

Vol. 28, No. 10

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# BEIJING REVIEW

北京周报

A CHINESE WEEKLY OF  
NEWS AND VIEWS

**High-Speed Economic Growth of 1984**

**US Dollar Versus Other Western Currencies**



## Chinese Women Devoted to the Modernization Drive



Jin Qunying (left), deputy chief engineer at the Yibin Chemical Plant in Sichuan Province, has been rewarded for her achievements in scientific research.



Lin Shengrong, a university graduate, works at the Gezhouba Hydroelectric Power Station. She worked out the programme for the computer-controlled cement mixer, which has greatly raised work efficiency.

## SPOTLIGHT



Wang Hongyi, a *Liuqin* (a plucked string instrument) player with a cultural troupe of the People's Liberation Army, often performs in border areas and on islands. She has received an award.

Zhang Aiping (right), a worker with the Dandong Wristwatch Plant in Liaoning Province, fulfilled her 10-year production quota in five years. She was elected a deputy to the National People's Congress.

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<b>COVER:</b> The Dong people in Guizhou celebrate one of their traditional festivals.	

Photo by Li Dongri

## HIGHLIGHTS OF THE WEEK

### **Reforms Invigorate 1984 Economy**

Among last year's economic successes was a 14.2 percent increase in the gross output value of industry and agriculture, up to 1,062 billion yuan. More than 407 million tons of grain were harvested, keeping China's status as the world's largest grain producer. Other achievements are also outlined in this article by the minister in charge of the State Economic Commission (p. 15).

### **US Dollar Versus Other Western Currencies**

After analysing the factors favorable to the US dollar, this article concludes that the US dollar's rapid rise will slow and hover around the average 1984 level. It predicts the future development in the dollar's exchange rates with five major Western currencies (p. 18).

### **Party Consolidation Enters Second Stage**

The second stage of Party consolidation, begun last winter, will be carried out in conjunction with the economic reforms, to help the Party contribute more to the nation's development. After summing up the achievements and problems of the first stage, this article defines the aim of the second stage (p. 4).

### **Loss Makers Should Be Closed Down**

Businesses operating at a loss have reduced China's revenue and slowed down modernization. One of the ways suggested to solve the problem is to close down these enterprises. The advantages of this method, and the policies and measures taken to handle the consequences of their closure are discussed (p. 25).

### **Japan Experiencing Rapid Changes**

After a period of rapid economic development and single-party rule, Japan is experiencing wide-ranging political, economic and psychological changes. An analysis spells out these changes and identifies some trends (p. 11).

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# Party Consolidation Enters Second Stage

by AN ZHIGUO  
Political Editor

The Party consolidation has been going on for more than a year. In the first stage, the consolidation of Party organizations in the departments of the Party Central Committee and in the ministries and commissions of the State Council; in the leading bodies of the various provinces, municipalities and autonomous regions; and in the People's Liberation Army was basically completed.

The second stage began in the winter of 1984 and will continue through the end of 1985. Party consolidation is now being carried out in the prefectural and county organizations and in enterprises, institutions and other units equivalent to these two levels and is expected to be completed by the end of this year. Party organizations below the county level are asked to fulfil the task by the end of next year.

At the beginning of the consolidation, some people were worried that it might go too far, as did past political movements. Others thought it would be a mere formality and would come to nought. But according to the Party Central Committee, the Party consolidation should solve problems while not affecting the political stability and unity and the socialist modernization drive. Guided by this principle, the consolidation has proceeded in a healthy way and much has been achieved in the past year.

Since the Third Plenary Session of the 11th Central Committee, the Party has systematically corrected its "leftist" mistakes and formed a

series of correct principles and policies. The first task of the present Party consolidation is to achieve ideological unity throughout the Party. This is particularly important for the central and provincial leading bodies which were involved in the first stage of the movement, because they shoulder the heavy responsibility

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***The second stage of Party consolidation will be carried out in conjunction with the economic reforms, so as to achieve the goal of promoting the economic development through Party consolidation.***

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of implementing the current principles and policies of the Party and state. By negating the policies, theories and methods of the "cultural revolution" through education, Party members have acquired a better understanding of what damage the "leftist" mistakes have caused, and have heightened their consciousness and determination to implement the Party's current line, principles and policies.

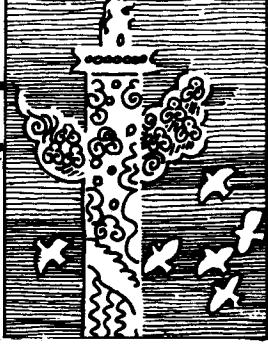
Units involved in the first stage of the Party consolidation have earnestly investigated and dealt with people seeking to advance personal interests by abusing power and the serious problems of bureaucratism. For instance, the tendency of some Party cadres to

take advantage of their positions and power to allocate more housing for themselves or to secure jobs for their sons and daughters has been stopped. Many Party leaders have repeatedly solicited the opinions and criticisms of the people, made earnest criticisms and self-criticisms and have gone deep into the grass-roots units to solve problems through investigation and study. The improved working style of Party cadres has raised the Party's prestige among the people.

A great deal of meticulous work has also been done in dealing with what is known in China as the "three types of persons," namely, persons who rose to prominence by following the counter-revolutionary cliques of Lin Biao and Jiang Qing in "rebellion," those who are seriously factionalist-minded, and those who engaged in beating, smashing and looting during the "cultural revolution." The major task is to ferret out these people from leading organizations, key Party and government departments and the ranks of cadres in reserve.

Some progress has already been made. Those who are found to be among the "three types" are dealt with differently according to their specific cases. Some organizations in which these people held sway or which were thrown into confusion by them have been disbanded or reorganized. Some people who stubbornly cling to their reactionary stand have been punished according to Party discipline and state law.

In the Party consolidation, the overwhelming majority of Party members have been better educated. Their Party spirit and sense of discipline have been strengthened.



ed and they have become more conscious of playing the vanguard and exemplary role in their work and among the people.

Of course, the first stage of the Party consolidation left much to be desired. For example, the goal of streamlining Party and government institutions has not yet been realized. In some units the leadership has not been reorganized well and their Party consolidation has not achieved desirable results. Some Party and government institutions and some cadres have taken advantage of the loopholes in the current economic reforms to seek personal gain, and units involved in the first stage of the Party consolidation have not made sufficient efforts to correct this new unhealthy tendency. These remaining problems have not escaped the attention of the authorities in charge of the Party consolidation, and measures are now being adopted to resolve them.

The units involved in the second stage of the Party consolidation will achieve better results because they can learn from the experience gained in the first stage. The second stage of the Party consolidation will be carried out in conjunction with the economic restructuring, so as to achieve the goal of promoting the economic development through the Party consolidation.



## LETTERS

### Hongkong Question

The signing of the Sino-British joint declaration on the question of Hongkong at Beijing's Great Hall of the People on December 19, 1984 (see our issue No. 52, 1984), was appreciated worldwide. It is a turning point for China's peaceful open policy of "one country, two systems."

Looking forward, the remaining obstacles history has left concerning Taiwan and Macao will be negotiated satisfactorily. In general, all territorial disputes among nations should be settled in a manner similar to the Sino-British agreement.

**Osmanos O. Haji**  
Merca, Somalia

### "Places in This Issue" Useful

In your issue of January 7, I was very glad to find the little map entitled "Places in This Issue." It was especially useful to me because I belong to an older generation who has been accustomed to the former English spellings for places in China.

**Arthur R. Smith**  
Connecticut, USA

### More Rural Pictures

Your layout is excellent and you explain so much to your readers about China. However, I feel more could be done if pictures of the countryside, preferably colour ones, were shown in the magazine. I suggest that the centre pages be set aside for these pictures.

