

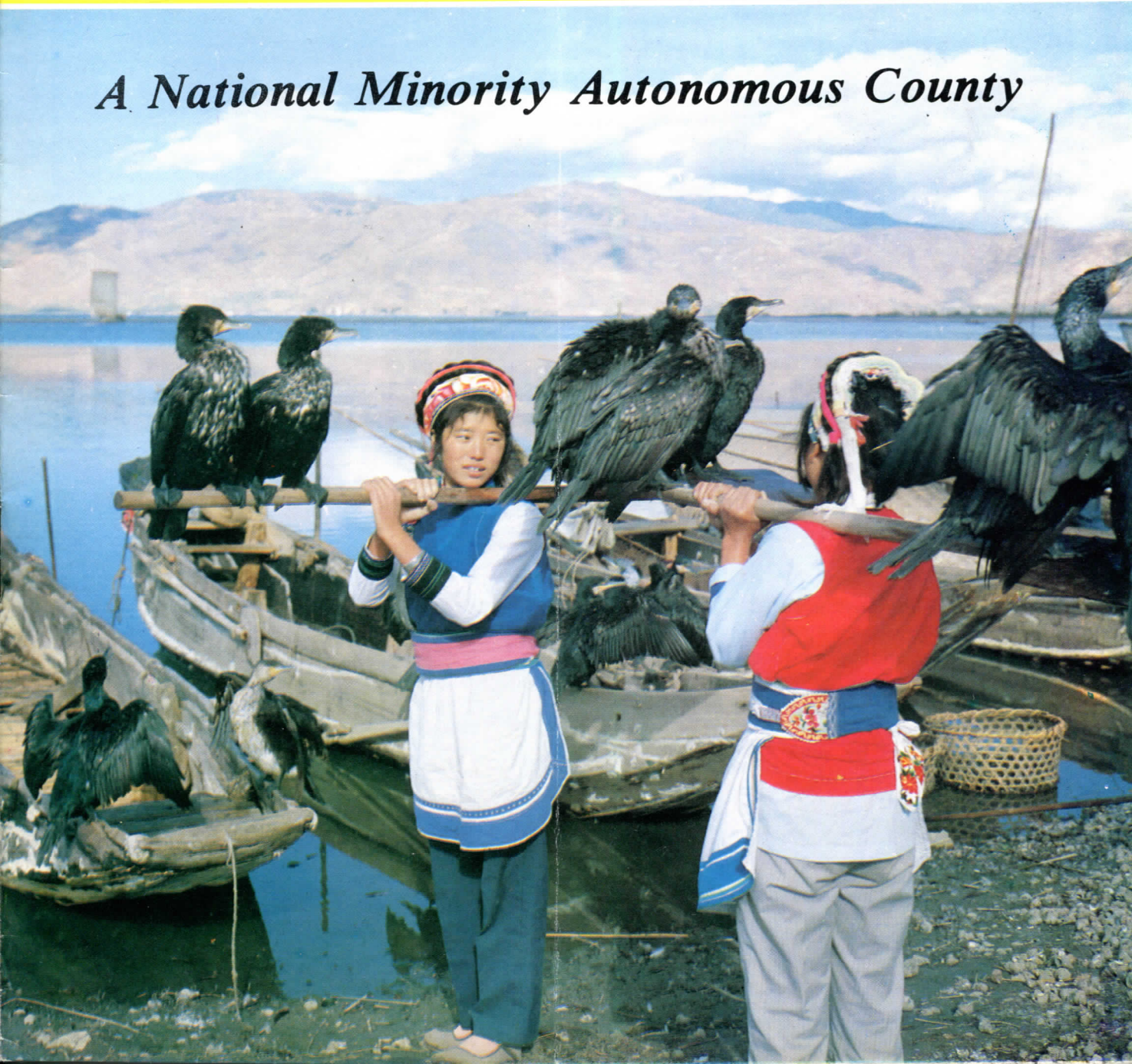
# BEIJING REVIEW

北京周报

A CHINESE WEEKLY OF  
NEWS AND VIEWS

**Deng Explains Why China's Current Policies Will Not Change**  
**Reform of the Price System**

*A National Minority Autonomous County*



## Special Hospital Cures Arthritis With Heat From the Earth



Muta Lif, the physician in charge at Huolongdong Hospital, listens as a woman describes the results of her geothermal treatment.



These women suffering from lumbago feel very comfortable with their backs against the hot air vents in the cave walls.

Patients at Huolongdong Hospital in Yining, Xinjiang, are asked to sit with their backs against the crevices of walls of caves to cure their rheumatism, sciatica and other diseases. Air as hot as 20 to 50 degrees centigrade blows up from the crevices of the caves. Aided by some medication, the cure rate is 80 to 90 percent.

**SPOTLIGHT**



Patients with rheumatism in their legs receive treatment by sitting or leaning against vents in the cave walls.

# BEIJING REVIEW

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<b>COVER:</b> Young women of the Bai nationality in Dali, Yunnan Province, prepare to go fishing. Photo by Qu Weibo	

## HIGHLIGHTS OF THE WEEK

### ***Vice-Premier Explains Price Reform***

The reform of the current irrational price system is high on the agenda in China. Vice-Premier Tian Jiyun's recent speech deals with the reasons, plans and conditions for reform, and he stresses the role of leadership in ensuring the reform's success (p. 16).

### ***Deng Xiaoping Elaborates Chinese Policies***

Many in the world regard Deng Xiaoping as the architect of the current Chinese policies. Yet he himself says he has played only a part in it. Deng's speech at a recent Central Advisory Commission session, to be carried in *Beijing Review* in five instalments, touches on this and the changes taking place in China today (p. 15).

### ***Veterans Recall Zunyi Meeting***

Held 50 years ago when the retreating Red Army was on the history-making Long March, the Zunyi Meeting established the principle of combining Marxist theory with the practice of the Chinese revolution. Zunyi Meeting participants marking the half-century anniversary at a Beijing ceremony said the principle continues to serve as a guiding concept of today's modernization drive (p. 6).

### ***Contract OK'd for First Nuke Plant***

A joint venture contract has been signed to build China's first commercial nuclear plant near Guangdong Province's Shenzhen Special Economic Zone. The plant, when completed about seven years from now, is expected to sell the Hongkong Utility Company about 70 percent of its annual electric output of 10 billion kwh (p. 8).

### ***Sino-Soviet Border Trade Rejuvenated***

Border trade between China and the Soviet Union, halted in 1962 when relations between the two countries deteriorated, has been resumed in recent years and is developing rapidly. (p. 30).

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# Service Trades on the Rise

by **WANG DACHENG**  
Economic Editor

Reports about the growth of the tertiary industry, particularly the growth of the service trades, have been frequent in the Chinese press of late. And state leaders have encouraged the trend by asking people to give the industry a push. This is something significant as it happened after the announcement of the Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure.

In the past many Chinese refused to use the name—the tertiary industry—which is commonly used in capitalist society, and Chinese statisticians never calculated the value of the service trades and other branches of the tertiary industry such as education and culture. The gross national product figures ignored the entire tertiary industry. Now the time has come to reconsider the matter.

Analysis of the essence of the tertiary industry is far more important than any debate about just what to call this sector of the economy. In the West, the tertiary industry includes all businesses which provide services for social production and the people's livelihood—from commerce, finance, communications, transportation, information, tourism, hotels and medical care to recreation. All the above-listed are found not just in the West. Their counterparts in China not only exist, but are playing a big role in the day-to-day life of the people, who are beginning to recognize the significance of the industry.

Let's leave aside output value for the moment and take up only the structure of labour in China. Workers in the tertiary industry constitute only 15 percent of the national work force, placing China 107th among 126 countries in the world.

In Beijing, for example, there are now 49,000 shops, restaurants, hotels, barber shops and repair centres employing 384,000 people. However, compared with

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***At present, the state has adopted policies to boost the service trades. Apart from state-run enterprises, collectives as well as individuals are encouraged to engage in service trades.***

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Tokyo, which has a similar population, Beijing has only one-sixth as many service facilities and one-fifth as many service workers. There are far fewer restaurants in Beijing, which account for only 3 percent of those in Tokyo. The service trades are even less developed in most other Chinese cities.

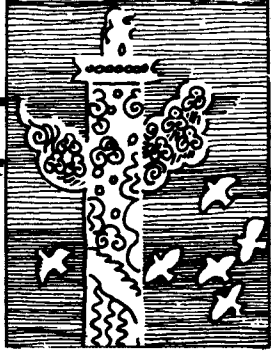
The poor service trades in China means inconvenience for the people in their daily lives. Dining, making clothes, telephoning, shopping, commuting and checking in

at hotels are all annoying, tiring and time-consuming. According to statistics, 200 million Chinese people have to spend three to four hours a day in the kitchen. Overseas business people and tourists often complain about poor transportation and communications facilities, low service standards and inefficiency.

The major reason for the backwardness of China's service trades is that some people, long influenced by the "leftist" ideology, looked upon the service industry as a welfare undertaking which created no value and therefore could not be counted as an "industry." Many deemed service workers to be on a very low, if not the lowest, rung of the social ladder. Moreover, state policies did not support the service trades and the government departments concerned did not invest much in them. As a result, many service trades earned little profits and some even suffered chronic losses. Such being the case, those who engaged in service trades found themselves losing money; the more such trades they ran, the more money they lost. This sapped the initiative and vitality of the service trades.

After eliminating the influence of the "leftist" ideology, it is clear that there are now favourable conditions for rapid development of the service industry in China.

First, the average per-capita spending on labour service accounts for only 4 percent of a person's total expenditures. In recent years, with marked increase in their incomes, people are begin-



ning to demand more time and facilities for culture, sports, travel and recreation. This gives rise to a vast, potential consumer-market. Meanwhile, the number of foreigners, overseas Chinese and Hongkong and Macao compatriots visiting the Chinese mainland is on the increase along with the implementation of China's policy of opening to the world. There are now 10 million annually business people and other visitors who demand better services.

Second, the economic structure needs some adjustment. At present, there is a glut of labourers working in industrial and agricultural production. According to specialists, there is an excess of up to 10 million people in industry and more than 100 million in agriculture. These millions of workers, unneeded in the factories and fields, can fill the service trades with the manpower needed. Many among the millions have already been transferred to these trades in the past few years.

At present, the state has adopted policies to boost the service industry. Apart from state-run enterprises, collectives as well as individuals are encouraged to engage in service trades. The state will give guidance, enlarge the sphere of market regulation and offer tax reductions or exemptions, and readjust price — all to the profit of the operators. This will provide the service industry with new hopes and chances to prosper in the near future.

## LETTERS

### Foreign Aid and Debt

*Beijing Review* issue No. 34, 1984 published an article entitled "Africa: Poorest Countries, Largest Debts." I am not in disagreement with the views of the author. But I do differ with him about the solution he suggested at the end of the article.

I am interested in the article because it deals with a question of common concern and contains a well-known truth.

However, the article would be more persuasive if the author had listed the amounts owed by the 22 countries whose foreign debt amounts to more than half of their gross national product.

In order to alleviate the debt burden of the underdeveloped countries, I agree that the so-called developed countries should increase their economic and financial aid to the third world countries and grant them favourable trade terms. But I dare not agree with the author that this is the only solution. On this point, Joseph Kizerbo, a great historian in Africa, also raised some different views. I think his views warrant consideration.

He said that some African countries are in an urgent need of foreign aid. But foreign aid is also a fearful thing because it can bring great harm. Even interest-free loans may cause various kinds of trouble when they expire.

Therefore, my personal view is that the African countries should focus attention on their own economic systems to make them suit the conditions on their continent. By this I mean that the African countries should not follow the capitalist or socialist economic systems of the world's highly indus-

trialized countries. They should seek an active and independent road and stop importing someone else's ideology, because it often throttles the African economy for its own interests.

In this way the Africans will be able to put the continent's plentiful resources at their own disposal and be freed from economic policies based on borrowing.

In this regard Rwanda seems more successful. Thanks to the sagacity, initiative and ability of its leaders, the country has built several trunk highways and has started a nationwide electrification campaign. These efforts are as important as what you are doing in China.

By saying this, I do not mean that we do not appreciate the sincere co-operation of China. In fact, the Chinese are now making their own efforts to make Rwanda a pearl in Africa.

Ngololo Molo

D. S. Zaza par Kigali, Rwanda

### Memories of Qingdao

I was very excited to read the article "Qingdao, an Oasis Surrounded by Sea" (No. 39, 1984). On the front cover was the Huiquan Hotel, which I am familiar with. I have been to Qingdao three times.

After reading the interview with Mayor Zang Kun, I can predict with certainty that Qingdao will become a more beautiful city in the future.

I am planning to visit Qingdao again in October this year to meet my old friends and see for myself the new changes.

Ryoichi Arai

Kitukyusho, Japan

# Veterans Recall Historic Zunyi Meeting

More than 300 veteran revolutionaries and public figures gathered in Beijing January 17 to mark the 50th anniversary of the Zunyi Meeting, a turning point in the annals of the Chinese Communist Party.

The Zunyi Meeting was an enlarged session of the Political Bureau of the CPC Central Committee held January 15-17, 1935, when the Red Army reached the city of Zunyi, Guizhou Province,

on the history-making Long March. Before the meeting, the Red Army, plagued by the "leftist" line, had suffered heavy losses after being driven to a point of no return by the Kuomintang 5th "encirclement and annihilation campaign." The main force of the Central Red Army, for example, had been reduced from more than 80,000 soldiers to 30,000. Many underground Communist Party organizations had been rooted out in the cities.

A point of no return is a turning point for the better, as a Chinese saying goes. At the meeting, the participants criticized and rejected the "leftist" line headed by Wang Ming and established the leadership of Mao Zedong in both the Party and the army. Following the change, the Red Army became a more powerful and dynamic fighting force.

