles about 50,000 tons of goods a year. The figure is obviously too low for both countries. Guo Rongxiu, head of the Horgos customs, has been working here since the 1950s. He told me that developing trade and supplying each other's needs will benefit the people of both coun-

tries. The current handling capacity falls far behind the potential of the two countries. "There are big prospects for the development of this port, as long as the two sides make concerted efforts," Guo assured me.

On the main street of the town, construction of the office buildings of a bank, a hygiene quarantine station and another one for animals and plants, new shops, restaurants and a hotel is under way. The construction of these buildings presages expanded contacts between the two countries.

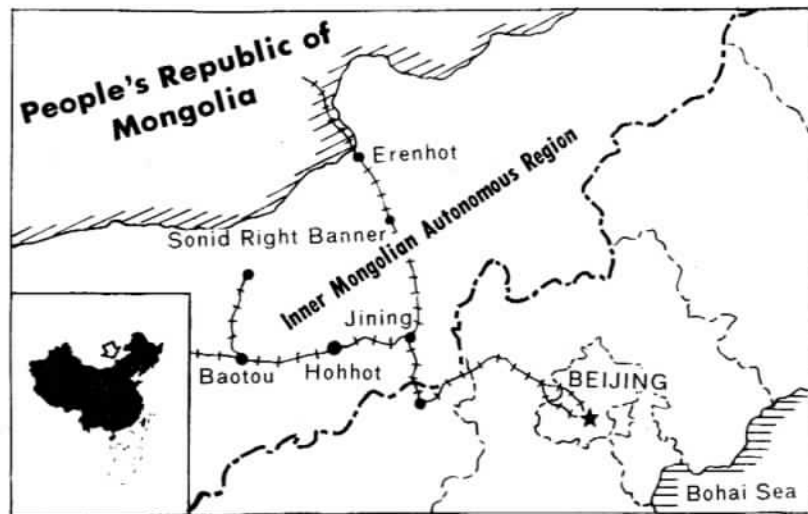
The Horgos trip left a deep impression upon me. I was struck by the people's enthusiasm for the prosperity of their town and their desire to restore and develop the traditional friendship between the Chinese and Soviet peoples.

A Trip to the Sino-Mongolian Border With Hu Yaobang

by ZENG JIANHUI
Xinhua Correspondent

IN mid-September I started off on a journey to Erenhot, a city on the Sino-Mongolian border, with Hu Yaobang, General Secretary of the Central Committee

of the Chinese Communist Party, and his entourage. At his breakfast table in the restaurant car of our train, Hu explained that the purpose of his trip was to visit and inspect the Eren border area and the towns and pasturelands along the Jining-Eren railway line, and



listen to the opinions of the local cadres and the people.

At a Border Sentry Post

At sunrise the train arrived at Saiwusu near Erenhot. Hu, Qin Jiwei, Alternate Member of the Political Bureau of the Party Central Committee, and others got into minibuses which drove through the endless grassland and the city limits of Erenhot to the walled Eren sentry post on the Sino-Mongolian border.

Though rather cool in this season on the Inner Mongolian Plateau, the day we arrived was fine and warm. I climbed to the top of the watch-tower and saw a pale yellow archway embedded with the seven big red Chinese characters of the People's Republic of China. The soldiers told me that this is China's state gate. The Sino-Mongolian railway passes through the gate on its way to the border of the People's Republic of Mongolia. About one kilometre away,

opposite China's state gate, stands a similar gate for Mongolia. The area between the two gates is the so-called no-man's-land. On each side of the railway line at the centre of this strip of land stands a granite boundary marker.

Near the Mongolian gate are a building and a high watch-tower. This is Mongolia's border sentry post. Beyond it lies Dзамын Uud, a border town with about 1,000 people.

Everything looked very quiet on the Sino-Mongolian border. Of course, we did not forget that across the border there are Soviet troops armed with the most up-to-date weapons. This is a serious problem. Although the Chinese and Soviet governments have held talks for many years, it remains unsolved.