**Solomon Agyemfra**  
Accra, Ghana

### Information Based on Facts

I enjoy reading your magazine, and sometimes read one issue sev-

eral times. You give a lot of information based on the facts of your vast efforts to develop and industrialize China.

The articles which you published on Tibet and Xinjiang were very interesting and instructive. They helped me understand the geography of China and the customs of the different ethnic groups living in those regions. Your information about the development of salt deposits in Qinghai Lake and a new railroad line to Tibet show China is making huge efforts to build itself into a modern socialist country.

China had opened four special economic zones like Shenzhen. Your magazine gives a marvellous description of the region's steady development. China has also opened 14 coastal cities to foreign investment which will bring you more advanced technology. You have given a good description of each coastal city, including pictures of their good harbours.

China is constantly building electric power plants, reservoirs and dams in all its provinces. China is also very advanced in building factories which produce textiles, clothing, porcelain and machine-tools. China produces machines it needs to meet its demands.

China has a great news agency called Xinhua, which publishes reports, reviews and catalogues full of comments and viewpoints. China also publishes books and encyclopaedias on economics, business, history, politics and science, which sell all over the world.

**Y. H. Wong Soo**  
Curepipe, Mauritius

# State Contracts Commercial Outlets

There's an old Chinese saying that "the daughter of the emperor has no trouble finding a husband."

A modern counterpart might be, "The employee of the state-owned store has no trouble getting pay."

Like the emperor's daughter, who did well in marriage even if she lacked beauty or talent, the state store employee gets a good wage even if his performance and attitude are bad.

But in many parts of China the state store clerk is in danger of losing his guaranteed wage. In an effort to improve service and make retail outlets more efficient, the state is gradually contracting many small commercial outlets to individuals or collectives. And with closer management, the store clerks must shape up or ship out.

According to a nationwide survey, more than 43,000, or half the small state-owned commercial outlets, have been turned over to collective or individual management. Of the 43,000, 82 percent are still state-owned but collectively managed and 10 percent are fully owned and operated by collectives. The remaining 8 percent have been leased to individuals.

Among the enterprises contracted to collective and individual management are hotels, vegetable stores, restaurants, laundries, repair shops, hardware stores, portrait studios, small food stores and public baths. In some cities, plans have been made to contract out state-owned grain distribution centres and small industrial enterprises.

Many of the enterprises have, after changing hands, improved

their service and consequently yielded higher returns. For example, contracted hair-styling salons, public baths and restaurants in Jinan, the capital of Shandong Province, increased their monthly business volume by 22 percent, 98 percent and 9.3 percent, respectively.

Song Tiezhu, a bicycle repairman in Beijing, leased a bicycle repair shop in the city's Shijingshan district last year. Soon after taking over the shop, Song displayed an announcement out front. It reads, "Anyone who has bicycle, pedicab or wheelbarrow repaired in this shop will receive a one-month warranty free of further charge." He even sleeps in his shop just in case somebody needs urgent repairs at night.

The contracting of state-owned commercial enterprises has resulted in some competition between individual enterprises and those which are still state-managed. A case in point is the competition between Nian Guangjiu, a producer of what he calls "Fool's Melon Seeds," and his rival, the state-owned roasted products shop, which has traditionally supplied the cream melon seeds to consumers in the city of Wuhu, Anhui Province.

Bound by the bureaucratic restrictions of the past, the shop was reluctant to expand its business. Every year, it sold at most 50,000 kg of cream melon seeds, and all were of poor quality at that.

To challenge the shop, Nian introduced his tasty "Fool's Melon Seeds" and soon enjoyed brisk sales.

Uneased by the drop in its seed sales, the state shop changed its management and began producing "Spring-Greeting Melon Seeds," a product more to the taste of the consumer. The state shop also adopted four measures to improve its service: It hired skilled workers at high pay, reduced its costs, expanded its business scope and modernized its production by contracting a foodstuff research centre as its consultant.

The competition has resulted in benefits for both the consumer and the state. The shop now sells about 5 million kg of melon seeds every year. With the 100-fold increase in business, each employee is producing an average of more than 20,000 yuan in profit for the state treasury.

## Auto Industry Hits Boom Times

China, known the world over as a "country of bicycles," is slowly being transformed into a "country of vehicles" as more and more trucks and cars take to the highways.

China's automotive industry turned out more than 300,000 vehicles in 1984, a 27 percent increase over 1983. Production, however, falls far short of demand, and the quality of new motor vehicles is still lacking.

The motor industry's growth, according to Chinese auto experts, came on the strength of an increased demand for vehicles by the nation's farmers, who have become prosperous with the agriculture responsibility system. The



New trucks are readied for delivery to the countryside.

rapid development of the national economy, which has seen industrial output value leap by 14.2 percent over 1983, is also a factor in the vehicle boom.

The current government policy of encouraging state, collective and private highway transportation, particularly in the rural areas, has contributed to the good times for China's auto industry, said He Zhongbin, deputy manager of the Shenyang Automotive Industrial Co. Equipped by the Soviets in the 1950s, the Shenyang auto plant produced more than 10,000 vehicles in 1984, up 47 percent over 1983. The company plans to double its output this year to meet the truck needs of the domestic market, said the deputy manager.

It will not be easy, however, to meet the growing demand. Most of China's existing auto plants are outdated, furnished with equipment made in the 1940s. Though China did import Soviet equipment for the Changchun plant in the 1950s and French equipment for a Sichuan plant in the 1960s, these factories have never been updated with new technology. In order to produce what China Automotive Industrial Co. President Yao Bin calls "dynamic and competitive" vehicles for the international market, the Chinese automotive in-

dustry has to leap four decades into the 1980s. How can it be done?

Auto industry leaders have already mapped out a programme for future development. In the years prior to 1990, China plans to import the technology to produce 600,000 up-to-date heavy-duty trucks, medium-sized vehicles, light vehicles, jeeps and cars. With these new models, the auto industry will try to carve out a place in the international market. By the end of the century, the industry will be producing its own vehicle designs capable of competing on the world market.

To realize this ambitious plan, China will renovate its more than

2,000 factories devoted to automotive vehicles and parts. The industry will be restructured and co-operation with foreign auto manufacturers will be sought, including the assembly of imported components. Meanwhile, the industry will build up a powerful research contingent which will design and build modern vehicles for both the domestic and international markets.

To meet the immediate domestic demand, China is taking several measures. Mass-production is being organized along specialized lines and joint ventures have been formed to assemble imported components. The industry is giving priority to producing trucks, farm vehicles and taxis, which are all in short supply.

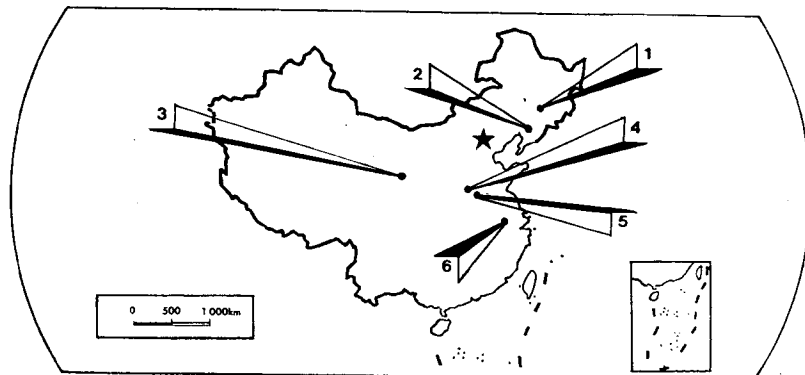
For the time being, due to its economic limitations, China will concentrate on producing efficient high-quality vehicles rather than de luxe sedans.

To boost rural transportation, the State Council recently decided to sell 76,500 vehicles in the countryside. Some 70 percent of those vehicles will be sold to peasant transportation co-operatives with the remaining 30 percent going to individuals.