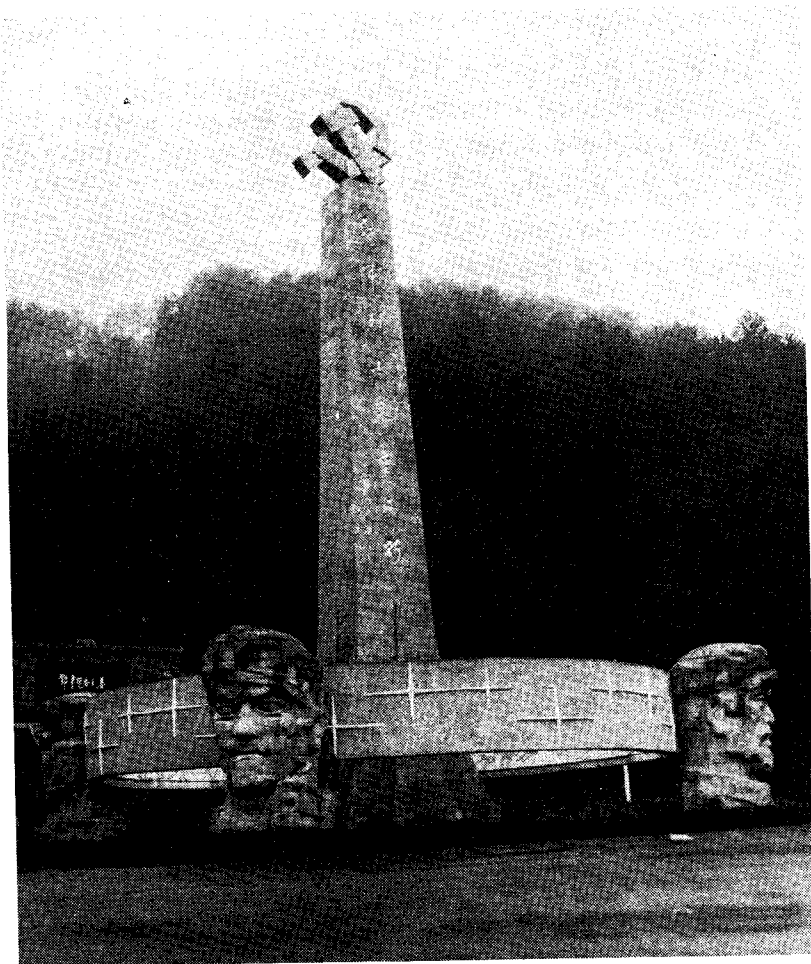
Thanks to the Zunyi Meeting, said Yang Shangkun, a Zunyi Meeting participant and currently a member of the CPC Central Committee Political Bureau, the Party successfully completed the Long March and then organized the united front to spearhead the War of Resistance Against Japan.

"The lesson for us today is that the consequences of following the 'leftist' line were disastrous, and that we must at all times strictly follow the principle of combining the universal truth of Marxism-Leninism with the practice of the Chinese revolution and construction and take China's own road," said Yang.

Yang termed the Zunyi Meeting "the second great turning point in the Party history." The first, he said, was the establishment of a rural revolutionary base area in the Jinggang Mountains following the failure of the 1927 revolution. And a third turning point was the convening of the Third Plenary Session of the 11th Party Central Committee in 1978.

The rich experience of the Zunyi Meeting still guides China's revolution today, said Yang. Over the past six years since the Third Plenary Session of the 11th Party Central Committee, the Party has

**A monument to Red Army martyrs has just been erected in Zunyi.**



combined Marxist theory with the practice of China's socialist construction and cast away old concepts and rigid models which have proved ineffective in China. As a result, great progress has been made in invigorating the economy and developing relations with other countries.

Of the 20 participants in the Zunyi Meeting, only Deng Xiaoping, Chen Yun, Liu Bocheng, Nie Rongzhen, Yang and Wu Xiuquan who interpreted for Li De (Otto Braun), military advisor from the Communist International, are still living.

To mark the 50th anniversary of the meeting, symposia were held to discuss the Zunyi Meeting's impact on Party history. In addition, a monument has been erected in Zunyi to pay tribute to the Red Army martyrs.

## NPC 3rd Session Agenda Detailed

The Third Session of the Sixth National People's Congress will be held in late March in Beijing to review and approve the Sino-British Joint Declaration on Hongkong.

This was announced at the ninth meeting of the Sixth NPC Standing Committee which opened January 10 and ended January 21.

Other items on the agenda of the third session will include hearing a report on the work of the government, examining and approving the programmes for national economic and social development and the state budget for this year.

China's first Inheritance Law will also be examined by the nearly 2,800 deputies at the coming session. The draft law concerning state industrial enterprises will be further revised by a legal committee and a financial committee after consultations with

various provinces, municipalities and autonomous regions.

The Standing Committee also approved the Accounting Law, which will go into effect on May 1 this year.

Under the law, enterprise management should be improved and economic performance promoted.

The law will apply to all state-owned enterprises and institutions. The management of collectively run enterprises and organizations, and enterprises with foreign investment will be defined in special regulations.

The draft decision to authorize the State Council to formulate temporary regulations and provisions concerning the nationwide economic reform and opening-up policy may also be approved as part of the nation's efforts to improve its legislation and law system.

These regulations and provisions may be formally adopted by the NPC and its Standing Committee after they have examined their success in the experimental stage.

## Taiwan Intelligence Officers Implicated

Taiwan announced January 15 that it had arrested an undisclosed number of military intelligence officials in connection with the murder of Chinese-American writer

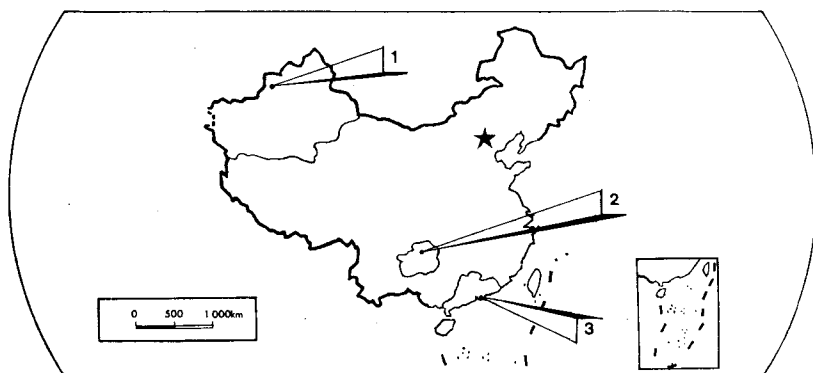
Henry Liu (Liu Yiliang) in California last October. But some newspapers warned that Taiwan officials may be using the trick of "giving up a chariot to save the marshal," a sacrifice often employed in Chinese chess.

Liu, who wrote under the pen name Jiang Nan, was gunned down October 16 by "three Asians" outside his home in Daly City, California. The slaying took place shortly after Liu revised a biography critical of Chiang Jing-Kuo, the son of Chiang Kai-shek and Taiwan's "president." Liu, who emigrated to the United States in the 1970s, wrote several books critical of the Taiwan authorities.

Liu's murder sent shock waves through the Chinese community in the United States. Many suspected that the murder was perpetrated by Taiwan agents, but Taiwan authorities accused their accusers of "hurling mud at the Kuomintang," the ruling party on the island. That attitude remained unchanged until San Francisco police said they had identified the murder suspects as members of the Taiwan-based crime syndicate, the Bamboo Union Gang.

According to Taiwan's Central News Agency, Chang King-yuh, director-general of Taiwan's information office, said January 15 that Chen Chi-li, one of four suspects now in custody in Taiwan, had revealed that Taiwan intelligence bureau personnel were

### PLACES IN THIS ISSUE



1. Qapqal Xibe Autonomous County (p. 20) 2. Zunyi (p. 6) 3. Shenzhen (p. 8)

## News in Brief

To help raise the social status of teachers, Chinese Premier Zhao Ziyang has proposed that September 10 — the beginning of a new school year — be designated as National Teachers' Day. The National People's Congress has approved the proposal.

Chinese students will find it easier to study abroad following the introduction of a new set of State Council regulations.

The new regulations stipulate that individual citizens may apply for permission to study abroad as undergraduates or graduate students or to undertake advanced studies provided they have obtained independent financial support or scholarships in foreign currency and the necessary enrolment papers.

According to a recent survey, China now has 35 million one-child families, about 20 percent of all the families in which the wife is of childbearing age. The survey also shows that the percentage of one-child families in the cities is much higher than that in rural areas.

Altogether 38 persons, including two Americans, were killed and three seriously injured when the plane Antonov 24 crashed at Jinan airport while landing on January 18.

involved in the murder. The other three suspects in custody were identified as Wu Tung, Tong Kuisen and Yu Ta-chun.

Chen Chi-li, a leader of the Bamboo Union Gang, fled to Taiwan from the United States after Liu's murder. But he was arrested in late November. According to a January 8 report in *Wen Wei Bao* (*Wen Wei Daily*), a Hongkong-based newspaper, Chen said he had been double-crossed by Taiwan authorities. He then revealed that he had made a tape recording which described the details behind the murder just in case he was betrayed. On the tape, Chen said the murder was to serve as a warning to Chinese-Americans critical of the KMT. The paper said the tape is now in Los Angeles, and maybe in the hands of the FBI.

Some newspapers speculated that Taiwan may sacrifice lower-level intelligence officers to protect higher-ups who have been involved in the murder. One Hongkong newspaper pointed out that Taiwan authorities revealed the bureau's involvement only after Chen made known that he had made the tape detailing the case. The newspaper also noted that without high-level approval, Taiwan intelligence officers would not have the courage to kill an unarmed writer in the United States, where people have often criticized human rights abuses in Taiwan and its treatment of dissidents, especially following the death of Dr. Chen Wen-chen in 1982.

Dr. Chen, a Chinese-American professor who was critical of Taiwan's policies, was detained by Taiwan security officials in 1982 when he visited the island. He was later found dead at a university. Taiwan authorities said Chen had committed suicide, but many people in the United States believed he was murdered.

Daly City police said they hope to extradite Chen Chi-li and Wu Tung, but Taiwan authorities have

shown no willingness to hand over the suspects. Cui Rongchi, Liu's widow, said a committee will launch a petition drive to pressure the Reagan administration to demand extradition of the suspects.

A Chinese Foreign Ministry spokesman said on January 17 the Reagan administration to demand extradition of the suspects.

## Contract OK'd for First Nuke Plant

A contract for constructing China's first commercial nuclear power plant was recently signed by the Guangdong Nuclear Power Investment Co. and the Hongkong Nuclear Investment Co.

The US\$4 billion project, which will take seven years to build, is the largest joint venture China has ever undertaken. Covering an area of about 200 hectares in Daya Bay 70 km east of Shenzhen, Guangdong Province, the plant will be equipped with two 900 megawatt pressurized water reactors to generate 10 billion kwh of electricity a year, about 70 percent of Guangdong Province's power production.

Experts have noted that since Guangdong Province is poor in coal and oil resources, the plant will be able to relieve the power shortage in the coastal province. Vice-Premier Li Peng said at the Beijing contract signing ceremony that the plant, when complete, "will be beneficial to Hongkong's prosperity and stability as well as to the economic construction in Guangdong Province." China plans to sell 70 percent of the plant's output to Hongkong when the project's first generator goes into operation in 1991. The aim is to pay the bank loans.

China joined the International Atomic Energy Agency (IAEA) last year. However, the nation is not a signatory to the non-proliferation



treaty, which it believes is discriminatory. Li said China would not sign the treaty. However, he reiterated, "We have no intention, either at present or in the future, to help non-nuclear countries develop nuclear weapons."

The vice-premier also stated that China will abide by IAEA stipulations and its nuclear co-operation with others will be confined to peaceful purposes.

In the near future China will concentrate its efforts on developing thermal power, which will be supplemented by hydroelectric and nuclear power. In the economically developed yet energy-hungry areas, it is planned that nuclear power plants will bring the total generating capacity to about 10,000 megawatts by the end of the century.

To boost its nuclear power development, China is now co-operating or negotiating with France, the Federal Republic of Germany, the United States, Brazil, Pakistan and Japan on nuclear power-related projects.

## Government Aids Poor Farmers

The Chinese government has decided to give low-interest loans and other forms of aid to a total of 70 million poor farmers in the country. Chinese Civil Affairs Minister Cui Naifu announced at a recent national conference on civil affairs in Beijing.

The government plans to reduce or remit agriculture, business and income taxes for 14 million rural families whose income is lower than the local average income due to labour shortages, lack of funds, lack of technology, natural disasters or other misfortunes, said Cui.

The government will also provide these farmers and their families with opportunities to de-



### First Chinese Diver in Antarctica

On January 18 Liu Baozhu dove 57 metres deep into the icy water near King George Island off the Antarctic Peninsula. He collected samples of ocean floor plant life and gained knowledge about the seabed in the area. The following day the Antarctic adventurers, using a Chinese-produced radio, communicated with Beijing over a distance of more than 10,000 km.

velop commodity production and encourage them to participate in joint economic operations. Priority will be given to them when the state purchases products, said the minister.

Agriculture has advanced rapidly in recent years but its development has been uneven from place to place. However, farmers with an annual income lower than 310 yuan are considered to be poor. These make up 8 percent of the total rural population. In the past year about 1.7 million poor farmers were lifted out of poverty with the support of the government, said Cui.

During the new year, Cui said, his ministry will continue to raise money to aid poor farmers. For instance, some 50 million yuan worth of grain and cloth have been assigned to underdeveloped rural areas in the Ningxia Hui Autonomous Region in northwest China to help develop local roads and build water conservation projects. Cui said he is convinced that state

and social assistance to such farmers in less developed areas will be increased step by step with the improvement of the country's economy and the government's finances.

According to a report recently released by the government, 2.7 percent of the farmers are still below the poverty line of a per-capita income of only 100 yuan a year. Most of these farmers live in remote and mountainous areas, where transportation facilities are poor and commodity production is less developed, said Cui.

To help these farmers boost production, special efforts have been made to open classes in agro-science and technology and to set up consulting groups to offer technical advice to such poor farmers, said Cui.

The Ministry of Commerce and other State Council departments have sold on credit cotton and cloth valued at 1.9 billion yuan to the most underdeveloped areas. In

a joint circular, the ministry and the People's Bank of China urged the relief work to go forward so as to let people in these areas have a good Spring Festival.

## School Offering Children Course

Despite the biting cold and strong winter winds, some 35 young people travelled by bus or bike to a Beijing classroom to continue their studies. As they slipped into their desks, the only hint that this was no ordinary science or math class was in the figures of the young women — most were visibly pregnant.

The women and their husbands are the inaugural class of the Beijing Pregnancy School, China's first prenatal and postnatal care course organized by the Beijing Municipal Women's Federation. The one-month course touches on everything from sex life to baby nutrition to changing diapers. During a recent class meeting the students first watched a videotape lesson on nutrition, bathing and exercise for infants and then listened to a professor lecture on sex life before and during pregnancy.

"There has been plenty of information about care for children from 3- to 7-years-old, but a lack of information about pregnancy and the first six months of baby care," said Wang Zhige, the course organizer. "We are trying to teach women how to give birth in a scientific way. I think the course is quite necessary, as some of the students have told me, because it helps would-be parents raise their children properly."

Wang continued, "When some of the students ask their parents and grandparents how birth is done, they say, 'I don't know, you just give birth.' The course provides the information to fill in the gaps and dispel misconceptions," he said.