In the reception room of the sentry post an officer of the frontier guards told Hu that generally speaking, the Sino-Mongolian border has been peaceful and tranquil

for many years and no disputes have ever arisen. The two sides have solved many problems through discussions. The talks and meetings between the two countries in the last few years were all conducted in a friendly and co-operative atmosphere.

In March and May last year scores of camels and horses strayed across the Mongolian border into China. Chinese frontier guards managed to catch them all and returned them to the Mongolian people, who were extremely grateful.

Hu was very glad to hear this, and said that pursuing friendship is China's highest objective. China sincerely hopes the two countries will live in permanent friendship and the two peoples will be good friends through the generations. China and Mongolia should strive to develop bilateral trade, including border trade, the General Secretary said. Efforts should also be made to improve cultural exchanges between the two countries' border areas. This will help promote the prosperity of the frontier regions on both sides.

Hu Yaobang and others look at the silicon solar cells used by Mongolian herdsmen.



Making Border Areas Prosperous

Three kilometres to the south of the border lies the beautiful small city of Erenhot. With only 7,000 people, it is one of the "big cities" on the Sino-Mongolian border and a very important trading post with connections to Mongolia and the Soviet Union.

Accompanied by Zhou Hui, secretary of the Party committee of the Inner Mongolian Autonomous Region, and other local cadres, Hu and his group went to have a look around the city. Most of the buildings are one- or two-storey houses painted light yellow. In a novel style, each house overlooks a piece of lawn dotted with red and white flowers. The elm-lined streets are decorated with many

flower beds, making them all the more lovely.

Hu told the local cadres that as an important trading post, the city's commercial activities are not brisk enough. He said the border areas should adopt an open policy and take active measures to develop trade. If the economically underdeveloped areas want to become well-off, they should first open themselves to the world. This is an important policy initiated by Deng Xiaoping, Chairman of the CPC Central Advisory Commission.

Hu told Zhou that construction along the 350-kilometre railway line from Jining to Eren should be boosted to suit the needs of expanding economic relations with the rest of the world. Urban development in Erenhot should be particularly stressed.

Hu said people of all ethnic groups should strengthen their unity and strive to turn Erenhot into a clean, beautiful and prosperous city as quickly as possible. He also pointed out that efforts should not only be devoted to making Erenhot prosperous, but also to the prosperity and development of all the villages in the border areas. He urged the army to help the villages improve their economic work.

Hu was also very concerned about exploiting the oil in the Eren Basin. Covering more than 100,000 square kilometres, the basin was dotted with numerous small freshwater lakes about 150 million years ago. Later these developed into oil-bearing strata. Oil exploration began in 1979, and such strata were discovered over an extensive area. Considerable oil reserves have been verified. Geologists are quite optimistic about the prospects for the Eren Basin oilfield. On the way to Eren, Hu had extensive discussions with a general engineer of the Ministry of the Petroleum Industry about developing the oilfield.

Next we drove south to the pastureland of the Sonid Right Banner. Now and then we passed some yurts squatting on the endless grassland. From a distance the snow-white herds of sheep looked like clouds drifting across the sky.

Boosting the Processing Industry

By dusk we arrived at Saihan Tal, the government seat of the Sonid Right Banner. We followed Hu and the leaders of the banner Party committee and government into a big yurt and sat cross-legged on the felt carpet. All the leaders of the banner are ethnic Mongolians.

The secretary of the banner Party committee briefed Hu on their work. The banner covers 29,000 square kilometres and livestock breeding is its main source of income. The 60,000 herdsmen and peasants here own more than 750,000 head of sheep and cattle. The production responsibility system was introduced in 1981, and has helped boost production. The banner's output value now ranks fifth among the 12 banners of its league, a governmental unit roughly equivalent to a prefecture.