To eliminate the backwardness of the automotive industry, China has joined forces with auto com-



## PLACES IN THIS ISSUE



- (1) Changchun (p. 7) (2) Shenyang (p. 7) (3) Yanzhou (p. 7)  
 (4) Zhengzhou (p. 8) (5) Ningling (p. 8) (6) Wuhu (p. 6)

## NEWS IN BRIEF

More than 940,000 people from Hongkong and Macao made the trip home to Guangdong Province for Spring Festival (February 20).

The number of visitors entering Guangdong between February 10 and 22 was 34 percent more than last year, said provincial officials.

At the same time, 420,000 Guangdong residents departed to join their relatives in Hongkong and Macao, 82 percent more than in 1984.

Transportation officials in Shenzhen, Zhuhai and other border areas improved bus and taxi services to handle the influx of travellers.

\* \* \*

Exports from the Chinese mainland to Taiwan via Hongkong were worth HK\$999 million in 1984, or 43 percent jump from 1983, reported the *Hong Kong Economic Journal*.

Exports from Taiwan to the mainland via Hongkong soared 171 percent, reaching HK\$3.327 billion, the journal said.

The biggest increase in Taiwan's exports was in synthetic fibres, valued at HK\$844 million, more than three times the 1983 amount.

Mainland exports of fish rose to HK\$120 million, also a three-fold increase over the 1983 figure.

panies from the United States, the Federal Republic of Germany and other countries to produce jeeps, cars and other vehicles.

In addition, China has switched over some military factories to producing much sought-after heavy-duty trucks and minibuses.

## War on Rodents Marks Rat Year

In the Chinese lunar calendar, the year just passed was called Year of the Rat. But rats are not really as likable as the 11 other animals used to symbolize the 12-year lunar cycle. In fact, the past lunar year saw a war against the rodents.

According to incomplete statistics from 17 provinces, autonomous regions and cities, more than 526 million rats were killed on farms last year, meaning about 5 million tons of grain and oil were saved from the pests' stomachs.

Few ordinary Chinese people know why the animal was chosen to represent a lunar year. They have always seen the rat as a sign of bad luck, evil and disaster. When a Chinese proverb or idiom contains the word rat or mouse, it usually is derogatory. The animal is so disagreeable that it was said women did not want to have children born in the Year of the Rat.

Rats have long been one of the most dangerous enemies of humanity. There are an estimated 10 billion rats around the world. They eat more than 30 million tons of grain each year. Some governments offer bounties for their extermination in an attempt to control the plague.

In China rats were the first target of the 1950s' campaign to eliminating the four pests (rats, bedbugs, flies and mosquitoes). Since then, several battles against the rodents have taken place. Last year's was a fairly big one.

**Varied Tactics.** Han Minle, a former Henan veterinarian, gave up his directorship of the Ningling County Animal Hospital in 1983 when the leadership of his pest-ridden county asked him to form the county's first rodent-fighting squad.

Han trained 20 people, then led them to a village where rats roamed in packs in broad daylight. In eight days they killed more than 1,000 rats and drove the rest away, at least during daytime.

The initial success brought more recruits to the squad, which expanded to become the Ningling County Pest-Fighting Company. Han became its manager.

But complaints accompanied the praise when farmers' livestock died from eating dead rats or poisoned bait intended for the rodents. Han and his colleagues tried to develop a new chemical poison which would be fatal to rats but harmless to other animals.

After hundreds of experiments, they developed nine different rodent poisons which have proven fatal to different species of rodents but harmless to other animals. They also developed a substance which emits an odour repellent to rats. Poured into rat holes, the substance forces the rats to flee. The substance played a key role at Lanzhou University last June when Han and two assistants were asked to eliminate the estimated 20,000 rats on campus.

Han and his assistants first forced the rats out of their holes with the odorous substance. Then they tested different baits and found that the rats liked type A. On the third day they set out large quantities of poisoned bait A. Seven days later more than 18,000 rats were killed and no rodents were detected in the weeks that followed.

Chemical poisons are not the only way to kill a rat. Some peo-



ple have learned to "sweet talks" rats to death.

Zhao Shengcheng, a "rat linguist" from Shanxi Province, can squeak like a rat. During the rats' mating season, he can sound like a male rat calling the female rats out of their holes. Once above ground, he kills them. However, it is difficult to pass on Zhao's skill to others.

The "electric cat" — an electric mousetrap — is easier to apply widely. The "electric cat" needs no bait. Rats do not fear or suspect it, so nine out of ten are taken in by the gadget. In Chengdu, the capital of Sichuan Province, "electric cats" killed about 337,000 rats within three months, with none of the side-effects chemical killers usually produce such as poisoning livestock or people.

Some people say the best and most economical way to eliminate rats is to maintain a proper ecological balance. An article in *Renmin Ribao* (People's Daily) recently suggested that all the natural enemies of rats be protected. It urged people to raise more cats to kill rats. "If we do so, the plague will be greatly weakened and people can have a good sleep without worries," the article said.

## Women Claiming Their Legal Rights

A growing number of Chinese women are seeking legal recourse instead of remaining silent when their legal rights are violated.

Liu Qingming, an official in the legal advisory office of the All-China Women's Federation, said, "The fact that more and more women come to me for help shows that they are becoming aware of their legal rights. I regard this as a reflection of the social progress in recent years."

Liu and her six colleagues last year advised more than 20,000



### Young Pioneers Run Restaurant

Customers at the Red Scarf Restaurant are served by a lovable attendant. The restaurant, which opened February 1, is in the "Big World of Shanghai's Children," a youth-oriented theme park. The restaurant's positions, from manager to waiter, are all filled by children. The Red Scarf has 60 seats and serves coffee, bread, fried beefsteak and a dozen other dishes and pastries.

women of all ages on legal issues such as marriage and property disputes.

Ma Yuan, a deputy presiding judge of the civil division of the Supreme People's Court, said that some 70 percent of the plaintiffs in divorce cases in China are women. Many women today are showing that they know their legal rights and know what to do in a lawsuit, said Ma. "I am deeply impressed by them."

The judge's impression is shared by her male colleague Tang Dehua, who said many women are not only aware of what the law permits, but also know how to legally protect themselves when their rights are violated.

Thousands of years of feudal influence had weakened legal awareness in China, especially among women, Tang explained. "The progress in recent years is therefore encouraging," he said.

Equality for Chinese women in all fields has been protected by law since the founding of New China in 1949. The feudal atti-

tude that women are inferior, however, did not disappear with the birth of a new society, said Liu, the women's federation legal advisor.

Old feudal ethics which urged a woman to obey her father before marriage, her husband after marriage and her son after the death of her husband still influence some, said Liu. Women are still maltreated and discriminated against in some places.

All this, said Liu, has left many women apathetic and unaware of their legal rights in marriage, family life and property inheritance.

Liu attributed recent progress to the spread of legal knowledge and the improvement of women's education and economic status over the past few years.

With economic reform, she said, more women, especially in the country, are entering business and are eager to acquire legal knowledge to protect their rights.

To meet this need, the All-China Women's Federation and other

organizations last year launched a law publicity month, which focussed on the protection of women's and children's rights.

Almost all large women's federations offices have legal advisory services for women. They publicize the law, give free legal advice and help women plaintiffs with their court cases.

## Education, Concern Reform Convicts

To reach the goal of modernization within 15 years, China has decided to encourage convicts to do their bit too.

Efforts will be made to turn existing reformatories into education-through-labour schools within three years.

In these special schools, there will be formal, systematic training in politics, culture and labour skills. The purpose is to turn convicts into people who can help in China's modernization programme.

The decision was announced by Minister of Justice Zhou Yu at a symposium held at the end of last year at the Shandong No. 1 Reformatory. Participants discussed how to further implement the Party's policy of "educating, reforming and saving" convicts.

The Shandong No. 1 Reformatory was chosen for the meeting because of its success in following this policy.