Ju Rongwei, 27, came to class with his 4-month-pregnant wife, Wang Qi, 27. "In the past," he said, "China had no such education, so I don't have enough knowledge in this field. I worried that without the proper knowledge the risk of having an unhealthy or deformed baby is too high. In addition, since we are going to have only one baby, the baby must be a good baby."

"I want a healthy and intelligent baby, so I have to have the knowledge," Wang Qi added.

Wei Yajun, a doctor in charge of baby care at Tongren Hospital in Beijing, was monitoring the class to update her knowledge. "There are strong needs for such schools," she said. "Years ago, family planning was stressed because of the big population explosion resulting from the baby boom in the late 1950s and early 1960s. But now baby care comes to the fore because a couple has only one child, a child whose parents and grandparents want to be healthy and intelligent."

The class, which is taught by doctors, professors, gynaecologists and paediatricians, provides the young parents-to-be with a wealth of information, Wei noted.

Wei said the class reflects a growing awareness of the importance of prenatal and postnatal care, but she feels more resources need to be devoted to the field. "City authorities hope to have one baby care doctor for every 5,000 urban residents, but there are not enough doctors to meet this quota," said Wei.

Though the baby care schools are a new phenomenon, class organizer Wang said he thinks they will catch on and spread across China. The Beijing Municipal Women's Federation is urging women's groups in each urban district and suburban county to open a pregnancy school as soon as possible.

## Around the Globe

### Viet Nam Asked to Stop Attacks

Viet Nam has again sped up its military attacks on Chinese border areas, sometimes making as many as nine attacks and firing thousands of shells in a single day. The Chinese frontier forces have been forced to counterattack in self-defence. On January 23, a spokesman of the Chinese Foreign Ministry demanded the Vietnamese authorities to stop their military provocations.

### China to Provide More Aid to Africa

China provided 120,000 tons of grain to assist the disaster-stricken African countries in 1984. A Chinese emergency medical team was also recently sent to Ethiopia. In the coming year China plans to send more grain and materials to aid the African countries hit by natural disasters.

### US Military Chief Visits China

Chinese Chief of General Staff Yang Dezhi will visit the United States at the invitation of General John Vessey Jr., Chairman of the US Joint Chiefs of Staff, who toured China January 12-19. During his trip, Vessey and Yang discussed contacts of the two armies.

### Sino-Dutch Relations Improved

Premier Zhao Ziyang told visiting Hans Van Den Brook, foreign minister of the Netherlands, that he is satisfied with the development of the two countries' relations since they restored diplomatic ties to the ambassadorial level last February.

## Brazil

### Military Rule Ends With Vote

**Although a civilian president has been elected, the Brazilian government is faced with the task of co-ordinating alliance forces to solve economic and political puzzles.**

by **HU TAIRAN and  
MENG JUN**

**B**RAZILIAN Democratic Alliance candidate Tancredo Neves was elected president January 15, ending 20-years of military rule in the country. Brazil's democratic process will surely have a positive impact upon the democratic movement throughout Latin America.

Neves was indirectly elected by the 686-member electoral college, which is composed of all members of both houses of congress, most who were elected in 1982, and of three representatives from each of Brazil's 23 state assemblies.

The ruling Democratic Social Party (PDS) previously controlled a majority in the electoral college, so the opposition parties represented by the Brazilian Democratic Movement Party (BDMP) demanded a direct election. Over the past year more than 10 million people took part in mass rallies and demonstrations, pressing the military government to provide a direct vote. As the sharp struggle continued, the balance of strength was tilted towards the opposition parties. The ruling PDS split over the election system and the choice for presidential candidate. A dissident faction headed by Vice-President Antonio Aureliance Chaves de Menonca organized the Liberal Front and, joining with three opposition parties, nominated Neves

as their presidential candidate. When their demand for a direct election was rejected, the Democratic Alliance opposition parties fiercely battled the ruling party within the electoral college and gained superiority. That laid the foundation for the presidential election victory.

The transfer from military rule to civilian government reflects the strong desire of the Brazilian people for democracy and change. Since 1964 when the military took command in Brazil, the last five presidents have all been generals. The military government has for many years authorized both a ruling party and an opposition party. The past two governments have pursued a gradual policy towards "democratization," changing the two-party system into a multi-party system and opting for an elected civilian president and direct elections for the National Congress and state governors. During this process the opposition parties have grown strong in the state governments and in the National Congress.

Although Brazil, under the military government, saw its economy grow rapidly over 10 years, the effects of the economic crisis in the capitalist world and weaknesses in Brazilian economic policy have flung the economy into an unprecedented dilemma in recent years. Brazil's foreign debt is US\$100 billion, the largest in the world, and the inflation rate is 220 per-

cent. Some 10 million Brazilians are either unemployed or underemployed. The people are not satisfied with the present situation and have urgently demanded democracy and a change in the economic policy. This is the basic reason why the opposition parties won broad support and will replace the military government.

Neves, 74, was prime minister, a senator and president of the state bank before the military coup in Brazil. He has for 40 years been known as a steady and efficient political figure. He has maintained close relations with industrial and business circles and some officers of the military government, and he is regarded as a moderate centrist by the public. In domestic affairs, Neves has said he will pursue democratic measures, including a readjustment of the legal system and a restoration of a direct presidential election system in 1988. He has also promised to work out a new financial and economic policy aimed at speeding recovery and increasing export and domestic markets, thus opening up more opportunities for private industry. He emphasized that he will renew negotiations on the foreign debt based on safeguarding the country's sovereignty and improving economic relations with creditor countries and trade partners. He also said he will pursue an independent foreign policy, with emphasis on developing relations with neighbouring countries, supporting the efforts of the Contadora Group to bring peace to Central America and opposing US interference into the internal affairs of Nicaragua.

Neves will be sworn in March 15 and that event will bring new hope to the Brazilian people. However, the problems facing the president-elect are complex and the road

ahead is tortuous. The Brazilian economy showed signs of recovery in 1984, but it still has major woes. Though the opposition support gave him the victory in the election, the clashing political views will be hard to please simultaneously. Neves must take great pains to rally all the political forces to solve the economic questions

and to strengthen the democratic process. Meanwhile, the entrenched PDS has enough strength in military, political and business circles to counterbalance the new civilian government. Therefore, Brazil will witness many policy readjustments following realignments of the various political forces.

exists with structural unemployment. The periodic economic crises which beset capitalism inevitably bring about cyclic unemployment. But since the 1970s, due to technological transformation and adoption of higher automation, employment opportunities have been disappearing even during the relatively prosperous periods. This is structural unemployment. The new technological revolution has challenged technologically backward traditional industries such as steel, coal, shipbuilding and automaking. In these industries labour productivity is low, costs are high and competitive ability is weak. The international market is glutted, so there are great losses.

## Western Europe

# Unemployment Still a Problem

**Western Europe's unemployment stems from backward technology and slow economic growth.**

by LI SHUXUN

**A**MID a remarkable economic upturn in 1984, most of the West European countries are still plagued by high unemployment. It is the most serious problem facing West European governments and businesses today.

Unemployment is a chronic malady of capitalism. Generally, whenever an economic crisis occurs, a large number of workers will be fired because of overproduction, bankruptcy or operation at less than capacity. When the economy begins to recover, many of those unemployed are rehired.

But the present problem in Western Europe is that unemployment is still growing although the economy is recovering. When the world economic crisis began in 1979, the unemployment rate in the European Economic Community (EEC) countries was 5.5 percent. It grew to 11 percent in 1984, doubling in just five years. More than one million people have joined the unemployed in the two years since the economic recovery began. At present the percentage of unemployed who have been out of work for more than a year is on the rise. The Organization of

Economic Co-operation and Development predicted that by the end of 1985 the percentage of long-term unemployed in France will reach 45 percent, in Britain 40 percent and in the Federal Republic of Germany 30 percent.

The major reason for this growing unemployment is Western Europe's slow economic recovery. The EEC growth rate last year was just 2.2 percent. Although this was better than the 0.8 percent in 1983, it was still much lower than the 6.7 percent in the United States and 5.3 percent in Japan. It is predicted that the economic growth rate will remain at the present level this year, while unemployment will jump up to 11.5 percent. West European economists generally believe that if the economic growth rate is lower than 3 percent, increased employment opportunities will not be available.

In addition, in the late 1980s the postwar baby boom generation will hit the labour market. Many of them will not find jobs.

But there are also deeper economic and social reasons for the high European unemployment.

First, cyclic unemployment co-

Western Europe's other traditional industries face similar problems. The steel industries employ only about half as many people as they did in 1975.

Second, new industries in Western Europe started late and are developing at a slower pace. They can't offer enough jobs. The United States and Japan are ahead of Western Europe in space navigation, ocean exploration, microelectronics, telecommunications and biological engineering. A Belgian bank recently pointed out that between 1970 and 1983 Western Europe had a lower increase in industrial output than the United States or Japan. Its technical exports dropped 18 percent while those of the United States grew 36 percent and of Japan 38 percent. Western Europe's US\$500 million information technology surplus in 1978 turned into a US\$20 billion deficit last year.

Since early 1984 Western Europe has made a series of plans to develop scientific research and technical exploration, and US\$ billions have been invested. Still it will take time to catch up with the United States and Japan and thus provide more jobs.

Third, the service industry has not expanded to the same degree that manufacturing has shrunk. Like the United States, it is industrial enterprises that are laying people off. But unlike the United States, in which almost all employment opportunities have been in the service industry in the last decade, West European countries have not been quick enough to expand their service industry. Western Europe's service industries are expanding half as fast as those in the United States. Europeans still believe manufacturing is the way to increase employment, and pay little attention to developing services.

Fouth, Western Europe's successive years of limited investment directly affect its economic growth and impede the growth of employment. In 1982 and 1984 the public expenditure of the EEC countries accounted for a little more than 47 percent of their gross domestic product, while in 1982 those of the United States were 36.3 percent and of Japan, 27.3 percent.

Western Europe's taxes are too high, and welfare funds and social insurance deductions are too heavy. This raises the cost of products and reduces their ability to compete in the international market. Faced with the prospect of reduced profits, investors lose interest in exploring Western Europe's new factories and equipment.

America's high interest rate has also attracted a great influx of European funds. It is estimated that between 1982 and 1984 as much as US\$200 billion has poured into the United States. The West European countries' fixed investment in 1983 increased by just 1 percent, while that of the United States increased by more than 10 percent.

Fifth, because of the masses of unemployed, purchasing power is

reduced. Without big market demand, quarrels arise between workers and bosses. The British government has lost £1.5 billion since the mine workers' strike began 10 months ago. The long and costly seven-week metallurgical workers' strike in West Germany cost the government 11.5 billion Deutschemarks. The auto industry and other related in-

dustries, which were the most heavily affected, had to reduce or even stop production. West Germany's economic upturn, which had been relatively strong, weakened immediately.

The West European countries have searched long and hard for a way to deal with the rising unemployment.

## Belgium

# March Nuke Deployment Delayed

**Under continuing pressure from opposition at home and abroad, the prime minister faces a hard decision in March on deployment of US cruise missiles.**

by YAO LI

**B**ELGIAN Prime Minister Wilfried Martens has reaffirmed his government's commitment to deploy US cruise missiles in Belgium, but said he could not begin the deployment in March as scheduled.

He made the statement after a meeting with US President Ronald Reagan in Washington on January 13. Leaders in all fields in Belgium have been watching the meeting with concern.

According to the 1979 North Atlantic Treaty Organization (NATO) dual-track decision, Belgium should begin deploying 48 cruise missiles from this March and finish the job by 1987. But so far the Belgian government has not made a final decision on installation because there has been so much internal opposition. Within the major political parties, and especially inside the majority Christian Social Party (CSP), opinions differ. After the US-Soviet Geneva talks, the argument has

heated up again in Belgium.

Martens' own CSP, fearing it might be swamped by the opposition in a general election, due in December at the latest, if it deploys the missiles as scheduled, has passed a non-binding resolution asking the government to delay deployment.

Leader of the opposition Flemish Socialist Party, Karel Van Miert, described the move as "a blatant electoral manoeuvre." He said his party would fight to turn the temporary postponement into an outright cancellation of the missile programme.

But the Freedom and Progress Party in the majority insists that the deployment be carried out as scheduled. It advocates using the deployment of the intermediate-range missiles as a way of exerting pressure on the United States and the Soviet Union to return to negotiations.

Squeezed from both sides, Martens faces a tough decision. It is reported that at the cabinet meet-

ing held before he went to the United States ministers decided to make a formal decision on missile deployment by this March. One of goals of Martens' visit to the United States is to explain his present dilemma to Reagan, hoping the United States will make some concessions. But the US president, while expressing his understanding of Martens' difficulty, indicated he could not support the delay, alleging that it might have adverse effects.

It is believed that other NATO allies are also unlikely to agree with the delay. So far Britain, the Federal Republic of Germany and Italy have already begun deployment of the US-made missiles. After his US visit, Martens intends to consult the leaders of these three countries.

On the eve of Martens' US visit Soviet Foreign Minister Andrei Gromyko warned that implementing of the Soviet-US agreement reached recently in Geneva would be difficult if the United States continues its missile deployment in Western Europe.

The warning is believed to be directed not only at the United States but also at Western Europe, particularly Belgium and the Netherlands, which have still not set a timetable for deployment.

Martens' statement reflects his government's determination to implement the deployment plan by the end of 1987, although the exact date is hard to decide. It is unlikely to begin before the election. By accepting the missiles later, the Belgian government will be both implementing the NATO plan and softening the internal conflicts in the CSP. But what stand the opposition parties will take remains to be seen.

## Angola

# Oil Industry Develops Rapidly

**Angola is the fifth largest oil exporter in Africa. With the help of increased oil earnings, a varied national economy has been set in motion.**

by CHEN WEIXONG

ANGOLA, lying on the west coast of Africa, has an abundant oil supply and many other mineral resources. Its oil reserves are estimated at one billion barrels. Cabinda Province, located in isolated north Angola, and the on- and offshore regions along the northern coast constitute the major oil production base.

Since Angola gained its independence in 1975, the government has been enthusiastic about exploiting its natural resources. Recently it attracted substantial amounts of foreign capital and foreign assistance to help develop new oilfields, and, as a result, impressive results have been accomplished. Sixty oil wells in 22 oilfields have begun pumping "black gold." The daily yield rose from 170,000 barrels in 1983 to 200,000 barrels in 1984. Angola is now the fifth biggest oil exporter on the African continent and the oil industry has become one of the mainstays of Angola's economy.

In light of the country's abundant oil reserves, the government has chosen the oil industry as the locomotive to pull the nation's economic development. As oil earnings grow, there will be more investment for the processing industry, light industry, power plants, transportation and agriculture. The oil earnings can set in motion the development of a varied national economy.