Discussing the economic development of the pastoral areas with the local cadres, Hu said that to increase the production of the pastoral areas it is not enough to raise more sheep and cattle. The best way is to develop the dairy processing industry to turn milk into commodities. Some of the products can be sold locally and the majority can be shipped to Beijing, Tianjin, Baotou, Zhangjiakou and other cities. He also suggested that the local cadres import some high-quality dairy cows. He said the production and packaging of dairy products should use advanced equipment. Some may be imported from abroad. Small family dairy processing workshops should be stressed. Hu compared small processing machines they should im-

port to the equipment small family-run French wineries use.

Visiting the Herdsmen

Next we drove to the Bayanhanggai Grassland to visit the Mongolian herdsmen.

The arrival of so many guests gave Baojier, our elderly hostess, great pleasure. She served Hu and the other guests milk tea, wine, cheese and milk cakes, all made herself. Sitting cross-legged on the felt carpet, Hu asked her about her family's income. The old woman said her six-member family has four able workers. Last year they made more than 4,000 yuan. The family now raises more than 500 head of cattle, horses, camels and sheep. They live much better than the days before the responsibility system was introduced.

Baojier gladly showed the guests her silicon solar cells, which she bought for 1,000 yuan. "They're quite good," she said. "The only trouble is that their power is too weak. The electricity they generate can only run a TV set and an 8-watt fluorescent lamp."

Hearing that the Party General Secretary was visiting, many herdsmen living nearby rushed to Baojier's yurt to meet Hu and to tell him their ideas and concerns. Many said that they can now afford colour TV sets, refrigerators and washing machines. But, unfortunately, the place is short of electricity and there is no way to use these modern conveniences. Hu suggested that Zhou discuss this problem with other departments, to see if they can make equipment with a bigger generating capacity to meet the needs of the local people.

Before his departure Hu bade farewell to the herdsmen using a Mongolian phrase he had just learnt. Some Mongolian young people sang a song wishing the distinguished guests good health and a nice trip home. □

China Must Develop Service Trades

from "JINGJI RIBAO"
(Economic Daily)

TERTIARY industry, in its most common form, means the service trades. Because of China's underdeveloped economy and the influence of "Leftist" thought, the Chinese Government has been concentrating on making sure everyone is well fed and well dressed. Tertiary industry could not develop normally under these conditions.

A recent article in *Jingji Ribao* (Economic Daily) discussed whether development of the tertiary industry is necessary and what problems this will resolve.

As it pointed out, 15 per cent of all employees in China now work in the service trades. Their total output value makes up 20 per cent of the gross national product (GNP). This not only lags behind the developed countries but also behind some developing countries, such as India.

The development of the commodity economy requires two prerequisites: First, each enterprise must become an independent economic entity; second, the social division of labour must be developed. Under the current economic reforms, several hundred thousand state-owned enterprises have been given greater power to make decisions, and several million collective enterprises and individual producers in cities and towns and 800 million peasants are also managing their affairs independently. The first condition is gradually being fulfilled. But the second one depends on the rapid development of the service trades themselves. Tertiary industry includes various kinds of work. Its development is the perfection of

the social division of labour, and points the way for the growth of the commodity economy.

In the past few years China has expanded its range of activities with other countries in trade, science, culture, sports and tourism. The number of visitors from other countries and regions is growing every day. More than 10 million tourists come to China each year, increasing 20 per cent annually on average. But because of the shortage of services some visitors do not come away with their justified demands fulfilled.

The labour force in industrial production already exceeds the saturation point. Experts calculate that industry now has roughly 10 million surplus workers. Agriculture has about 100 million as many extra workers, or about two out of every five. Meanwhile, there are also several million people in the cities still waiting to be assigned jobs. This requires us to make full use of the labour-intensive tertiary industry to employ more people.

With the development of the forces of production and the increasing incomes of urban and rural residents, many more service facilities, such as laundries, barbershops, medical establishments, recreation and sports centres and tourist spots will be demanded by consumers. However, at present only about 4 per cent of the total spending per capita in China goes to the service trades. This is low both in comparison with the developed countries and with countries at a similar economic level as China. Developing tertiary industry rapidly and offering more services will improve people's living standards and help

retrieve money from circulation.