Most of the convicts in the reformatory are in their twenties and receive education through labour. Since 1980, 61 general education classes and 10 technical classes have been organized to help them master working skills. As a result, they are doing a good job in the reformatory-run factories, whose output value in the first 10 months of 1984 reached 12.96 million yuan, or 93.9 percent of the planned annual target.

Educating convicts is not easy, because their social environment and individual psychology contributed to their crimes. When labour is used as the major means, civil management is also necessary.

In Shenyang, a convict was kicked by a staff member for some reason. The reformatory's leadership ordered the staff member to make a self-criticism before all the convicts in order to discourage beating, cursing, and other uncivil management methods. The 63-year-old convict was so moved, he said, "I know how prisoners were treated before liberation. Only in New China can we be treated as real people."

The reformatory staff show warmth and concern for the inmates, too. This often reaps unusually satisfactory results. During the Spring Festival, celebrations were organized to ease the loneliness of prisoners, who, like everyone in China, longed to spend the holidays with their families.

In a Beijing reformatory, spouses of 19 inmates have demanded divorces since 1980. But after talks with the reformatory leaders, 17 changed their mind. The leaders convinced them divorce would do no good for their families, their children and the inmates. Many of the inmates pledged to make a fresh start.

Education through labour, supported by concern, works very well in reformatories. Many ex-convicts are leading new lives. Some of them have successfully used what they have learnt in the reformatories to become prosperous.

Liao Wenlong of Jiangxi Province, for example, was convicted of fighting and assault. Upon his release early in 1983, he contracted almost 2 hectares of fish ponds from his production brigade and raised nine pigs and more than 500 chickens. In 1984 he netted 6,000 yuan, nine times more than a recent university graduate.

## Around the Globe

### Antarctic Expedition Completes Its Mission

The first Chinese Antarctic survey ship, the *Xiangyanghong 10*, is on its way back home. Chinese scientists successfully fulfilled their mission of conducting surveys and setting up the Great Wall observation station on the southernmost continent.

### Indonesia Invites China to Bandung Observance

Although there are no diplomatic relations between China and Indonesia, Indonesia extended an invitation to Beijing to attend the 30th anniversary observances next month of the Bandung Afro-Asian Conference. China attended the Bandung Conference in 1954 along with 28 other Asian and African nations.

### China Attends Educational Conference

An eight-member Chinese government delegation was sent to the Fifth Asia-Pacific Regional Conference of Education and Economic Planning Ministers in Bangkok. The conference started February 4 and lasted for eight days. It was aimed at eliminating illiteracy, promoting universal primary education, improving curricula and teaching methods, and boosting higher education. In China, 32.2 percent of the senior middle school students are studying at various vocational and technical schools, and 95 percent of the school-age children have been enrolled into primary schools.

## Japan

# Economic Growth Brings Changes

**As the structure of Japan's economy changes, the politics and national psychology must also readjust.**

by **HUANG QING**

**1985** is an eventful year for Japan. It is 100 years since Japan established its first cabinet, 40 years since its surrender ended World War II and 30 years since the Liberal Democratic Party came to power. The Japanese public believes their country is at a crossroad now; changes in politics, economics and national psychology are taking place.

Unlike the Western countries, where two or more political parties take turns to rule, Japan has been dominated by a single party for 30 years. After the Liberal Democratic Party took power in 1955, it concentrated its efforts on the economy. The Japanese economy developed very quickly and the people's living standard rose rapidly. Japan's progressive taxation and wage system distribute the nation's wealth more evenly than in most Western countries. Now, most of the Japanese people are well provided for, and the new middle class, representing about 80 percent of the electorate, accepts the present political system in which a balance is maintained among the pivotal Liberal Democratic Party and six other parties.

Within each Japanese party are many factions. This is especially true in the Liberal Democratic Party, in which some factions are nearly as large as a separate political party. Although this style of politics has its shortcomings, it also

provides for some flexibility in party policies. The party members who do not support the policy can make their opinions known in the course of factional fighting.

At present the Liberal Democratic Party has difficulty gaining a stable majority in the Diet, Japan's parliament. Of the 50 local parliaments, the Liberal Democrats have a majority in only five. Sumo Nikaido, vice-president of the Liberal Democratic Party, concluded at the end of last year that the era of the Party's complete control of Japanese politics was over. He said he would take part in the election for prime minister as part of an alliance with the Komeito Party and the Democratic Socialist Party. But the idea was opposed by former Prime Minister Kakuei Tanaka, the head of a very powerful faction within the Party, and by the Party's mainstream faction. At the Party's 45th conference last January, Secretary-General Kanemard publicly criticized other similar ideas both inside and outside the Party.

Japanese politics can be divided into three periods after 1955. At first, two major parties, the Liberal Democratic Party and the Socialist Party, confronted each other. Then other parties arose. Finally a balance of power between the Liberal Democratic Party and other opposition parties was maintained. The future may be a political coalition, some Japanese politicians predict.

In 1983 the Japanese economy pulled out of a three-year recession, and now it has entered a

period of slow but stable growth. Many Japanese think the time is right to change from an export-dominant economy to a domestic demand economy. At the same time they believe adjustments in the industrial and employment structure are essential. The old industries such as steel, automobile, chemical and heavy machinery, which were developed during Japan's quick growth period, are either stagnant or shrinking. Technological updating of traditional industries and the production of durable goods are also declining. Although new technology and new industries are emerging, their real applications are still not quite clear. The demand structure of the Japanese economy is still being worked out.

Japanese enterprises are now changing their focus from quantity to quality, and from capital intensive industries to knowledge intensive ones. Against this background, the number of medium and small enterprises will increase again, and management methods will also change. Analysts believe the demand for clothes, food, housing and durable goods has fallen off, and a high income is not as attractive to the Japanese as it once was. Japanese enterprise management methods, which include lifetime employment, a seniority wage system and extensive welfare benefits, are special outcomes of the speedy development. They are bound to change as the economy changes.

The national psychology has also changed. While the new middle class accepts the current system with its high living standard, they do not totally identify themselves with the concepts and values representing the system. Anti-industrialist and environmental protection movements show their poten-

tial dissatisfaction with Japan's course. The generation gap is also growing. Traditional values such as hard work, diligence and efficiency no longer dominate, and many people are pursuing a life-style they find more meaningful.

Will the "big nation" or "first rate country" mentality revive in Japan and lead to chauvinistic adventures? This question haunts many people, both within and without Japan. Some believe that because the Japanese refused to examine themselves after the war, they have the potential for a dangerous future. On the holiday for the grown-ups, a group of young people wearing black kimonos and singing samurai songs marched in front of the Meiji Shrine. Spirits from the past still live deep in the minds of some, and may re-emerge given the right circumstances. But

the overwhelming majority of Japanese people dislike war and want the past 40 years of peace to continue. They are pursuing new values, though not traditional, but still Japanese.

The problems of welfare have also spread in Japan, as in most Western countries. In a society with high wages, many welfare benefits and high consumption, no politician dare to face the consequences of lowering the people's standard of living.

Japanese products are becoming less competitive as their costs rise. If Japan lost its superiority in technology and capital, it would be very hard to imagine how the island nation could prosper. The emphasis on technology in recent years shows clearly that the Japanese know where their economic future lies.

## *Jordan-Palestine*

# Middle East Stalemate Broken

**An agreement between Jordan and the Palestine Liberation Organization to work jointly towards peace could be the basis for a Middle East peace conference.**

by ZHU MENGKUI

**Y**ASSER Arafat, chairman of the Palestine Liberation Organization (PLO) Executive Committee, and King Hussein of Jordan signed an agreement February 11 to send a joint negotiating team to a future international conference aimed at solving the Palestine issue and achieving peace in the Middle East.