After 1979 the government enacted a series of laws on foreign investment and joint oil exploration. The laws stipulate that for-

eign oil companies can work cooperatively with the national oil company for 10 years, 15 years or even longer, and that compensation will be granted when nationalization is carried out. Foreign businesses and individual investors are allowed to remit their profits back home freely. Fifteen oil companies of all sizes, including Gulf Oil Co., Texaco (USA) and companies from Britain, Italy and Belgium signed agreements to seek and exploit oilfields inland or along the offshore areas of Angola. Oil output is distributed at a predetermined ratio between Angola's national oil company and the foreign oil company partners. With its oil income, the Angolan government is able to barter with other countries and to repay foreign investors.

The Takula oilfield in Cabinda Province is the largest in Angola, with a daily yield of 68,000 barrels. Angola's gross output volume in 1984 reached 73 million barrels, and oil income amounted to US\$1.8 billion, surpassing the US\$1.5 billion figure for 1983.

In an attempt to change the present situation in which Angola exports only crude oil, the government decided to renovate and modernize the Luanda refinery, which handles 1.5 million tons of oil annually.

Though the Angolan oil industry looks to have a bright future, production is disturbed by events at home and abroad. The ups and downs of the international oil price directly affects Angola's export earnings, while the unstable situation in the country deters foreign investment.

What Deng Says (1)

# Current Policies Will Continue

**Nobody can alter the nation's principles, policies and strategies because practice has borne out their soundness. If they were changed, the country and the people would suffer.**

I THINK the current Central Committee is a mature one and has been handling all kinds of problems appropriately. Foreign newspapers stress my role in it. True, I have a part in it but most of the work is being done by other comrades. I have offered some advice, but it is comrades in charge of the day-to-day work who are performing the most arduous tasks and dealing with individual problems in an orderly fashion. Take, for example, the "Decision on Reform of the Economic Structure" adopted by the Twelfth Central Committee of the Chinese Communist Party at its Third Plenary Session. There has been a good deal of reaction in the past two days. Everyone says it is a document of historic significance. It's a good document, but I didn't write or revise a single word in it. All this is true. Don't try to exaggerate my role. This would only raise doubts in people's minds and lead them to believe that our policy will change once Deng is gone. The world community is quite concerned about this.

Others say that the policy will not change as long as Hu Yaobang

This is an abridged translation, to be published in five instalments, of Deng Xiaoping's speech at the Third Plenary Session of the Central Advisory Commission on October 22, 1984.

and Zhao Ziyang are around. This sounds better. However, Yaobang is 69 years old and Ziyang 65, both approaching 70.

We should make it very clear to the rest of the world that nobody can alter the principles, policies and strategies we have worked out. Why? Because experience has demonstrated their soundness. If they were changed, the country and the people would suffer. So the people would never agree to change them.

We say our current policy is working, because our country is thriving, the people's living standards are genuinely improving and China's international prestige is rising. These are the essential facts. Our policy succeeded first in the countryside. It will not change there. If it did, 800 million peasants would oppose it, because their living standards would immediately decline.

There are still some tens of millions of peasants in the countryside who do not yet have enough food or clothing, although things are much better than before. The Central Committee has mapped out a plan to help these poor areas to prosper. Now that most parts of the country have become better off, the state can spare more resources to help develop the rest. This problem will not be too dif-

icult to solve, because those prosperous areas too can help them as well as the state.

We know from our own experience that our generation, including Yaobang and Ziyang, would not change this policy. Nor would the third, fourth or fifth echelons of cadres, because nobody could. In recent talks with foreign guests, I never fail to assure them that our policy will not change, that they can rely on the continuity of our current policy. Yet, they are not thoroughly convinced.

This is quite a problem, of which I am well aware. And that's why I have adopted a lighter work schedule. Its advantages are: first, I will enjoy a longer life; second, others are doing more work than I am and doing it well, better than I, in fact, because they are full of vigour.

I hope I will gradually give up work altogether and maintain my good health. Then I will have fulfilled my mission. But for now I still have to do some work. Last year, I devoted myself to only one thing: a crackdown on criminal offenders. This year I worked on two projects: one was to open another 14 cities; the other was to resolve the Hongkong question by means of "one country, two systems." Everything else was done by other people. □

# Price System Due for Reform

**Unless China's current irrational price system is changed, it will be impossible to evaluate properly the performance of enterprises, ensure a smooth exchange of goods between city and countryside, promote technological progress and rationalize the structure of production and consumption.**

by **TIAN JIYUN**

*This is an abridged translation of an article published in "Renmin Ribao" (People's Daily). Its author is a vice-premier of the State Council. — Ed.*

**D**UE to our long neglect of the law of value and some historical reasons, China's current price system is quite confused. The prices of many goods neither reflect their value nor the relationship between supply and demand. More often than not, goods that should have high prices are not expensive and those that should have low prices are not cheap. On the one hand, the supply of some goods exceeds demand and they are kept in warehouses for a long time. On the other hand, the supply of other goods falls short of demand and the price lever has not been used to balance this supply and demand. All this is extremely detrimental to the coordinated development of the national economy and to satisfying the needs of the people.

## **Necessity for Reform**

At present, the irrational price system is reflected in the following aspects:

- First, price ratios between different commodities are not reasonable. The prices for mineral products, raw materials and energy, in particular, are too low. China's raw material and energy prices are said to be the lowest in the world.

Some are much lower than prices on the international market. However, many products turned out by China's processing enterprises with such cheap raw materials and energy cost far more than products of the same category sold on the international market. If the costs were all calculated according to international market prices, a considerable number of our processing enterprises would see their profits turn into losses and would even be unable to continue operation. This fully shows the gap between the technological and managerial level of our enterprises and the level of modern industry around the world. If we do not resolutely change the irrational price differentials between commodities, it will be difficult to fully arouse enthusiasm in the raw material and energy-producing enterprises to increase production because there will be no incentive for them to do so. At the same time, cheap raw materials and energy do not encourage the processing enterprises to seek technological progress, reduce consumption, improve management and increase economic returns.

- Second, the retail prices of major agricultural and sideline products are lower than their state purchasing prices.

During the 30 years prior to the Third Plenary Session of the 11th Party Central Committee, China's agricultural production developed fairly slowly. The peasants' living standards had not improved

as they should. There are many reasons for this situation. One of the major reasons was that the state purchasing prices for farm and sideline products were too low and the huge gap between the prices of industrial and agricultural products, which was left over from history, had not been bridged. Peasants, who received low prices for their agricultural products, were faced with high prices when they purchased industrial goods. Therefore, it was an exchange of unequal values. This had to a large extent blunted the peasants' initiative to develop agricultural production. Since the Third Plenary Session of the 11th Party Central Committee, China's agricultural production has developed quickly. Apart from the decisive factor of the restructure of the rural economic system, raising the purchasing prices of agricultural products was also a powerful force behind the development.

Of course, raising the state purchasing price for agricultural and sideline products while leaving their retail prices unchanged resulted in the situation where the state purchasing prices of some products are higher than their retail prices. Eventually, many new problems have appeared. First, the state subsidy for purchasing agricultural products has increased year by year, thus increasing the financial burden on the state. The bigger the harvest, the more the financial subsidy. In this way, the further development of agricultural production will be limited by the



state's financial resources. Second, agricultural and sideline products are unprofitable for their dealers and this is not conducive to promoting the further processing of the ever-growing amount of agricultural products, the transformation of grain into fodder and the development of animal husbandry and raising and breeding projects. It also hinders the gradual change of the Chinese people's diet. For instance, in some places there have been bountiful grain harvests, but the peasants raised fewer pigs. That is why the supply of pork fell short of demand. Third, the inverted ratio of state purchasing and retail prices has made it difficult for the various districts to make up one another's deficiencies with their own surpluses, thus hindering the smooth circulation of commodities. In addition, this situation is unfavourable to readjusting the structure of agricultural production in line with the specific conditions of each area. This is a difficult problem for us. However, it must be carefully studied and resolved step by step.

• Third, the price differences for a given product with diverse quality are not big enough. Fine-quality products cannot have their prices raised and poor-quality goods cannot have their prices reduced. Therefore, the supply of fine-quality products falls short of demand, but production cannot be developed because of the low price. Poor-quality products do not sell well and they get stockpiled, but their production cannot be reduced. This is one of the important reasons why many goods in China could not be updated for several decades.

In addition, service industries lack vitality and have developed slowly due to low charges. Some trades have even withered away. Hence, we have an abnormal situation in which some people have

nothing to do and many jobs go undone. All this has caused many inconveniences to people's livelihood and affected the development of the whole economy. Moreover, many unreasonable factors exist in China in fixing prices for imports and exports, thus resulting in poor economic returns in foreign trade.

The aforesaid situation shows that China's current price system is irrational and rather confused. If this situation is not changed, it will be impossible to evaluate properly the performance of enterprises, ensure smooth exchange of goods between the cities and the countryside, promote technological progress and rationalize the structure of production and consumption. Such being the case, the price system will inevitably cause an enormous waste of social labour and seriously impede the implementation of the principle of distribution according to labour.

Restructuring the price system and maintaining basic price stability are not contradictory. Stabilizing prices does not mean that prices are immutable. The socialist economy is a planned commodity economy based on the public ownership of the means of production. Subjected to the influence of many factors, such as the changes in the relation between supply and demand, prices invariably fluctuate according to value. This is conducive to transferring labour and the means of production to industries which should be expanded. Therefore, reasonable price hikes or reductions are a good thing. Conversely, a long-term freeze on prices is detrimental to economic development. Price is the most sensitive and effective economic lever. Along with constant economic development, we should establish a rational price system step by step, and conscientiously use price as a means to smooth out the various economic relations. Reforming the irrational price

system on our own initiative is a major step we have taken to deal with the existing problems under the new conditions according to the objective law of economic development. It is completely different in nature from the price hikes caused by inflation. Our reform of the price system is neither aimed at seeking profits, nor is it designed for the state to take anything away from the common people. Quite the contrary, the state will earmark a considerable amount of funds to support the price reform. All this proceeds from the fundamental and long-term interests of the state and the people. It will make our economy achieve a healthier and more co-ordinated development and will gradually raise living standards to a higher level. Of course, the reform will inevitably involve a readjustment of the prices of some consumer goods. Some prices will go up and some will go down. In this regard, the state will adopt corresponding measures to correctly handle the relationship between wages, prices and labour productivity. The general principle, under the prerequisite of actively developing production, is to enable the growth of labour productivity to be higher than the increase in wages, and, at the same time, to enable the growth of wages to be higher than the rise in the price index.

### **Initial Plan**

The concrete plans for the reform are as follows:

First, prudent steps should be taken. This means that the reform should be carried out gradually and the steps taken should not be too big. This is in view of the fact that our present price system is seriously flawed and there are many shortcomings to overcome. It is necessary for us to take into consideration the actual capacity of the state, the en-

terprises and individuals and to keep the retail price index strictly within certain limits. It is necessary to adopt the method of taking small steps and reforming while investigating the results. In this way, even if some unexpected problems occur, they can be remedied easily. By taking small steps, we mean that within a certain period of time the range of price readjustment should be small and kept within certain limits. Of course, this is only a general principle. Bigger steps can be taken in a certain area, for a given commodity when the conditions are ripe. As for a few major commodities, the readjustment can be carried out in two or three steps to make their prices reasonable.

Second, we will make a gradual advance in the reform by starting with the easy tasks. For instance, the readjustment of purchasing prices and the price ratios between farm products of different varieties and qualities is aimed mainly at readjusting the production structure to achieve a more co-ordinated development of agricultural production. Generally speaking, it will have little impact on the gains of the peasants and the benefits of the urban consumers. Therefore, it can be done first.

To give another example. The readjustment of prices for some primary industrial products and capital goods, which involves readjusting mainly the interests between the state and the enterprise, between enterprises and between regions, may alter the retail price of some consumer goods, but if we adopt appropriate measures we can minimize the influence. Considering this factor, we can begin the readjustment of industrial product prices. With regard to readjusting the prices of daily items and consumer goods which have a direct bearing on the people's lives, such as grain, edible oil, meat, vegetables and some consumer goods,

prices need to be reformed gradually alongside the readjustment of wages. Some reforms may be carried out by adopting flexible prices through providing subsidies for consumers. The readjustment of prices for some products (such as vegetables, fruit, fish, shrimp and other fresh and live products) may be done in combination with the readjustment of the production structure of suburban agriculture. And, on the basis of an ever-increasing number of

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***Price is the most sensitive and effective economic lever. We should establish a rational price system step by step, and conscientiously use price as a means to smooth out the various economic relations.***

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products, we can gradually adopt flexible policies for the readjustment. The readjustment of prices for some products (such as grain and edible oil, which are rationed, as well as rent) may be postponed for the time being. With the improvement of the country's financial situation and an increase in income, the readjustment may be carried out later step by step. Since it has a great bearing on the people's livelihood, the problem is very sensitive to the masses. We should therefore avoid a reckless attitude and not seek a hasty solution to these problems.

One point we must make clear is that appropriate subsidies for some staple farm products will not be totally abolished. This is a policy we must adhere to for a long time to come. Economic development in many countries is based on agriculture and such countries invariably subsidize agriculture. The only differences are

in the methods and amounts of subsidies. The reason is simple: Without a substantially developed agricultural base, the growth of industry is inconceivable. This is not only because agriculture provides industry with large amounts of raw material, but because the rural areas constitute a vast market for manufactured goods. The state's decision to purchase a fixed quota of grain, cotton and other staple farm produce at protective prices is an effective measure for stimulating the peasants' enthusiasm for production and facilitating the transformation of the agricultural production structure. It must, therefore, be carried out resolutely.

Third, we will carry out the reforms by integrating flexibility with readjustment. Flexibility here means that flexible market prices should be gradually adopted for some small commodities, farm and sideline products of the third category\*, fresh and live products and products marketed after state purchase and delivery quotas have been fulfilled. Negotiated purchasing and selling should be carried out and market regulation should be enforced. In the past few years, we have not only used this method to deal with farm and sideline products of the third category, but have increased the market forces for some industrial goods. Implementation of this method has proved to be effective. As a result of the flexible policy, the prices of some products began to rise. But with the development of production, prices will tend to stabilize or fall. We have now adopted flexible prices for the grain, cotton and edible oil marketed after the state purchase quotas have been fulfilled. In most areas, the open market prices have dropped, varieties have

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\* Farm products of the third category refer to farm produce outside the first two categories, the production of which is arranged basically by the producers themselves.

increased and sales have been brisk. Readjustment here means that the prices for commodities which have a great bearing on the national economy and the people's livelihood — those under the state's mandatory plan, the major means of production, farm and sideline products of the first and second categories\* and daily necessities — should be readjusted step by step under a unified state plan, so that the prices will gradually become more rational. Readjusting the prices of these products will have the greatest bearing on the national economy and will be the key to the success of the reform.