But before the service trades can develop, some problems must be solved. First it should be theoretically confirmed that tertiary industry is a part of production. Its output value should be included in the GNP to correctly represent its economic importance.

The principles of developing tertiary industry must be clearly defined: service — profit — accumulation — expansion. Under the guidance of the state plan, the scope of market regulation for the service trades must be expanded. Collective, individual and other co-operative services must be enthusiastically developed.

The work week should gradually be shortened to five or five and a half days. This will guarantee workers more spare time for entertainment, tourism and education after their incomes are increased.

Developing the First Atom Bomb

from "ZHONGGUO XINWEN"
(China News)

ZHANG Aiping, Minister of National Defence, explained how China's first atom bomb was developed, during an interview about the modernization of China's defence forces.

In 1960 different opinions were raised on whether or not China should develop its nuclear weapons and atom bombs because China was then having a hard time. Marshal Chen Yi and other proletarian revolutionaries strongly supported development. Chairman Mao agreed, and Marshal Nie Rongzhen sent Zhang to investigate.

Zhang visited all the national defence research installations in the country and wrote a report to the Party Central Committee. It said, "As long as the Party Central Committee has made up its mind, we can make an atom bomb within two years without any outside help."

Deng Xiaoping presided over the meeting of the secretariat which supported development. Afterwards, the Party Central Committee put Premier Zhou Enlai in charge of this work. Deng said then, "Dare to work. Successes will be yours but failure will be ours in the secretariat." Following this word, leaders doing defence research at all levels dared to take responsibility and make bold decisions.

Under the concern of Premier Zhou, materials were moved in a steady stream to the test base. Finally, the atom bomb, then the hydrogen bomb and then the guided missile were successfully tested.

Ten Changes Build Confidence

from "BEIJING RIBAO"
(Beijing Daily)

LIANG Junling, a worker at the Beijing Jiali Garment Factory, talked about the ten major changes he saw or experienced in recent years.

1. Bright, colourful, up-to-date fashions have taken the place of blue and grey clothes.
2. People are no longer eager to work little and to ask for leave.
3. The Jiali Factory has a new building and new machines.
4. I and all the workers spent our holidays in the summer resort of Beidaihe for the first time.
5. Study used to be a headache for me. But in recent years I

studied at a night school with my young colleagues.

6. None of my relatives from rural areas complained of being short of money.

7. No one has made off with my pomegranates in the last two years.

8. Over the past two years I bought a washing machine, a standing electric fan and a large bookcase. Now I plan to buy a re-

frigerator.

9. Not long ago I almost lost my way when I brought my child to the Beijing Zoo because there are so many new buildings there.

10. I used only to think about work, but now I'm crazy about the knowledge contests running in local newspapers.

All these changes have exceeded my expectations and added to my confidence.

Farmer's Housing Grows Beautifully

from "ZHONGGUO
HUANJINGBAO"
(Chinese Environment)

FROM 1949 to 1978 Chinese peasants built an average of 100 million square metres of new homes a year.

In the years from 1979-1983, 2,900 million square metres of rural residences have been built or renovated. Almost 40 million families have moved into new homes. The peasants invested about 70,000 million yuan in this new housing.

In Jilin and Heilongjiang Provinces in the northeast, 90 per cent of all houses were once made of adobe. But recent construction

projects have all been building brick houses with tile roofs. Among the new homes in Shanghai and Zhejiang Province along the east coast, more than 40 per cent have two or more storeys. They are decorated with ceramic tiles, plastic wall papers and other high-quality materials. Many villas and beautiful houses are springing up in Guangdong and Fujian. In Henan, Shaanxi and other areas in central China, high-quality cave homes have been built.

Sichuan peasants are building or renovating brick houses with tile roofs. The bamboo and fruit trees both in front and at the back give these houses welcome shade.

A new residential quarter in Yiduhe Village on the outskirts of Beijing.