The full text of the Amman agreement was made public on February 23. It reaffirmed the Palestinian people's right to self-determination and to build their own country. It also spelled out five principles for returning Arab territories occupied by Israel since 1967 as a way of realizing peace

in the Middle East.

Starting October 1982, Arafat and Hussein held repeated talks on how they might organize a joint Jordan-Palestinian delegation to negotiate with the United States and Israel. They tried to work out a joint strategy on how to deal with Reagan's Middle East initiative and the Arab 1982 Fez Plan and how to establish a confederation. Due to differences within the PLO and within the Arab world on how to achieve a Middle East peace and due to the US and Israeli stubborn refusal to attend peace talks with a PLO delegation, their efforts have made little progress. As a result, the Jordan-PLO accord to adopt joint action did not come easily.

Expounding on his theory on settling the Middle East issue, Hussein raised the concept of "peace in return for land" last October 1 before the Jordan Parliament. And at the opening ceremony of the 17th session of the Palestine National Council (PNC) late last November, Hussein reiterated the principle and called for Jordan and the PLO to adopt joint action on the basis of United Nations Resolution 242, which calls for the return of occupied territories by Israel and respect for the right of every state in the Middle East to live in peace. The PNC session decided to seek ties with Jordan to take joint action in peace talks. The PLO also established a special committee to work with Jordan as Hussein had proposed.

Early last December Hussein visited Egypt and repeated his support for the principle of "peace in return for land" as a means of settling the conflict between the Arab nations and Israel.

Hussein proposed that Egypt, Jordan and the PLO jointly push along the peace process. Since then leaders of the three countries have met frequently to co-ordinate their actions with each other. Egypt and Jordan stressed that Palestinian representatives must attend the peace talks as an equal member and called for an opening of an international meeting as soon as possible.

For several months Egypt has strongly urged the United States to change its stand on Palestine. Meanwhile, Jordan and the PLO held their talks on joint action and discussed ways to bridge their differences and work together for peace.

It was reported that King of Saudi Arabia Fahd passed on the contents of the Jordan-PLO agreement to US President Ronald Reagan during his mid-February Washington visit. Fahd encouraged the United States to lose no

time in taking action to solve the Palestine issue as early as possible.

Some West European countries have mediated between the Arab nations and Israel in the hope of breaking the deadlock in Middle East peace talks. The United States and the Soviet Union have also consulted each other on the Middle East.

The joint action accord between Jordan and the PLO received both cheers and criticism upon its announcement. Egypt, Morocco and Saudi Arabia praised the agreement, saying it provides a good opportunity to restore peace to the Middle East. Libya, Syria and Democratic Yemen attacked the accord, arguing that it deepens the differences within the PLO. Some Gulf countries were cautious and kept quiet about the Jordan-PLO accord.

Farouk Kadoumi, head of the PLO's Political Department, said on February 25 that Jordan and the PLO may be interpreting the accord differently and the differing readings could lead to disagreement. The PLO Executive Committee approved the agreement February 20, but its interpretation of the document's wording differs with Jordan's.

Last week Jordan agreed to revise some aspects of the joint plan, PLO representatives travelled to Amman March 4 to discuss the revision. The Soviet news agency TASS announced February 19 that the Soviet Union disapproved of the agreement. TASS said that both the United States and Israel hope the accord will melt away resistance to the US-Israeli Middle East plan. Reagan welcomed the agreement, calling the accord a sign of progress in the Middle East. Israeli Prime Minister Shimon Peres said the agreement does not provide a "full foundation" for peace talks. Israel has in the past refused to negotiate

with the PLO and has rebuffed Arafat's initiatives.

Arafat and Hussein recently visited several Arab countries to inform leaders about the content of the agreement and to explain their position. Both Jordan and the PLO have agreed to send the agreement to the United Nations if they win support of other Arab nations and to urge the United States to adopt a just stand on the Middle East.

Egyptian President Hosni Mubarak was due to visit the United States in early March. And Al-

gerian President Chadli Ben Djedid, Jordan King Hussein, United Arab Emirates President Shaikh Zaid Bin Sultan Al-Nahayan and Moroccan King Hassan II will also visit the United States in the coming weeks.

Some observers believe the stepped up shuttle diplomacy between the United States and the Arab countries could lead to the resumption of peace talks in the Middle East. The Jordan-PLO accord, which lays out a comprehensive programme for settling the outstanding issues, could provide the basis for such talks.

## *India-Pakistan*

# Encouraging Signs of a Thaw

**Relaxed tension between the two South Asian powers has given the hope that relations can be normalized at an early date.**

by **SHI ZONGXING**

SINCE the beginning of this year there have been signs of thawing relations between India and Pakistan. Three events in the past two months have brought hope that relations might be normalized at an early date.

The first is that the Pakistan government decided to try the captured Indian Sikhs accused of hijacking two jet liners last year. It is reported that the trial will take place this month. The Indian government has commented favourably on Pakistan's decision. Indian Prime Minister Rajiv Gandhi called it the first positive step in improving bilateral relations.

The second event was a decision last October that each country will receive 8,000 tourists a year from its neighbour. Travel agencies are busy preparing, and the first group of Pakistani tourists will visit India

in the middle of this month. This is the first time the door has been open to travellers since 1947, when India and Pakistan were divided.

The third event took place during the conference of the standing committee on South Asian co-operation held last month in Male, the capital of the Maldives, when the foreign secretaries of India and Pakistan met for talks. This was their first contact since last July. Indian External Secretary Romesh Bhandari said their talks were detailed and significant. Pakistani Foreign Secretary Niaz Naik noted that their meeting has opened bright prospects for restoring normal relations between their two countries.

Many diplomats in New Delhi and Islamabad believe negotiations on a no-war pact between India and Pakistan (India's proposal is for a treaty of peace and friendship) will be resumed after the

Pakistani general elections and Indian state assembly elections.

Leaders of the two countries have repeatedly expressed their willingness to improve bilateral relations in recent months. In his message of greetings to Gandhi on India's 36th Republic Day on January 26, Pakistan President Zia ul Haq said that Pakistan will spare no effort to strengthen mutual understanding, confidence and trust. Zia himself joined in the celebrations at the Indian embassy in Islamabad. Gandhi recently

said in the Rajya Sabha (Council of States) that Zia's talk with him last November is encouraging and that India is ready to respond.

The tense relations between these two countries are now relaxing. India and Pakistan, being the most influential in southern Asia, the state of their relations affects not only their own people, but also the peace and stability of the whole sub-continent. Observers are hoping the current relaxation will lead to even bigger steps towards normalizing relations.

an unwritten law that whoever does not work well, or complains of dissatisfaction will be dismissed with his or her entire family within 72 hours. Most are sent to a Bantustan — the so-called black "homelands" — where overpopulation and infertile land make life a constant hardship.

According to a recent survey, about 81 percent of the blacks in the Bantustans live below the poverty line and 90 percent suffer from malnutrition. Infectious diseases are common and the death rate among children is surprisingly high. In order to avoid unemployment and being driven to these Bantustans, most agricultural workers suffer silently, never protesting their exploitation. The fact that these workers almost never go on strike is no indication of job satisfaction.

Many children are employed on white-owned farms. In South Africa, the school enrollment rate is low and the dropout rate is high among children of farm workers. Schools are usually more than 3 km from home, and children have a long walk each day. Facilities are very poor, and students who do go don't learn much. But the most important reason is that many parents cannot afford to send their children to school. They need their labour to sustain the family. As a result, it is common to see black children in the fields of white-owned farms. Now 60,000 children between 8 and 14 years old do hard labour for just US\$0.10-0.20 a day.

Black women are in an even more pitiable plight. Labour regulations published in 1952 say that black women do not have the right to be formally employed on white-owned farms. That leaves them to the whims of the white farmers or to drift into the cities illegally to look for temporary work. The only other alternative is the Bantustans.