It is also necessary to reform the over-centralized price control system. More management power should be delegated to the lower-level authorities. In the past two years we have successively transferred some power to the lower-level authorities. But during the present reform of the pricing system, the price control power over major products must be relatively centralized. Only by doing so can we ensure the smooth implementation of the reform and are assured of success.

Fourth, irrational price ratios should be readjusted by lowering or raising prices. The reform of the pricing system is directed main-

\* Farm products of the first category refer to key commodities, such as grain, edible oil and cotton, which have been under state monopoly for purchase and marketing and have a great bearing on the national economy and the people's livelihood.

Farm products of the second category refer to commodities which are fairly important to the national economy and the people's livelihood, or which are not produced in some regions, or which are in short supply, or which are produced for export. Therefore the production of these commodities needs to be readjusted. This category includes pigs, eggs and jute.

ly at readjusting structural prices. Its aim is to encourage competition between enterprises with roughly the same conditions, promote the development of the forces of production and improve economic efficiency. It is not aimed at chasing after profits. For this reason, the principle for price readjustment is to lower or raise prices so as to rationalize the price relations between different products, give guidance to production and regulate consumption. It is by no means designed to raise the price of everything. At present, many of our industrial goods are of poor quality but are sold at high prices. It is therefore necessary to raise the technological level, improve operations and management and constantly reduce production costs. On the whole, the prices for high-grade consumer goods should be lowered along with an increase in production. After the prices for some raw and semi-finished materials are raised, the processing enterprises themselves must find a way to pay the higher prices for these materials. Where the problem is really difficult to solve, readjustment can be made by the state through adopting appropriate economic measures. Enterprises will not be allowed to arbitrarily raise the market prices of their products. Therefore, as long as the reform of the price system is carried out at a steady pace and the measures taken for it are correct, it will not cause spiralling price hikes or inflation.

While solving the price problems, we must ensure that the real incomes of urban and rural people will not decrease as a result of price readjustment. With the development of production and the improvement of economic results, peasant incomes and the wages of workers and staff members will be increased step by step. This is an important principle which we must

follow from beginning to end in reforming the price system.

## Creating Conditions

There is now a good opportunity for reforming the price system, as the conditions are ripening day by day. We have gathered in rich harvests for several consecutive years. The supply of grain, cotton, edible oil and other daily necessities has been abundant. Industrial production has been rising rapidly. The supply of and demand for most commodities have been basically balanced and the designs and varieties of products have been increasing. All these factors have provided the key conditions for market stability. But we must strictly control the circulation of currency and conscientiously curtail the scale of capital construction and, from the macroscopic view, prevent price hikes for all goods in the course of reform. It is also necessary to increase revenues and cut down expenditures and prepare necessary reserve funds, so as to ensure the smooth progress of the reform. We must:

1. Strictly control the circulation of currency. In order to avoid inflation and spiralling price hikes during the reform, it is necessary to strictly control the amount of currency issued. With the development of industrial and agricultural production and the expansion of commodity circulation, it is necessary to appropriately increase the money supply. But the issuance of currency must be kept under strict control. Expenditures on administrative affairs must be further reduced. Great efforts must be made to strike a basic balance between revenues and expenditures and to keep the deficit to a minimum.

2. Conscientiously control the scale of capital construction. To

*(Continued on p. 24.)*

## Report From Xinjiang

# Xibes Find Home Out West

by **LU YUN**  
Our Correspondent

**T**HOUGH the Xibe ethnic group, one of China's 55 minority groups, has only about 80,000 members, the Xibe people hold on to their language and customs in their communities which stretch completely across northern China.

Fewer than one of every 10,000 people in China belongs to the Xibe ethnic group, yet the small group enjoys the same rights as the 930 million Han people. And whether they live in the Qapqal Xibe Autonomous County in Xinjiang or in the cities in northeast China, their economic and cultural life is getting better with each passing day.

The Xibe people are found all across northern China. The majority live in northeast China, with 49,300 in Liaoning Province, 1,500

in Jilin Province and 2,600 in Heilongjiang Province. Another 1,400 live in Inner Mongolia and a large concentration of 27,300 live in the Xinjiang Uygur Autonomous Region. Founded in 1954, the Qapqal Xibe Autonomous County in Xinjiang was the only Xibe Autonomous County in China. In June 1983 the Xibe Autonomous Township was established in Xinglongtai on the outskirts of Shenyang City in Liaoning Province.

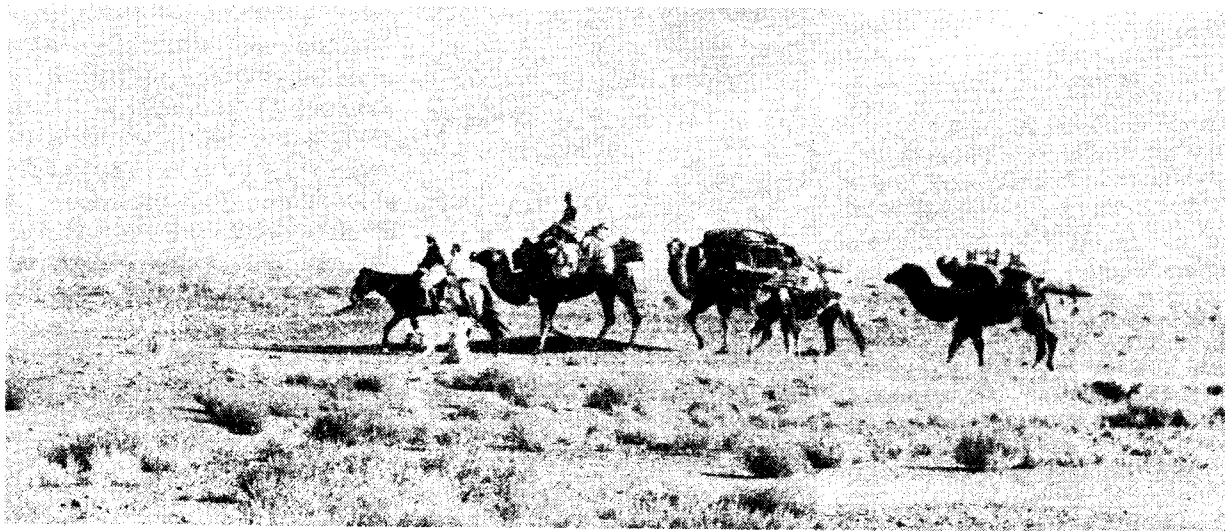
In Qapqal many Xibe people speak with pride of the Xibe who was elected as a delegate to the 12th National Congress of the Chinese Communist Party and a second Xibe who was chosen deputy to the National People's Congress. In Beijing, the director of the Nationality Publishing House and the director of the Resin Application Research Institute are both Xibes. Some translators and research workers at the State His-

torical Achieves and the Imperial Palace are Xibe people. Others from the ethnic group serve as engineers, livestock breeders, locomotive drivers, doctors, professors and film directors. One Xibe wrestler took part in an international competition in Egypt and one Xibe archer competed in the Los Angeles Olympics.

### Glorious Tradition

Xiao Chang (a Xibe), 54, chairman of the standing committee of the autonomous county people's congress, spoke about his nationality's past. "The Xibe ethnic group originally lived in northeast China, earning a living mainly by fishing and hunting," said Xiao. "The Qapqal Xibes have hitherto maintained frequent contacts with their Xibe compatriots in northeast China." He went on to tell how some Xibes moved west 220 years ago.

**Herdsmen carry their yurts atop camels on their way to new pastureland.**



In 1764 the Qing government, with a view towards strengthening the Xinjiang garrison forces, chose 1,020 Xibe officers and soldiers from a dozen Liaoning cities and towns and sent them and their families, a total of 4,000 people, to Xinjiang. This detachment, after experiencing 15 months of hardship travelling 5,000 km, arrived in Ili in the summer of 1765.

The Xibe soldiers were to garrison the frontiers and develop wasteland. They worked hard throughout several generations. Beginning in 1802 they spent six years building a 90-km canal called the Qapqal Canal (meaning granary in the Xibe language) and reclaimed 5,200 hectares of land. In 1954 the word was used again to name the Qapqal Xibe Autonomous County.

During those early years the Xibe battalion was divided into eight companies. Each company had its own enclosing walls, temples, schools and doctors. To this day many Xibes serve as teachers and doctors. Their high cultural level is closely related to their tradition. The Xibes, brave and skilful in battle, made their contribution to defending the country's frontiers by developing the Ili River valley.

The autonomous county has 88,400 people belonging to 20 ethnic groups, of whom 17,700 are Xibes. There are also Uygurs, Hazakhs, Hans and others. April 18 on the lunar calendar was the date the Xibe ethnic group left the northeast for the west. The date was later designated a festival by the autonomous county government. When the festival arrives each year, the Xibes and people of other ethnic groups have dinner parties and get together to mark the occasion.

### Developed National Culture

Using their own spoken and written language to develop their



Xibe herding families live in skin-covered yurts.

culture and education, the Xibe people exercise their autonomous rights. The Xibes use their language in daily affairs and at meetings. The county radio station broadcasts in the Xibe language every day; the autonomous region publishes books and dubs feature films in several ethnic languages, including the Xibe language; and Xibe primary school pupils are required to study Xibe textbooks. Interestingly, the Ili Prefectural Party Committee, including members from Qapqal, publishes newspapers in Hazakh, Han and Uygur, while the Qapqal County Party committee publishes the Qapqal newspaper in Xibe. A Xibe newspaper was first begun during the 1920s. In 1944 some progressive intellectuals mimeographed newspapers in the Xibe language, and they were set in type and printed as regular newspapers after liberation.

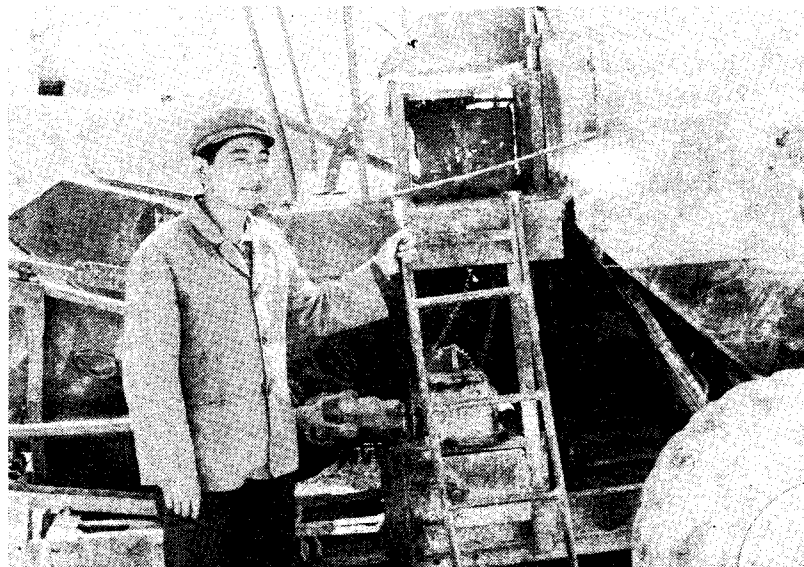
The Xibe people, who are good at singing and dancing, have an age-old tradition of culture and art. They have absorbed many outstanding points from the culture and arts of the Han and Manchurian peoples and have adopted the

phonetic Manchurian vocabulary to enrich their own language. This has helped them master the languages of other nationalities. The Xibe people not only retain their own spoken and written languages, but through their regular contacts with other nationalities, many of them have mastered Chinese, Uygur and Hazakh. Others have learnt the Russian and Mongolian languages. The Chinese Confucian classics, such as the "four books" — *The Great Learning, The Doctrine of the Mean, The Analects of Confucius and Mencius* — and the "five classics" — *The Book of Songs, The Book of History, The Book of Changes, The Book of Rites and The Spring and Autumn Annals* — as well as the classical novels such as *The Romance of the Three Kingdoms, Journey to the West* and *Outlaws of the Marsh* have long been translated into the Xibe language. In carving and paintings and in arts and crafts, the Xibes have produced many talented people. An exhibition of 440 paintings by 56 peasant painters was recently held in Xinjiang. Altogether 120 designs by Xibe people and Xibe folktales will soon be published.

The Xibe people have always considered education as important. A community-run tuition-free school was opened as early as 1882, but poor peasant children had little opportunity to go to school in the past. Before liberation there were no middle schools and only a few primary schools in Qapqal. Today the county has 63 primary schools and 14 middle schools, and 97.6 percent of school-age children attend class. More than 90 percent of primary school graduates are now in junior middle schools. Junior middle school education is being popularized among almost all Xibe teenagers. Dozens of Xibe middle school graduates are admitted to universities every year. In fact, the Xibes are the leading ethnic group in college attendance.

Horse-riding and archery are the favourite sports of the Xibe people. The autonomous county built an 80-square-metre archery hall a few years ago. On New Year's Day and at other festivals horse racing, archery and wrestling exhibitions are held. Tradition has it that when a baby boy is born, the family must invite a village elder who has many children and grandchildren to make a small arrow. The arrow is then placed in a small bag and hung over the house in the hope that the child, when he grows up, will be good at archery. This explains why the Xibe people have produced so many master archers. Guo Meizhen is among them. She and another Xibe archer, Ru Guang, (they married not long ago) have won many top prizes, including individual all-round titles at the national games in 1979. In the past few years Guo went to India, Romania, Ireland and six other countries to take part in archery competitions, all with fruitful results.

Speaking of her experience in becoming a master archer, Guo said, "The key to my success lies in my inheritance of the national



Guo Wenquan (a Xibe) specializes in farm machinery.

tradition, which inspired me with a strong interest in archery. My parents have never given me a slap on the face, even in my childhood, and I have never had any traumatic experience. Therefore I have become very self-confident and have a strong sense of self-respect. I tried my best to do my work well and would give up my meals if my work was not done well. At first I used branches as arrows, but I had no shooting range. To overcome this barrier, I practised shooting in my vegetable garden behind the house. My father or my younger brother helped me pick up the arrows and counted my scores. Mother praised me for my perseverance. Actually my parents exerted an edifying influence on me."