Expedition to Antarctica and the Southern Ocean

More than 100 scientists are on their way to the South Pole as part of China's first Antarctic expedition. They left on Nov. 20 aboard two ships specially designed for scientific research.

Fifty scientists will set up China's first summer research station, to be called the Great Wall Station, either on George Island or on the Antarctic Peninsula. They will spend 150 days surveying and studying meteorology, geomorphology and marine biology.

The Chinese expedition will also do research in the Southern Ocean. Scientists will make their studies in the Bellingshausen Sea near the Antarctic Peninsula, over an area of 350,000 square kilometres. This area, about 3,000 to 4,000 metres deep, abounds in krill, a shrimp-like crustacean.

Their large-scale, comprehensive survey, including research in hydrology, meteorology, chemistry, geophysics and geology, will emphasize studying krill and other marine life. Several dozen observation posts will be set up within 3,000 nautical miles off shore.

There are more than 70 scientists exploring the Southern Ocean with advanced instruments and equipments. Two cold laboratories 16 cubic metres each approximating the conditions there have been built to try to bring the krill back for further research. Only one-third of the Southern Ocean has been slated for international exploration of the ecological system and the marine life. An overall, systematic, comprehen-



"Xiangyanghong 10" awaits orders to sail to the Antarctic.

sive survey may be obtained in this expedition.

Antarctica, which accounts for one-tenth of the land of the earth, is rich in mineral and biological resources. It is estimated that its metal mineral layer covers more than 33,000 square kilometres at 6,500 metres deep. There are more than 220 kinds of minerals, about 800 types of plants, and a great variety of animals including seals, walruses, whales and dolphins.

The rich resources have attracted worldwide attention. So far three joint international surveys have been conducted. About 40 permanent stations and more than 100 summer stations have been established by 13 countries.

At the beginning of 1979 correspondents from Xinhua News Agency went to the Antarctica with

an expedition from Chile. The Chinese National Committee for Antarctic Research was established on May 11, 1981. At the invitation of other countries, more than 30 Chinese scientists were sent to the Antarctica.

On May 9, 1983 the Standing Committee of the National People's Congress adopted a decision to join the Antarctic treaty, and declared that the purpose of Antarctic research is to know more about the continent and to contribute to the peaceful uses of Antarctica.

However, China never established its own research base. The Great Wall Station is a wish come true for many Chinese scientists.

The 13,000-ton research ship for the Chinese expedition to An-

tartica was built in China. It is fitted with a satellite telecommunications system, sonar, fire-proof walls and other equipment at advanced international levels. Another 10,000-ton ship, responsible for salvage and rescue, will transport the supplies to Antarctica.

Artifacts Trace Art Development

A seven-year archaeological excavation has uncovered another Neolithic settlement in Gansu's Qinan County about 240 kilometres southeast of the provincial capital, Lanzhou. Estimated to be 5,000 to 7,000 years old, the paintings, symbols and coloured pottery are the earliest ever found in China.

The site was discovered in the late '50s, but excavation work began only in 1978. In total, 13,000 square metres were dug up. Among the discoveries were the remains of 240 primitive houses, 342 cooking pits, 79 tombs, 38 kilns and eight trenches. Altogether 8,000 artifacts were found intact.

The buildings range from small early Neolithic sheds to palace-style structures. Some are quite well preserved. In one of the houses, the floor was laid in four layers, one of which is



Remains of a 17.5-by-8.3 metre house dating back to the Neolithic Age were uncovered.

light sand and gravel cemented with baked local gravel. Tests show that after thousands of years the concrete can still withstand pressures of 100 kilogrammes per square centimetre. Houses built from this type of concrete are light and resist the cold and damp. Archaeologists were surprised to see such advanced construction techniques from people living 5,000 years ago.

The thousands of stone, pottery, horn and bone artifacts are mostly tools, daily articles and ornaments. Some are rare primitive sculptures and paintings. A 31.8-cm high pottery vase is painted colourfully. The upper

part is in the shape of a human head with short hair and bangs and two tiny holes in his ear lobes. This gem of ancient Chinese art combines sculpture and painting.