## South Africa

### Prosperity From Workers' Misery

**Black farm workers are treated virtually as slaves, though it is mainly their toil that makes the country's agricultural production flourish.**

by MA SHIKUN and  
BAO SHISHAO

**S**OUTH Africa is the world's sixth largest exporter of grain and third largest exporter of corn. This agricultural prosperity, however, was won by exploiting the labour of black South Africans, who receive none of the benefits of their hard work.

In South Africa about 1.3 million black agricultural workers labour on white-owned farms. They are not only denied guaranteed wages, duration of work, living conditions, unemployment relief and medical treatment, but they are also out of the reach of the protection of the country's labour laws. The wages of these workers are therefore squeezed to the bare minimum and their living conditions are extremely poor. Because of the lack of essential labour protection, an average of about 1,600 people a year die from machine accidents, pesticide poisoning and other accidents.

On white-owned farms, what the farm owners say is law. Workers must silently endure severe exploitation. At the slightest complaint, they and their families are driven off the farm.

In a recently published report, one black woman in Natal complained to the local police after being beaten by her white employer. According to South African law, the farmer should have been fined 50 rands. But he asked the court, "What's wrong with me keeping discipline on the farm by whipping? This is a tradition on my farm." The farmer won the lawsuit, and the woman's family was put out of work. Her husband complained, "My wife, my six children and I have been driven off the farm. We can't find work here and have to go to the city to find a way to live." But in the cities, where racial discrimination goes hand in hand with unemployment, they are not likely to do any better.

This incident is not an isolated one. Today white farmers follow

# Reforms Invigorate 1984 Economy

by **LU DONG**

Minister in Charge of the State Economic Commission

**I**N the past year China has chalked up great achievement and set many records in implementing the policies of opening to the world and enlivening the domestic economy.

## Quick Tempo, Good Economic Returns

In 1984 agriculture, industry and services, whether state run, collectively owned or individually managed, made overall progress. The gross output value of industry and agriculture combined reached 1,062.7 billion yuan, up 14.2 percent from 1983. The national income grew 12 percent last year, registering the biggest increase since 1979. Output value was far more than 871 billion yuan, the target set for 1985 in the Sixth Five-Year Plan (1981-85).

The tempo of growth was quick and economic returns improved impressively. Nationwide, industry, agriculture, sales, profits and revenues all went up. Revenue and expenditures were basically balanced while capital construction was being expanded, scientific, technological, cultural and educational work was being strengthened, and reforms were being carried out.

In the past few years industry and agriculture have been growing rapidly. In 1981 the rate of increase was 4.6 percent more than in 1980. They grew 8.7 percent in 1982, 10.2 percent in 1983 and 14.2 percent in 1984. This is evidence that China's readjusted economy is on the right track, sound and steady.

Judged within the perspective of the Sixth Five-Year Plan (1981-85) agricultural production increased by 14.5 percent in 1984 compared with the previous year and industrial production rose by 14

percent. During the four years from 1981 to 1984, agricultural production increased every year by an average of 10.3 percent, while industrial production grew on an average of 9 percent. Industry and agriculture developing in tandem paved the way for the national economy to keep its momentum of steady development.

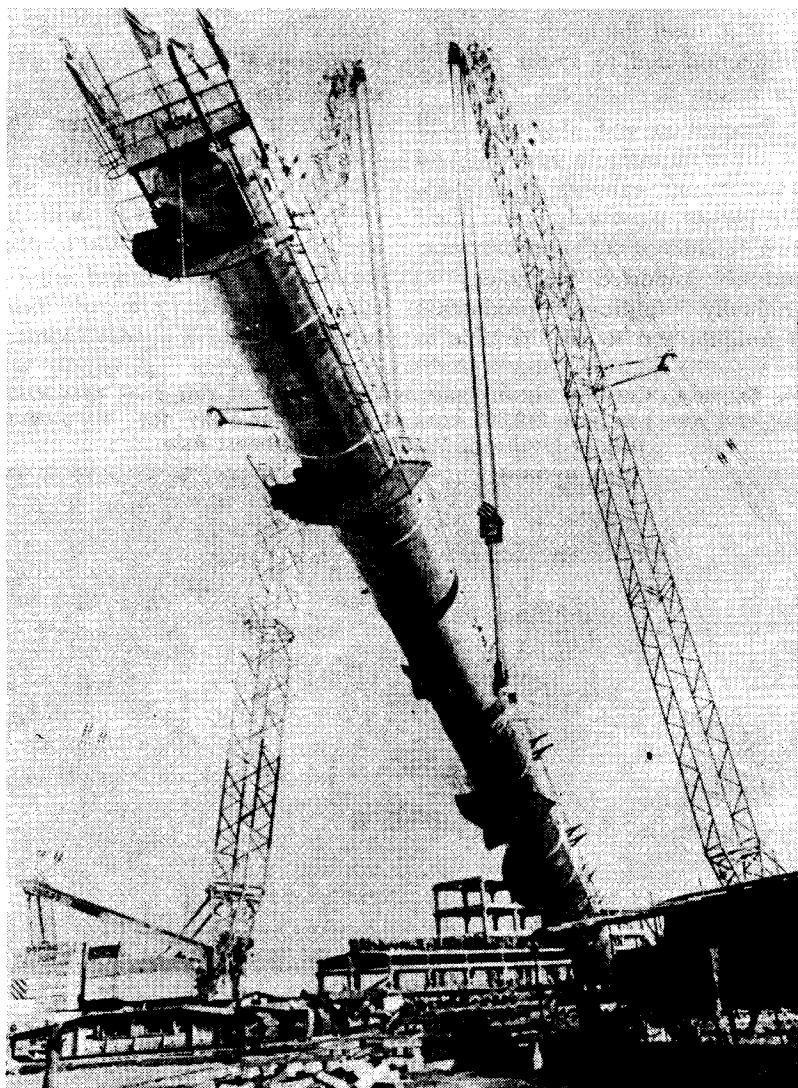
**Agriculture.** In 1984 more than 407 million tons of grain was harvested, retaining China's status as the world's largest grain producer. In rice alone, Chinese farmers grew 37 percent of the world's total. Average grain possession per capita has already caught up with the world's level. Such

being the case, grain storage and its alternative uses have become new problems. Bumper harvests and expanding economic diversification dictate a comprehensive readjustment in the economics of agriculture.

**Industry.** Following the increase and diversified needs in consumption, the set-up of production and product mix were being readjusted.

In 1984 the ratio of light to heavy industry was 48.1-to-51.9. Light industry production increased by 13.4 percent while heavy industry production rose by 14.2 percent. Energy resources hit a record of 772 million tons of coal and 115 million tons of crude oil,

**An ethylene rectifying tower, 72.17 metres tall and weighing 204 tons, is installed at the Jiangsu Yangzi Ethylene Factory.**



fundamentally guaranteeing the energy for economic growth.

The light and textile industries increased by leaps and bounds, especially in high-grade and durable goods, which satisfied the demands of the domestic market. The machine-building industry grew 20 percent over 1983 and the output of electronic products increased by more than 50 percent. Metallurgical, chemical and building material industries increased by 10-15 percent while the food and tailoring industries made substantial progress.

The service trades are booming. People are turning their attention to improving transportation, communications, information and consultation services.

### Upgrading Existing Enterprises

Investment in fixed assets has been increased in recent years in order to meet the needs of today's production and to amass reserves for future development.