### First Taste of Affluence

The western part of the Qapqal Xibe Autonomous County borders the Soviet Union. The county covers 4,430 square kilometres. Its rich natural resources provide favourable conditions for economic development. The county abounds with coal and metal and nonmetal ore mines. The climate is mild and the land fertile. There is plenty of water and vast grasslands. About 90 percent of the county's farmland is ploughed by tractors and 60

percent of the grain crops are harvested by reapers. The rural population makes up 75 percent of the county's total. While its agricultural output value represents 70 percent of the county's total output value, animal husbandry accounts for only 20 percent. The county's industry is not well developed.

In the Jinquan commune, Xibe peasant Guo Wenquan's home is furnished with a set of light-yellow wooden furniture, including a very nice sofa and a wardrobe. In a corner of the house is a washing machine. While serving his guest watermelons, muskmelons, grapes and apples, this 32-year-old hospitable peasant talked about his improved life.

Guo said, "In the past two centuries my family has been living in this house within this courtyard. After eight generations, I am the first to live the affluent life of today. After my graduation from an agricultural middle school in 1972, I became a tractor driver in the brigade's farm machinery team. After the household contract responsibility system was instituted in 1983, the brigade sold its farm machines to individuals at the market price. There are vast tracts of land here in Xibe County. It

won't be enough just to farm manually and so machines will play their role, I thought. So I bought two tractors and one combine harvester from the brigade. I taught my two younger brothers how to use machines. Apart from farming the three hectares of land we contracted from the brigade, we mainly use the machines to plough, sow and harvest for other households.

"Today many peasants who lack machines find it difficult to farm their land by hand. So I set the following requirements for myself: First, I provide good-quality ploughing; second, I set a low rate; and third, I charge lower fees to households with financial difficulties. For those who have bought tractors but do not know how to operate and maintain them, I will voluntarily teach them the skills. As a result, many people ask me to plough their land. In 1983 my family netted 14,000 yuan and I paid off the loans I owed the state and individuals for purchasing the machines."

Guo also talked about his own hobbies and his relations with his neighbours. He said, "Between 1973 and 1974 I took part in the national archery competitions. During New Year's Day and other festivals I often take part in the country's horse races and archery exhibitions. I like watching movies and reading books about farm machinery, and I go hunting during winter to shoot boars, pheasants, rabbits and Mongolian gazelles."

Guo went on to say, "We Xibes get along well with the Hans. It is said that during the early post-liberation days intermarriage between the Xibes and the Hans would arouse much discussion among the old people. But people have become accustomed to it in the past few years. Two of my Han neighbours married daughters of Xibe families. Two of my aunts are Han people. Our Xibe children

can speak Han language and my neighbouring Han children can speak the Xibe language. Children of the two ethnic groups have become good friends."

There are not too many prosperous households like Guo Wenquan's in Qapqal County. But in the past few years the peasants have generally earned more income, with per-capita income increasing from 87 yuan in 1978 to 229 yuan in 1983. A county once short on grain now has surplus grain. Oil-bearing crops and meat have also increased.

### Changes in The Pasturelands

There are bright prospects for developing a diversified economy in the Qapqal rural areas. Some peasants have switched from planting crops to fishing, raising marten and sheep, planting trees, processing farm produce and working in construction or transportation. Peasant Guan Jimei of the Huojian (Rocket) commune, in addition to

farming his contracted plot, is raising deer, cows, hogs and sheep. He also hunts in his spare time. During the slack farming season Guan transports goods with his tractor. He earns more from his varied economic activities than from his farming.

Qapqal County has 208,000 hectares of lush pastureland. By the roadside of the picturesque Tuanjie commune, near the border with the Soviet Union, one can see the yurts of the Hazakh herdsmen and their flocks of sheep. The local herdsmen praise the responsibility system, their words brimming with joy. In 1983 the collective's livestock was contracted to individual households. The livestock raisers turned over 30 percent of their income to the collective. As a result, the number of livestock increased everywhere and the per-capita income of the herdsmen reached 237 yuan, a little more than the average for peasants.

In 1984 the communes sold their livestock to the herdsmen at a fixed

Xibe-style cradles are still commonly used by the ethnic group.



price (paying by instalments) on a trial basis. The herdsmen paid a small animal husbandry tax to the state and 7 percent of their income to the collective as grassland management fees (including money for the collective welfare funds). The collective was responsible for grassland conservation, and it planned the management of livestock, improved breeds, epidemic prevention and popularization of new technology. Herdsman Quma Teluo said, "This is the best method. We now own the livestock, have the power to decide our production and management, assume sole economic responsibility and are directly concerned about economic results. The management and conservation of the grassland have both improved." A rough estimate showed that Quma's net in-

come increased from 2,050 yuan in 1983 to 3,500 yuan in 1984.

### The State's Concern

The Xibes in Qapqal Autonomous County and people of other ethnic groups enjoy full political rights of equality and are the masters of the country. They not only handle their own affairs but take an active part in the management of state affairs. They enjoy various autonomous rights as stipulated in Chinese law. In many respects they have the concern and consideration of the state. The Xibe people account for 20 percent of the county's total population. Among the 3,137 cadres, 29 percent are Xibes. Of the 27 county-level cadres, 40 percent are Xibes (including the chairman of the standing committee of the county people's congress and

the county head). A considerable number of cadres are from other minority groups. The state allocates more funds for the Qapqal Autonomous County than for other counties. A large percentage of taxes collected in the county and the profits generated there are retained for the county's own use.

Xiao, the county people's congress official, said, "The central government pays great attention to developing various projects in the autonomous county. In August 1983 Premier Zhao Ziyang and two members of the Secretariat of the Central Committee of the Chinese Communist Party came to our county on an inspection tour. When hearing the news, the Xibes and people of other ethnic groups hurried dozens of kilometres by car or horse to see them." □

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*(Continued from p. 19.)*

co-ordinate efforts for the price system reform, there must be a basic balance between finance, credit and materials. The total fixed asset investment set in the Seventh Five-Year Plan (1986-90) must not be exceeded. Efforts should be concentrated on the construction of key energy and communications projects; the construction of other projects must be kept under strict control. Capital construction investment during the Seventh Five-Year Plan should be focused on the transformation of old enterprises. Where old enterprises can raise their production capacity through technical transformation, renovation or expansion, new factories should not be built.

3. Strive to improve economic results, increase revenues and decrease expenditures to bring about

further improvement in the financial situation. Active efforts should be made to produce consumer goods which are in great demand, particularly to increase high-grade consumer goods which are currently in short supply. When necessary, some commodities can be imported to meet the urgent needs of the masses. This will also help to increase revenues through taxation and withdraw currency from circulation. Meanwhile, we must promote the sales of goods that have been backlogged.

### Strengthening Leadership

The reform of the price system must be carried out firmly in a planned and systematic way. It must be carefully organized, well-planned and given guidance to ensure that potential confusion be kept to a minimum. So, after a spasm of pain, this difficult prob-

lem can be solved smoothly. For this reason, all major reform plans and measures must be worked out by the Party Central Committee and the State Council, and all localities and departments are not allowed to go off on their own way. Governments at all levels must form capable working groups and draw up practical plans. The price and administrative departments for industry and commerce must energetically tighten their control and supervision over market prices. It is necessary to enforce strict price discipline. Those who overstep their power over price control and cause losses by their arbitrary actions must be dealt with severely. Those who take advantage of the reform, abuse their power and position and use illegal means to grab exorbitant profits must be disciplined or punished according to law. □



# Superpower Reach Military Balance

by SHI WUQING

*This is the second part of the article. The first appeared in No. 3, 1985. — Ed.*

## Conventional Strength.

**I**N recent years the Soviet Union and the United States have attached increasing importance to building up their conventional forces while continuing to develop nuclear arms. Both have developed their own strengths in weapons and forces, but they are basically balanced.

**Army.** The Soviet Union has a big edge in its ground forces, which include some 2 million troops, 193 combat divisions, 51,000 tanks and 34,000 artillery pieces. The United States is decidedly inferior in this respect. It has only 780,000 officers and soldiers, 19 combat divisions (three of them are actually nine brigades and regiments), 12,000 tanks and 5,200 artillery pieces. However, the air-borne divisions of the US army have 8,800 aircraft, far more than the Soviets. And US anti-tank strength is also superior to the Soviets. There are strong and weak points in the military equipment on both sides. Of the tanks and armoured cars, the Soviet T-62 tank is about equal to the US M-60, the Soviet T-72 is superior to the US M-60 and the Soviet T-80 is inferior to the US M-1. The Soviet BMP armoured vehicle is superior to the US M-113, but the US M-2 and M-3 armoured cars are superior to the BMP. Soviet artillery has an advantage in range, but US artillery is more accurate. The US ground attack aircraft and armed helicopters are superior to their Soviet counterparts, as are the guidance systems on US anti-tank missiles.

As for the fighting capability of the Soviet army, it possesses strong firepower, quick mobility and armoured assault capabilities. The Soviet army can move quickly and carry out an offensive over a wide area. Co-ordination between the US ground and air forces is stronger, and US troops may partially offset the Soviet armoured car's edge by resorting to their superior anti-tank capability.

**Air Force.** The Soviet air force has a slight edge in numbers, but the United States is superior in quality. The Soviet air force and air defence force have 1 million troops, including the air defence missile forces. It also has more than 11,000 planes of various types. The US air force numbers 600,000, with more than 9,000 planes. However, the US jets are more advanced in quality than the Soviet jets and they have an edge in mobility, low-altitude capability, electronic equipment and all-weather fighting capability. They are also superior in long-range air assaults, dogfights and automatic command. The Soviet Union has a sophisticated air defence system consisting of high, middle and low air defence missiles, which, to a certain degree, counteracts the air superiority of the US air force.

**Navy.** The United States has a much superior navy compared to the Soviet Union. The US naval forces total more than 700,000, while the Soviets have about 500,000. There are more than 500 active US vessels, with a gross tonnage of more than 3.8 million tons. The Soviet vessels total 2,100 and the gross tonnage is more than 4 million tons. However, Soviet vessels include tugboats, investigation, surveying and transport ships, while the United States does not include such ships in its military

inventory. If the US navy takes into account such vessels, its total number comes close to the Soviet number and the gross tonnage tops that of the Soviet navy. The US fleet consists of many large nuclear-powered ships that are armed and capable of long voyages. The US fleet excels in fighting in distant seas, in carrying out amphibious operations, in anti-submarine attacks and in resupplying its ships while at sea. Furthermore, the US navy has a fairly complete system of overseas naval bases that allows it to conduct long-term operations. Most notably, the United States possesses 13 aircraft carriers which can carry a total of more than 1,000 aeroplanes with strong air assault and mobility capability. This is something the Soviet navy cannot match.

The Soviet navy has fewer warships capable of fighting on the open seas, and it is weak at providing air cover and at resupplying ships at sea. Soviet warships are susceptible to blockade, as the Soviet navy lacks reliable overseas bases. As a result, it is difficult for the Soviet navy to contend with the US navy in distant waters. However, the large number of submarines in the Soviet navy constitute a threat to US war and transport ships. Meanwhile, Soviet vessels and naval jet fighters are equipped with a large number of missiles and have strong offensive power. The anti-ship missile of the Backfire bomber, in particular, can disrupt US operations in central Atlantic and Pacific. The Soviet navy, operating in waters near the Soviet coastline, still constitutes a considerable threat.

In comparison with their other military forces, the US and Soviet strategic air defence forces have developed slowly. As a whole, the current Soviet and US air defence weapons and civilian defence systems are far from meeting the needs of future nuclear war. However, in comparison, Moscow has paid more attention to this than Washington, and the air defence forces on Soviet territory are much stronger than in the United States due to the differences in geography and other factors.

### **Strategic Air Defence**

As for defence against air attack, the Soviet Union has more hostile countries surrounding its borders than the United States, so it has strengthened its defence. NATO bombers could fly directly to targets deep in the Soviet hinterland. US strategic bombers outnumber Soviet bombers and carry more offensive firepower, thereby constituting a grave threat to strategic targets deep within the Soviet Union. Therefore, Soviet air defence forces are extensive, equipped with more than 2,000 interceptor planes and about 10,000 air defence missile launchers. The United States is far from the European and Asian theatres and its neighbouring countries, with the exception of Cuba, are not antagonistic. In addition, the fewer numbers of poorer-quality Soviet long-range bombers pose little threat to the US continent. Therefore, US air defence forces are composed of only 300 interceptors and 400 air defence missile launchers.

Neither the Soviet Union nor the United States has effective defence means against strategic ballistic missiles. The Soviet Union has 64 anti-ballistic missiles deployed around Moscow, some of which have been recently replaced or improved. The United States also deployed anti-ballistic missiles in 1975, but they were

removed in 1976 due to their high cost and lack of effectiveness. At present the Soviet Union and the United States are energetically studying and manufacturing effective defence measures, but they cannot make a breakthrough in a short period. And deployment of such a defence system is a long time away.

In the field of civilian defence, the two countries have placed their emphasis on evacuating populations in case of attack. At the same time, they have both built up some civilian defence facilities. However, the Soviet Union has attached more importance to civilian defence, spending more, emphasizing training and building more bomb shelters.

### **Other Related Factors**

In other fields related to military strength, the Soviets are generally in a better position than the United States. For example, the Soviet population is more than 270 million, while the US population is just over 220 million. The Soviet Union follows a military conscription system, while the United States has adopted an all-volunteer system, so the troop resources of the Soviet military are more sufficient and mobilization is faster.

In the field of strategic material resources, both the Soviet Union and the United States are strong and self-reliant. In comparison the Soviets have a slight edge, as they are self-reliant in almost all strategic materials. The United States has to import some strategic materials and minerals from abroad. Therefore, it must rely on overseas trade and shipping, which could be cut off during wartime.

Geographically speaking, the Soviet Union is close to the main points of rivalry and the likely battlefields of future wars, Europe and the Middle East. In fact, the Soviet Union is connected to both

areas. This is conducive for the Soviets using the strong power of their ground troops and the superiority of their armoured cars. It would also allow the Soviets to maintain naval and air superiority for a limited time in a limited area. Because of its long distance from the battlefield, the United States would have many problems with its logistics and reinforcements.

In political systems, there are big differences between the Soviet Union and the United States. The Soviet Union is able to make strategic decisions quickly, closely guard its secrets and rapidly transform its peacetime economy into a wartime economy. Constrained by various factors at home, the speed at which the United States makes decisions and mobilizes is much slower. Of course, the United States has some favourable conditions. For instance, the United States is economically stronger than the Soviet Union and has a better chance of sustaining a long war effort. US technology is more advanced and the potential for study and development of new weapons is greater than in the Soviet Union. The economic and military strength of the US allies, including West European nations and Japan, is stronger than that of the Soviet allies. The United States also has a complete circuit of military bases around the globe. Although the Soviet Union has a number of naval and air bases for its use abroad, it can directly control only a few of them, mainly in East European countries and in Mongolia.