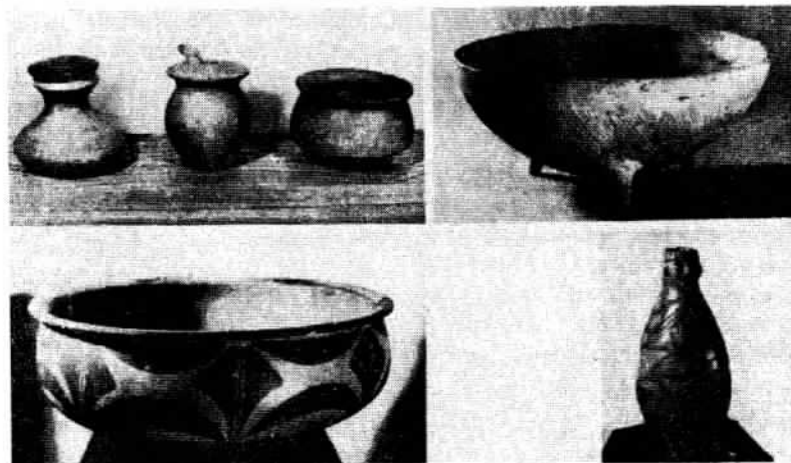
This and other ancient articles clearly show the evolution and the development of painting and design. For instance, fish painted on pottery changed from a realistic to a free interpretation as the ages pass.

Another important finding is about a dozen parallel lines and curves. These might suggest written records, because they differ from decorative designs.

In addition, crops such as corn and rapeseed were found.

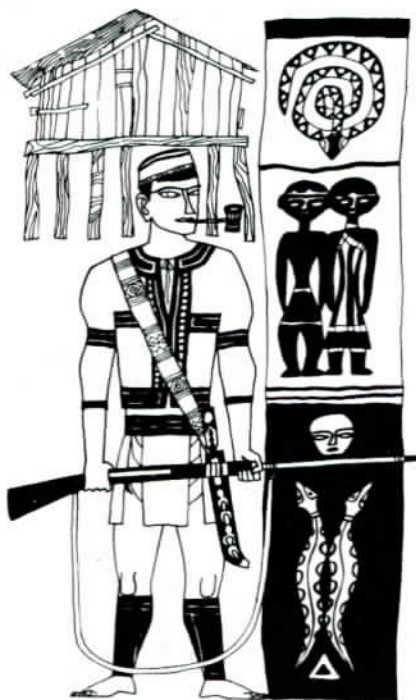
Archaeologists believe that these ancient buildings and artifacts are precious evidence for understanding the development of relations between different cultures of the Neolithic Age living along the upper reaches of the Huanghe (Yellow) River. They will contribute much to the study of culture in remote antiquity.

Cultural relics unearthed in Gansu Province.



CORRECTIONS: In issue No. 49, p. 11, middle column, last paragraph, line 6-7 should read, "Into four areas totalling 13,300 square kilometres." Right column, paragraph 2 should read, "Applications filed by foreign companies for data purchase will be closed on Dec. 15."

ART PAGE



Young Man.



Young Girl.



Mother and Her Baby.

Decorative Paintings by Hu Yongkai

Born in 1945 in Beijing, Hu Yongkai now works as an art designer at the Shanghai Animated Film Studio.

The artist specializes in decorative painting. These pictures show the daily life of the people of the Gaoshan minority in Taiwan.



Husking Rice.



Sweethearts Tryst in the Moonlight.

CHINA NATIONAL TEXTILE IMPORT & EXPORT CORPORATION

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As of July 1, 1984 the above three branches have been open to business in their respective lines and welcome traders from all over the world.

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SHANGHAI HOME TEXTILES BRANCH

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Cable: "HOMETEX" SHANGHAI
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GAREX CN (temporarily)