Renovation and expansion will be the main tasks in updating and transforming existing enterprises. Enterprises must rely upon their own technological improvements and on imported technology to gradually improve production techniques and to become able to

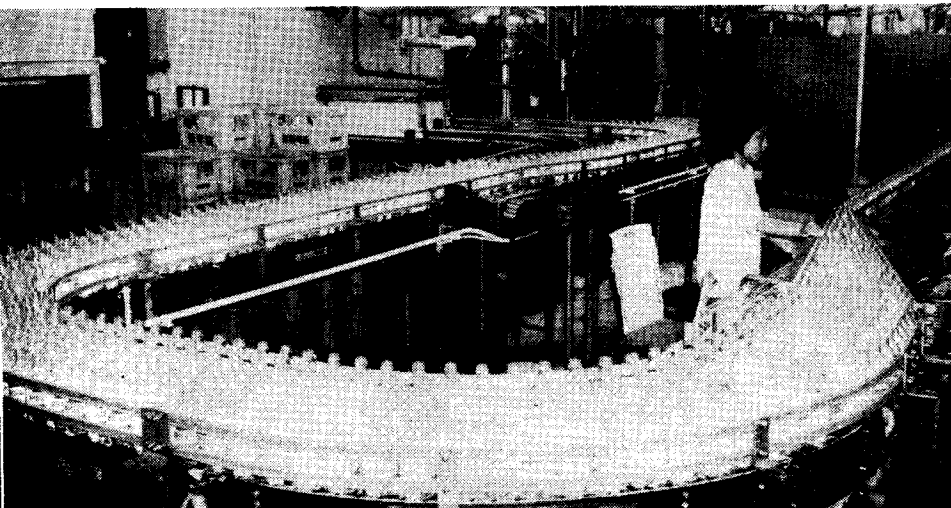
develop on their own. This will contribute to the present economic growth.

The aims of technological transformation are to save energy, to use fewer materials, to improve the quality of goods and to increase the production of goods badly needed by the state. Any shortage of funds should be resolved by applying for bank loans, raising money locally and increasing depreciation funds.

In 1984 enterprises owned by the whole people invested 42.5 billion yuan (30.4 billion yuan was part of the state plan) for equipment renewal and technological transformation. This was 18.8 percent more than the year before.

Last year 79,000 projects were begun and 39,000 were completed. Of the 550 projects in machine-building and electronic industries, 93 were finished by the end of the year. The volume of business in technological imports bought with state foreign currency increased 2.6 times over the previous year. The plan to import 3,000 pieces of advanced technology within the three years of 1983-85 will be overfulfilled. Some of the technological transformation and imported technology have already been brought into the development

**The Shenzhen Canning Factory imported an automatic soft drink production line and now produces 240,000 cans of soda water every day. Its product sells in Honkong, Macao and Southeast Asia.**



picture. One-third of Shanghai's newly added industrial output value in 1984 was credited to its technological improvements. And one-fifth of its mechanical equipment is now up to international standards.

### Energy and Transportation Stepped Up

Administration over key capital construction projects was tightened in 1984. Capital management underwent extensive reforms.

In 1984 enterprises owned by the whole people invested 73.5 billion yuan in capital construction, 14.1 billion yuan more than in 1983 for an increase of 23.8 percent. Investment in energy projects increased by 25.1 percent and transportation, post and telecommunications investment rose by 34.2 percent. Energy and transportation projects took up 35.8 percent of all capital construction investment. Raw and semi-finished materials, science, research, culture, education and health services also got bigger shares of the total investment.

The state listed 123 key large and medium-sized projects to be completed within a reasonable time limit. Funds and building materials were guaranteed, thus speeding up construction. Construction on key coal mines, oilfields, power stations and railroads exceeded its quotas in 1984.

The contracted responsibility system was used in 815 industrial and 1,980 non-governmental projects. Contracts were made according to the projects' budgets and contractors had to assume sole responsibility for profits and losses. This reduced material consumption and shortened the construction time.

### Foreign Trade Expands

According to customs statistics, imports and exports in 1984 valued at US\$53.63 billion, up 21.8 percent from the year before. Exports



accounted for US\$25.96 billion, up 15.3 percent and imports made up US\$27.67 billion, up 28.7 percent. The increase in imports last year was equal to the total import increase for the previous five years.

Because imports were greater than exports, for the first time in four years China had an unfavourable trade balance. Last year foreign trade increased 36 percent with Japan, 50.6 percent with the United States and 73.3 percent with the Soviet Union as compared with the year before.

### Foreign Capital Pours In

Joint ventures with overseas partners have been successful in China. In 1984, 2,050 agreements and contracts were signed with companies outside China and 700 more joint ventures were approved by the state, a 7.6 times increase. There were 26 businesses owned solely by foreign entrepreneurs, overseas business men invested 6.8 times more money than in 1983. Now, except for Inner Mongolia and Tibet, all of China's 27 provinces, municipalities and autonomous regions on the mainland have their own joint ventures. In the past year China has also set up 47 joint ventures abroad, bringing the total to 113.

In Shenzhen, Zhuhai, Shantou and Xiamen, China's four special economic zones, industry increased by 51.5 percent in 1984 and investment in capital construction was 77.6 percent more than the year before. Two hundred more joint ventures were approved.

In Shanghai, co-operative projects with overseas partners were broadened and the influx of foreign capital rose by five fold.

A nationwide effort was launched to assimilate imported advanced technology and to raise the ability and capacity of Chinese businesses to absorb foreign capital. China's coastal regions are in the forefront as the country



Peasants in Liaoning Province buy colour TV sets.

opens more to the outside world. They will become important bases for more Chinese goods to enter the international market.

### Reforms Shifting to Cities

In October 1984 the Party Central Committee decided to extend its reform programme to China's urban areas. The State Council then published a series of reform regulations to practically implement the policy.

The keys to the reform of the urban economy are invigorating businesses, eliminating egalitarian distribution and bringing into play the initiative, enthusiasm and creativity of workers and staff members.

Reforms underway include: Further implementation of the 10 regulations for giving enterprises more decision-making powers; transferring capital construction funds from state grants to bank loans with interest; the import and export corporations may join in management or act as the agents of producers, combining industry with trade, imports with exports and technology with trade; commodity circulation is to be changed and circulation channels will be extended. Businesses will be given more initiative in production and administration, in marketing

goods, in using capital and in controlling organization and personnel management.

On the first of the year, the state financial system entered the second phase of reform, substituting taxes for turning in profits. The scope of mandatory planning will be reduced, and that of guidance planning and market regulation be enlarged. Reforms are now being considered for the pricing and wage systems.

By the end of 1984 about 80 percent of all state-owned enterprises and commercial units came under the leadership of younger and more competent directors. This greatly improved management. In 1984 China trained 1,469,000 cadres in economics. Of these, 1,200,000 worked in different enterprises. This training made invigorating economic reforms possible.

In 1984 provincial officials signed 17,000 inter-province contracts and letters of intent for economic and technological co-operation. This was double the 1983 figure.

### Better Living Standards

In 1984 the national industrial and agricultural output value per

*(continued on p. 24.)*

## What's in the Cards?

**1985 will see a continued strong US dollar, plunging oil prices, low inflation rates and a slowdown in the Western economies.**

*What happened to the exchange rates of Western currencies in 1984 and what can be expected in 1985? These questions have prompted foreign readers to ask about China's views on these matters. "Beijing Review" has therefore invited Zhang Debao, a monetary expert, to offer his views. In response, he wrote the following article last January. — Ed.*

by ZHANG DEBAO

FOR the Western money market, 1984 was a year of mercurial change. While the US dollar grew strong, other Western currencies slid downhill. Though many predicted that the dollar would be debilitated by the United States' trade and current-account deficits, the crash never occurred.

The dollar did suffer several setbacks, but its high-powered position prevailed. In fact, each setback ended with the dollar rebounding with a vengeance, and West European currencies always suffered the most.

The dollar enjoyed yet another upturn shortly after New Year's Day, 1985. Its exchange rate was 1 to 3.1965 against the Deutsch mark, the highest rate since 1973, and 1 to 256 against the Japanese yen, the highest in the last couple of years.