From this analysis, one can see that the Soviet Union has an edge in the number of troops, weapons and equipment and it has eliminated or narrowed the gap with the United States in the quality of some weapons and equipment. The United States maintains superiority in the quality of its weapons and equipment and it has surpassed the Soviet Union in reconnaissance intelligence, com-

mand, telecommunications and electronics. In other factors directly concerning military strength, the Soviet Union has an edge. But on the whole, the Soviet Union and the United States are at a balance. Neither can use force to defeat the other and neither can subject the other to its political demands.

To contend for military superiority is the stated policy of the two superpowers. On this point neither can easily compromise. As the comparison of military strength between the Soviet Union and the United States shows, one can expect the Soviet-US arms race to continue, and what's more, a clear victory looks unlikely for either.

Since Ronald Reagan took office, the United States has pursued a policy of "arms expansion," explicitly calling for military superiority over the Soviet Union. Out of political considerations, Reagan has since downplayed this demand to "restoration" of strategic balance. But in actual fact, he seeks to win military superiority on the basis of economic and technological strengths. To achieve his purpose Reagan has raised US military expenditures to US\$1,600 billion from 1984 to 1988, more than US\$300 billion each year, a peacetime record. The re-election of Reagan as president shows that the United States will continue its large-scale arms expansion.

The long-term goal of the Soviet Union is undoubtedly to seek military superiority over the United States. Such an attempt was apparent during the 1970s, when it attained strategic balance with the United States. From the 1980 onward, with Soviet economic difficulties deepening and the United States speeding up its own pace of arms expansion, the inability of the Soviet Union to achieve its ambitions became obvious. The Soviet Union realizes that it is impossible to win such

superiority, so it has adopted a realistic attitude, emphasizing a strategic balance with the United States.

At present, a new round in the arms race is progressing rapidly. The United States is on the offensive. However, an approximate balance of military strength between the Soviet Union and the United States will be the norm at least throughout the 1980s. The reasons are as following:

First, neither country has the economic strength to escape the rough military balance. Their economies have entered a period of slow growth. The Soviet Union lost its edge in development speed during the 1970s. Since the mid-70s, the Soviet gross national product has been about two-thirds the level of the United States GNP. The disparity will not undergo much change during the next decade. The United States has a certain economic edge and its military spending in recent years has increased faster than Soviet spending, but it is difficult for the US administration to keep up the high level of military spending due to various factors at home. Even if the United States greatly increases its military expenditures in the future, the outlay for the development and purchase of new arms and equipment will not surpass the Soviet Union by too great a margin, because a larger proportion of the US military budget is used up for payroll than its Soviet counterpart. Thus the increase in military expenditure will not allow the United States to seize military superiority.

Second, neither country has the technological superiority to break through the rough military balance. Considering the technological level of the existing arms and equipment on both sides, one notes that neither side will win military superiority by developing its current arms and equipment. The two sides already have enough nuclear weapons and conventional

weapons, so increasing the numbers will have no real effect. There is room for improvement in quality, but neither side will eliminate the other's ability to counterattack. Under such circumstances the two countries have been energetically developing their strategic defence systems, attempting to deprive the other side of the ability to attack and counterattack. However, neither side can make a breakthrough in this field in a short period and deployment is even further away. Moreover, the history of the Soviet-US arms race proves that neither side can monopolize advanced military technology for long, because their military strength and technological level are increasingly close. One side masters a new weapon — the other quickly overtakes it. The emergence of a new technology is followed by the birth of another technology. This constitutes the spiraling escalation of the spear and the shield.

The escalation of arms between the two countries has caused both to squander a lot of financial and material resources, but it has not helped make either country safe and secure. It only aggravates international tension and brings the threat of war upon the whole world. The people of various countries, including farsighted Soviet and American people, are therefore demanding with even greater urgency that the arms race be ended. They ask that both countries adopt a serious attitude and negotiate nuclear reductions. It can be seen that this is the only and sane alternative to the uninterrupted arms race between the two superpowers. It is a positive factor to safeguard world peace and coincides with the fundamental interests of the Soviet and American People.

*(This is an abridged translation of an article in the "Journal of International Studies," No. 1, 1985.)*

## New City System Outlined

from "GUANGMING RIBAO"  
(Guangming Daily)

**H**OW are Chinese cities and towns being developed today? In light of China's situation, the country should have its own multi-layer, pyramid like urban development system, with the largest urban centers (over 1 million population) and other big cities providing the nucleus, medium-sized cities constituting the mainstay, small cities serving as the base, and rural townships providing the basal cells.

China will by no means follow the way the Western countries blindly develop their big cities. On the contrary, China will control the size of large cities and put more efforts into developing small cities and towns. Of course, first of all, the construction of existing cities and towns will be speeded up. While developing industry, transportation, trade, financial institutions and tourist services, the cities will speed up the development of science, education, culture, public health, telecommunications and information services, as well as public utilities needed in production and daily life.

Big cities, particularly the cities of more than 1 million people, can be developed, given strict control of population, with the emphasis on improving urban functions and structure and raising the level of modernization. We should pay attention to the economic nucleus role of big cities. Apart from seeking economic gains for the state and upgrading technology and equipment, big cities are urged to give support to surrounding areas. They should help spread technology, technical personnel, funds and materials to nearby smaller cities and towns.

These principles are also applicable to the development of medium cities. Medium cities are allowed to somewhat expand their population, but not to develop into big cities. If conditions permit, the number of medium cities may grow considerably. In a populous country like China, growth in medium-sized cities can reduce the burden on large cities and contribute to the economy and cultural development of the surrounding areas.

At the same time, we will vigorously develop the small cities and towns which spread all over the country. Developing the economy, culture and educational system in these cities and towns helps ensure the rational distribution of China's productive forces and population. It will also help develop rural-urban commerce and the rural economy and culture, bringing the goal of agricultural modernization closer to reality.

## Women Face Variety of Challenges

from "ZHONGGUO FUNU"  
(Women of China)

**A**LTHOUGH China's current Constitution clearly stipulates that women enjoy equal rights with men in all spheres of life, the 500 million Chinese women still face a great number of challenges due to historical reasons. Among these challenges are:

**1. Challenges from the women themselves.** As the Chinese women have been pushed into submission and meekness over the long periods of inequality in social life, many women now would like their spouses to be superior to themselves, an indication of a lack of

self-confidence. This phenomenon has caught the attention of sociologists.

With the expansion of town, surplus labourers in the countryside may move into the towns, making it possible to control population growth in the big cities. Compared with the development of big and medium cities, the development of small cities and towns requires less investment and time. It will help stimulate the agricultural economy in a way suitable to China's conditions.

Seen from China's economic development strategy through the end of the century, it is most likely that the number of cities with populations of more than 1 million will increase from 20 to 27; big cities with 500,000 to 1 million people will increase to more than 30; medium cities of 200,000-500,000 will increase to near 100; small cities will number more than 300 and another 10,000 towns will be built. By the year 2000 some 400 million people will live in cities and towns, about 33.3 per cent of the nation's total population.

**2. Challenges from men.** As a whole, males have long stood in an absolutely dominant position in social life. Even when men and women are equal economically, men's traditional demands on women haven't changed. They still seek submission.

**3. Challenges from the family.** Because women give birth to children, traditional concepts have always considered it natural for women and mothers to take care of the children and the household chores. A survey in a northeastern region revealed that women

workers usually spend twice or even three times as much time as men on household chores after finishing their eight hours at work.

**4. Challenges from society.** Statistics from the Women's Federation in Anhui Province, east China, indicate that 64 percent of the females over 12 years old in the province are illiterate or semi-literate. In Zhongming township

of Tongling County, 99.2 percent of school-age boys go to school, while the percentage for girls is only 82.7. In some areas, universities, middle schools and primary schools set enrolment standards for girls much higher than those for boys. An investigation also revealed that 16 units under the central government refused to accept female graduates from universities in 1983.

## Gap Appears in Talented Personnel

from "WEN HUI BAO"  
(Wen Hui Daily)

**A**FTER 10 years middle-aged people with professional skills vital to socialist construction will be old people, ready to retire. But among the people between 26 and 30 who will be taking their places, very few have the educational level of a technical secondary school graduate or above. This will lead to a gap in the ranks of qualified personnel, according to Pu Tongxiu, deputy director of the National Workers and Staff Education Commission.

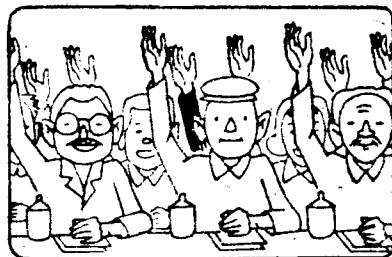
Giving Shanghai as an example, Pu pointed out that not only are there few people with professional skills, but they represent a disproportionate number of older people. Out of 1.54 million people aged 26-30, only 56,000 received a technical secondary school education or higher, or have earned academic titles. These educated young people make up only 3.6 percent of their age group. However, among 0.55 million people aged between 41 and 45 in Shanghai, 93,000 have professional skills, or 17 percent. A recent survey shows that in the next 10 years, which are crucial to the development of China's economy, it is very likely that the percentage of qualified people among the total population in Shanghai will drop dramatically.

According to initial calculations, by 1990 Shanghai will need 536,000 more people with profes-

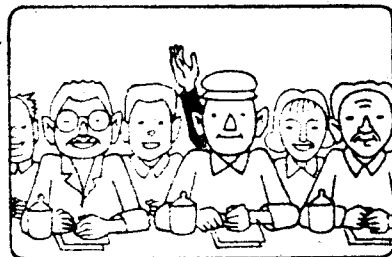
sional skills. But during this period the colleges, universities and secondary technical schools in Shanghai can only train 231,000 students. The other 305,000 qualified people will have to be trained in spare-time classes for workers and staff members.

"In the long run," Pu said, "while enrolling more students into colleges and secondary technical schools, we must work hard to train workers and staff members."

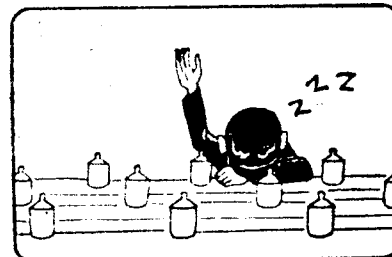
Pu said the state must give people, materials and financial support to educating workers and staff members on the job. In addition, worker education must be reformed. Apart from developing higher education to train high-quality professionals, importance should also be attached to acquiring ability. Enterprises and insti-



Voting for.



Voting against.



The meeting is over.

Cartoons by Yuan Xinting  
(Reprinted from "Beijing Wanbao"  
(Beijing Evening News))

## More Bearded Toads in China

from "RENMIN RIBAO"  
(People's Daily)

**B**EARDED toads have been found living in the Ailaoshan area in southwestern Yunnan Province. A team of scientists from the Kunming Ecological Research Institute found 32 of these rare amphibians on a recent fact-finding trip.

The bearded toad lives in mountain streams 2,400 metres above the sea level. It is smaller than ordinary toads, and has smooth, wrinkled skin without the warts

common to many toads which secrete sticky or poisonous liquids.

But the most interesting thing about these toads is that the males grow thorny beards, while the females sport tangerine coloured spots on their lips. After the mating season the males lose their whiskers and the females' spots fade.

So far, the bearded toad has only been found in China. Four varieties have been discovered in small numbers.

## Contracts and Labour Service Expand

In 1984 the contracted projects, labour service and co-operative projects China undertook were valued at US\$1.6 billion, 73 percent more than in 1983," Wulan Mulun said in an interview. The director of the Foreign Economic and Co-operation Department of the Ministry of Foreign Economic Relations and Trade went on to say that 47,000 Chinese people were working in other countries at the end of last year, a 56 percent increase over 1983. Six hundred service and co-operative contracts were signed with other countries in the year, of which three are worth more than US\$100 million.

Wulan Mulun offered a table (see below) showing how much China's contracts and labour service projects have expanded since the open policy took effect in 1979. These projects are an important aspect of international economic co-operation, he said.

	Con-tracting com-panies	Con-tract value (US\$ million)	Number of con-tracts	Chinese working abroad
1981	15	520	570	17,000
1982	28	500	310	31,000
1983	42	920	460	30,000
1984	54	1,600	600	47,000

The Chinese companies involved have business relations with firms in 53 countries and regions in Asia, Africa, Latin America and Europe. The scope of projects they can undertake has expanded to include water conservation and power, petrochemicals, machine building, textiles, agriculture, fishing, railways, highways, harbours, airports, hospitals, gymnasiums, conference halls and residences.

Under agreements for labour ser-

vice China has provided technicians, skilled workers, engineers, builders and even sailors and cooks to work in production and management in many countries.

In 1985 China's contracted projects and labour services will continue to expand, Wulan Mulun predicted. The Chinese hope to co-operate and make common progress with more third world countries. Chinese enterprises will continue to abide by contracts, guarantee quality, seek low profits and stress obligation in their relations with foreign countries, the director concluded.

## Sino-Soviet Border Trade Rejuvenated

Three staff members at the Soviet Section of China's Ministry of Foreign Economic Relations and Trade are dusting off mountains of 20-year-old documents concerning trade between China and the Soviet Union. The documents, many related to border trade between the two countries, are important once again now that the two countries are conducting brisk trade along the border.

The restoration and development of Sino-Soviet border trade is one aspect of renewed economic and trade relations between China and the Soviet Union.

Border trade between China and the Soviet Union started in the 1950s. It was heaviest along the northern borders of Heilongjiang Province and the Inner Mongolian Autonomous Region, which are adjacent to the Soviet Union. The border trade was halted in 1962 when relations between the two

countries deteriorated. But in 1982 the ministers of foreign trade in China and the Soviet Union reached an agreement to restore border commerce between the two countries. The Heilongjiang Provincial Trade Corp. and the Inner Mongolian Autonomous Regional Trade Corp. were set up to handle trade on China's side and the Soviet Far East Foreign Trade Corp. was designated to handle trade on the Soviet side.

Since then the volume of border trade has steadily increased. In 1983 the volume of trade between China's Heilongjiang Province and the Soviet Union's Chabarosk, the coastal areas and Amur Region reached 18 million Swiss francs (US\$7 million). The volume in 1984 increased more than 70 percent over 1983. The major goods Heilongjiang Province exports to the border areas of the Soviet Union include light industrial products, textile, tinned meat, soybeans, fur hats, hog bristle brushes, thermos flasks and other daily necessities. Heilongjiang imports Soviet timber, cement, glass, chemical products soda ash, motorcycles and household electric appliances.

Although Inner Mongolia has only a short border with the Soviet Union, border trade has developed rapidly. When the border trade was restored in 1983, its volume was only 3 million Swiss francs. By 1984 it reached 15 million francs, a five-fold increase in just one year.

The Inner Mongolian Autonomous Region mainly exports beef, tinned meat and fur goods. It imports many of the same Soviet products imported by Heilongjiang Province. Motorcycle imports, especially, have sold well. This is because the economy in the Inner

Mongolian pasture areas has developed rapidly since 1979 and the herdsmen have more money to spend.

The restoration of Sino-Soviet border trade has won support from the local governments and people in both countries. Soviet customers along the border appreciate the good quality and low prices of Chinese goods. It is expected that the volume of border trade will continue to grow this year.

In addition, the Chinese Ministry of Foreign Economic Relations and Trade has approved in principle the application filed by trade departments in the Xinjiang Uygur Autonomous Region for restoring border trade with the Soviet Union.

\* \* \*

#### **Urban Dairy Programme in Motion.**

Since the implementation of a World Food Programme dairy development plan in China, fresh milk supplies in Beijing, Shanghai, Tianjin, Wuhan, Nanjing and Xian have been improved and the breeding of dairy cattle in the suburban areas has been developed.

The dairy development programme for the six cities was adopted at the 15th session of the CFA. According to WFP's

1984-88 plan, China will receive 40,000 tons of de-fatted milk powder and 13,330 tons of dehydrated butter at no charge. The dairy supplies have a total value of more than US\$66 million.

In 1984 alone, the Chinese government allocated 129 million yuan to assist the dairy programme. Part of the fund was used to build or expand 38 dairy processing centres and 39 milk-collecting stations. The money was also used to buy vehicles to transport milk and instruments for chemical analysis. Other funds were used to promote dairy cattle breeding in the suburbs of the six cities.

The number of cows raised by both collectives and individuals in the suburban areas increased 15.2 percent in 1984 over 1983. According to incomplete statistics, the six cities now have 6,000 households breeding dairy cows and 50 villages specialized in breeding milk cows.

By 1988, when the programme is fulfilled, the milk output of the six cities should double that of 1982.

\* \* \*

**Overseas Bank to Extend Shanghai Services.** Four overseas Chinese and foreign banks in Shanghai have expanded their foreign currency deposit, regular deposit, loan and remittance services.

They are the Dongya (East Asia), Overseas Chinese, Standard Chartered (Macaulay) and Hongkong and Shanghai Banks.

Their Shanghai offices directly handle foreign currency deposits from overseas Chinese, foreign enterprises and Sino-foreign joint ventures. They also grant foreign currency loans and handle incoming and outgoing remittances. With approval, they will be able to issue foreign currency loans to Chinese businesses or departments.

Previously, the banks could only cover import and export account settlements, incoming remittances and some agency deals.

#### **News in Brief**

- Thirteen joint ventures with funds pooled by foreign firms and businessmen from Hongkong were set up last year with the approval of the Zhejiang provincial authorities. That brings the total figure up to 16 in the province.

The province utilized US\$25.56 million in foreign capital in 1984 and, together with foreign capital totalling US\$30.62 million used over the past six years, the total figure has reached US\$56.18 million.

- The China Textile Machinery and Technology Import and Export Corp. was founded recently by the Ministry of the Textile Industry. The corporation will engage in the import and export of textile equipment and technologies. It will also handle such business as setting up joint ventures with foreign companies, engaging in co-operative production, carrying out compensatory trade and processing with supplied materials for foreign firms.

Complete textile plants valued at US\$1.6 billion have been imported since 1972 from Japan, the United States, Italy and the Federal Republic of Germany to develop China's chemical fibre industry.

**WFP representatives visit a collectively run dairy farm in Xian.**



# Imperial Clocks Mix Time With Art

All visitors to Beijing like to have a look around the former imperial palace, now a museum, to see how the royal family and other aristocrats of old China lived. Of the many rooms and halls, the clock and watch exhibition is one of the most popular.

Newly expanded, the 1,700-square-metre hall is east of the inner palace. Inside are 185 rare timepieces selected from the imperial collection of Chinese and foreign clocks and watches.

The first thing a visitor sees when entering the hall are two giant timepieces, a bronze water clock and a chime clock. The water clock, the biggest timepiece in China, is made up of four bronze pots arranged vertically. The first three pots have small holes in the bottom. The water in the upper one drops into the second and then to the third and finally to the bottom, in which there is a small float which marks the time. The whole clock is almost 6 metres high. It carries an inscription by the Qing emperor about its manufacture in 1799, the fourth year of the reign of Emperor Jia Qing.

The chime clock was made around 1797 by the court clock-makers. It is 5.85 metres high and stands on a 2.6-metre square base. The clock strikes the hours and quarters and runs for 72 hours after it is wound.

All the other timepieces have been chosen for their superb artistry or unique design. The Chinese-made exhibits include a clock shaped like a seven-tiered pagoda. Each tier slides open while it strikes the hours and plays music. There are also a clock shaped like

a Chinese gate tower and a table clock with a fairy child which appears to mark the hours. Each of these clocks is based on a Chinese fairy tale.

A video display in the centre of the exhibition hall shows a clock made in the 18th century in Guangzhou. When it is wound up a unicorn with a clock face on its back begins to shake its head and swish its tail. An umbrella and flowers made of precious stones over the clock face change colours while revolving. The glass pillars around the clock look like fountains while they turn. In the middle is a box with three monkeys in it. The two small monkeys kneel in a line, each holding a peach. When the curtain on the box raises, a white monkey comes out with a peach in his hands, kneels down and kowtows. Then he holds the peach up and it opens. After the peach closes the monkey goes back inside. Music which sounds like flowing water plays from a square box at the bottom. This clock is called "white monkeys offer birthday peaches." Traditionally, peaches are a symbol of longevity.

More practical clocks can also be seen, such as a clock set into a hat rack, one which is part of a dressing table and a clock with a mirror.

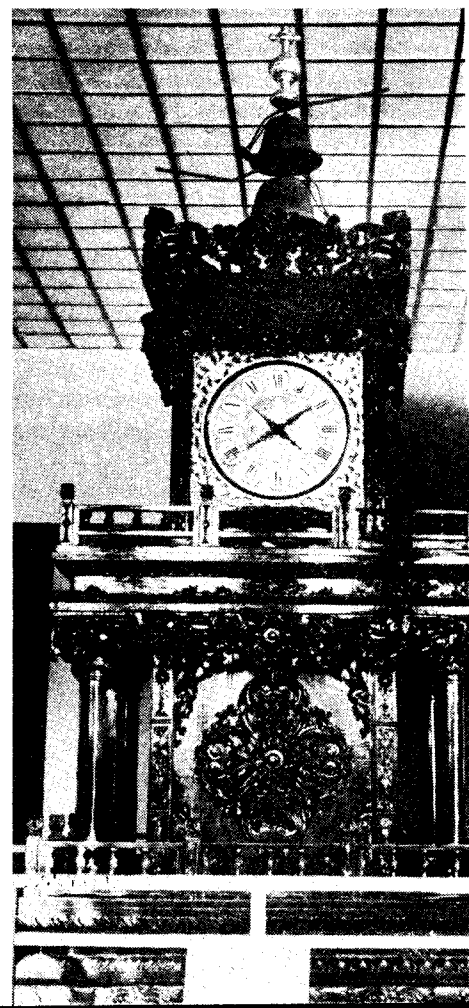
The 51 Chinese clocks on display were all made between the mid-18th century and the early 19th century. At that time there were famous clockworks in Suzhou and Guangzhou and another group of clockmakers in the imperial court to make special pieces for the royal family and other aristocrats.

Chinese clocks and watches are

well known for their durability and accuracy. A clock made 200 years ago still keeps the right time. A clock made in Guangzhou in the 18th century is astonishingly well made. It shows the positions of all the stars, the tilt of the Earth's axis, the four seasons, and even the first and the 15th day of the lunar month.

On exhibition are also 83 British clocks and watches made in the 18th century. Some of them have mechanized people, animals or birds who move their limbs, bob up and down or make music. The most attractive is a gold-plated

The 5.85-metre chime clock.





bronze clock with a man writing at a desk. This was a gift given on the emperor's birthday. On top are two people with sticks in their hands. When the clock is wound up they part a streamer to reveal four Chinese characters, *wan shou wu jiang* (wish you a long life). In the centre is the clock face, and atop this stands a person whose head moves to strike the hours or to sound music at 3, 6, 9 and 12 o'clock. Under the clock face is a man sitting behind a desk who, when the clock is wound up, writes eight Chinese characters *ba fang xiang hui, jiu tu lai wang* (people come from various places to pay their respects to the emperor). All the figures are moved by groups of gear wheels driven by the clock-work spring.

Clocks made in France in the 19th century are also on display. They are distinguished from other European clocks in shape and in drive power. There are clocks shaped like a locomotive, a motor boat, a vase, a screen and a pavilion, clocks equipped with a thermometer, a barometer, a music box and a compass, and clocks driven by the pressure of a steel ball or by a pendant, instead of a clock-work spring. In one clock the mechanism rolls slowly down an incline at an angle of 10 degrees, while the face remains vertical. The incline is 55 centimetres long and it takes 24 hours for the clock to complete its journey.

On display are also 18 pocket watches of silver or gold used by emperors and their empresses. The exhibits are all opulent and unusual, and the hall receives 3 million visitors a year.

## Painting Society Keeps Styles Alive

At the turn of the century a Chinese painter named Jin Cheng rejuvenated the *meigu* (boneless)

style of traditional painting. *Meigu* is a school of painting in which the artist does not draw an outline, but accurately portrays the object by skilful colouring. Deftly combining brushwork and colour mixes, Jin painted extremely vivid flowers and birds, images that were impressive in both form and expression.

Today the *meigu* style and other traditional Chinese painting styles are carried on by the Hu Painting Society, a society first formed by Jin's son in 1926. The society was named Hu because Jin's pen name was Ou Hu and all his painting students had pen names which included the word Hu.

Like Jin's rejuvenation and cultivation of the *meigu* style, the Hu Painting Society set about to preserve the great painting styles of the past. But the society soon developed into a national art organization and helped promote cultural exchanges with other countries.

During the late 1920s and early 1930s the Hu Painting Society put on quite a few painting exhibitions, including "Modern Paintings of China and Japan," "Ancient and Current Paintings of China and Japan" and "Chinese Paintings." The society also participated in the 1931 Belgium International Fair, winning 17 medals, and the Chinese Art Festival held in Canada in 1936. The society's activities ceased in late 30s due to various historical reasons.

The Hu Painting Society once played the role of creating new techniques by inheriting China's traditional styles. All its members were expected to study and digest the old styles creatively rather than simply copying them. It helped promote the inheritance and further development of Chinese painting.



Begonia, Chinese rose and bird.  
by Chen Donghu

Recently the Hu Painting Society resumed activities after several months of preparation.

Secretary-general Chen Gang and deputy secretary-general Jin Xing of the society stated that their fundamental task is to study the history of traditional Chinese paintings, especially to rediscover lost techniques and styles developed by historical painting schools. Society members will also write biographies of outstanding painters; use and develop traditional techniques; introduce traditional Chinese painting and carry out cultural exchanges with other countries; popularize education on traditional Chinese painting by setting up art schools; re-establish the *Hu Society Monthly* magazine and open painting stores.

The Hu Painting Society today has more than 100 members.



## Latecomer Wins Windsurfing

Zhang Xiaodong, China's 20-year-old woman windsurfer, won two gold medals in the marathon race and the triangle race at the recent 11th World Windsurfing Championships in Australia.

Windsurfing developed very late in China and Chinese athletes have only entered competitions in the past couple of years.

Zhang, from Zhanjiang in

Guangdong Province, began windsurfing two years ago. She worked hard and won championships at quite a few competitions. With good strength, an iron will and a cool head, Zhang demonstrated her talent in strong winds.

More than 300 windsurfers from 21 countries took part in the Australian event, which was held December 26 to January 7.

## News in Brief

### Woman Skater Wins Speed Title.

China's Liang Xiaoping collected 188.077 points to win the women's all-round title at an international speed-skating meet in Innsbruck, Austria, early this month. Liang finished second in the 500-metre and 1,500-metre events on January 5, and she came second in the 1,000-metre event and placed first in the 3,000-metre event the follow-

ing day. Her achievement is by far China's best in world speed-skating competitions.

### Chess Students Go Into Training.

Nankai University of Tianjin will, beginning this year, enrol students majoring in Chinese chess. Students selected will be sent to the Tianjin Athletic Training Team to study chess techniques while taking collegiate courses. They will be assigned work according to their academic record upon graduation.

## River Rafter Challenge Yangtze

A joint Sino-US river rafting expedition will explore the upper reaches of the Changjiang (Yangtze) River this August.

Rising in Qinghai Province, the Changjiang is the longest river in China and the third longest in the world. The Tuotuo River, one of the Changjiang's headwaters, is full of fast-dropping, white-water rapids as it rushes down the mountains at 5,000 metres above sea level. The climate there is cold year-round and the atmosphere is rarefied.

The rafters will brave the treacherous Tuotuo for two weeks before unveiling an estimated 3,200-km voyage down the Changjiang River to Yibin in Sichuan Province. The trip will bring them through Qinghai, Sichuan, Yunnan and back into Sichuan.

The expedition is sponsored by the China Sports Service Company and its American counterpart, Kenwarren Outdoors Inc. The US company has 35 years of experience in organizing wilderness expeditions and sports activities, but this is the first time it has ever co-sponsored an expedition in China.

The Qinghai Mountaineering Association is now arranging the necessities for the expedition, such as establishing provision stations in places inaccessible by motor vehicles along the river route.





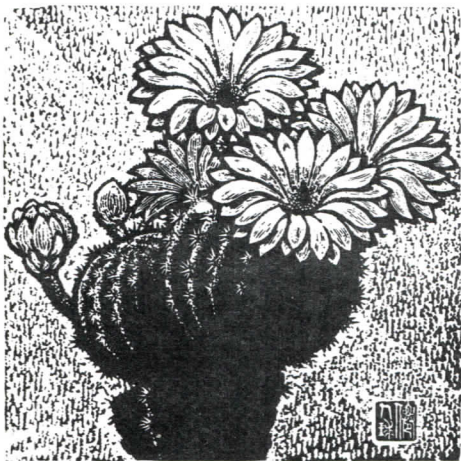
Old Tree and Small Deer.

## Woodcuts by Wang Jinxu

Wang Jinxu, born in 1939 in Henan Province, now works as an artist in the People's Liberation Army. He is especially interested in traditional and folk arts.



Narcissus.



Cactus.



A Little Town South of the Changjiang River.

**ART PAGE**

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