The robust dollar, nosediving oil prices and ineffectual Bank of England intervention have combined to send the pound sterling steadily sliding. The pound's exchange rate against the dollar

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plummeted to an all-time low of 1 to 1.102, and it was also devalued in relation to other West European currencies. Compared with the beginning of last year, the dollar's January 14 exchange rate on the New York market was up 27 percent against the pound sterling, 15.1 percent against the German mark, 20.9 percent against the Swiss franc, 15.7 percent against the French franc, 9.2 percent against the Japanese yen and 6.2 percent against the Canadian dollar.

Gold prices have also been going down incessantly, at least partially, as a result of the spiralling US dollar. The price of a troy ounce of gold on the London market dropped to US\$296 at the beginning of this year, the lowest since 1982. The gold prices are unlikely to pick up, but they will not fall far beyond their current price. This is because once the prices become too low, they will be pushed up by the increased gold needs of industry and jewelers.

The dollar's sustained strength and high exchange rate are ascribed in part to the United States' high-speed economic development and the nation's high interest rates. The first half of 1984 witnessed a new surge in the

US economy, with the gross national product increasing 10.1 percent in the first quarter and 7.1 percent in the second over 1983. Corporate profits increased as well. All this, coupled with a prevailing confidence in President Ronald Reagan's re-election, was enough to keep investors bullish on America.

One more plus for the buoyant American economy lies in its persistently high interest rates. In the first six months of last year the Federal Reserve Banks' discount rate rose from 8.5 percent to 9 percent and the commercial banks' preferential loan interest rate increased from 11 percent to 13 percent. The high yields of US Treasury bonds and corporate bonds also helped attract massive amounts of foreign investment. It was estimated that in 1984 foreign countries spent a total of US\$20 billion buying US Treasury bonds.

Rampant speculation on the exchange market, too, played a part in boosting the dollar's exchange status.

The hefty dollar is in sharp contrast to other Western currencies, which have been chronically plunging exchange rates. The currency woes have been primarily blamed on domestic factors, including sluggish economic growth, turbulent political situations and frequent labour strikes.

The pound sterling was hit hardest by Britain's coal miner strike, oil price cuts and a de-

teriorating trade balance. At one point, each pound was sold for only US\$1.16, an all-time low.

The Japanese economy reduced speed in 1984, and the country's monetary officials were jittery about slashing interest rates. The widening gap in interest rates between Japan and the United States and the much-vaunted liberalization in Japan's monetary affairs served to siphon off large sums of investment. In the first 11 months of 1984, the country was drained of a net value of US\$41.532 billion in long-term capital investment as against US\$13.487 billion in the corresponding period of 1983.

The US dollar has built up its strength over the long past by relying on the momentum of the US economy and high interest rates. However, it is certain that the American economy will develop more slowly in 1985 while the economies of Japan and some West European countries will see better times.

To boost the economy, the US Federal Reserve Board may further loosen its rein over the money market. If Reserve Board Chairman Paul Volcker resigns his post, Reagan will probably fill the vacancy with someone loyal to his economic policy. By that time, the United States may turn around its austerity policy and as a result the interest rate may fall.

The United States ran a trade deficit of US\$130 billion in 1984, and this year its current-account balance may sink further into the red. The dollar will be considerably weakened once the market begins to lose its confidence in the US economy.

Furthermore, the West European central banks may intervene if the US dollar continues to rise at a rate they find hard to stomach, so as to forestall wild fluctuations in their own currencies. All this may prove to be the bane of the dollar. But it should also be noted that there are still

many factors in the dollar's favour.

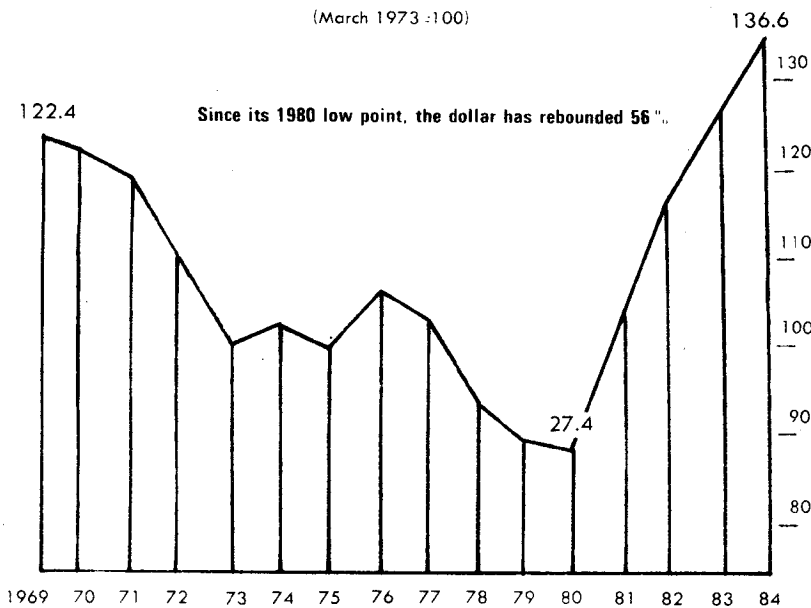
First, the US economy may slow down in 1985 but not with the thud of a crisis. It will, some economists say, enter a period of low but stable growth, with its growth rate staying near 4 percent, slightly lower than that of Japan but a cut above Western Europe. Inflation should remain low and the political situation should stay stable. These factors provide a safe climate that overseas investors can count on.

Second, a major factor accounting for the persistently high interest rates in the United States is the government's huge budget deficit. The Reagan administration has so far achieved little in its attempt to cut the deficit. Reagan recently vowed to reduce defence expenses by US\$28.1 billion over three years — with US\$8.7 billion cut in fiscal 1986. That is insignificant compared to the budget's sea of red ink, which, according to the latest US Budget Office estimate, grew from US\$175.3 billion in fiscal 1984 to US\$210 billion in fiscal 1985. The government's enormous appetite for loans and individual and corporate needs for credit will exert heavy pressure on the market. Government decontrol of financial institutions will also intensify competition among banks and other monetary organizations for funds. All this will keep interest rates high.

Third, the sustained high interest rates in the United States have left other countries cautious about reducing their own interest rates, even when their economies are slumping. They will not relax their money market controls and reduce interest rates until the United States takes the lead, lest this should cause a massive exodus of investment funds that might destabilize their own currencies. This being the case, the interest rate gaps between the

### Exchange Value of Dollar Against 10 Other Major Currencies

(March 1973 = 100)



1984 average through October, all other years, annual average.

Source: U.S. News & World Report, Dec. 3, 1984.

United States and these countries will hardly be narrowed.

Furthermore, even if US interest rates went down, US government bond and corporate bond yields would remain high. US Treasury bonds bring a yield of 8 percent — against 5.6 percent in Britain, 4.25 percent in West Germany and 4.5 percent in Japan. Such an 8 percent yield may well continue to catch the fancy of overseas investors.

Fourth, no other currency can now replace the dollar as the world's reserve currency. Because it is currently used for settling accounts in most of the world trade and debt repayments, the demand for the dollar will remain strong.

Fifth, any drastic crash in the dollar would cast shadows over exports from Western Europe and Japan to the United States. These exports are key to these countries' economic development. Therefore, a very weak dollar is the last thing these nations want to see. The Reagan administration, for its part, regards the powerful dollar as a symbol of US economic and monetary strength and will do everything possible to prevent the dollar from tumbling. Reagan's team fears that if the dollar plunges, inflation will be aggravated and interest rates will go up.

All in all, a collapse of the dollar is unlikely this year, even if it falls from its zenith of last year. It will more likely ebb and flow on the average 1984 level.

The dollar's exchange rate against other Western currencies is, to varying degrees, influenced by economic and political changes in the other countries. The following is a prognostication of future development in the dollar's exchange rates with five major currencies.

**Japanese Yen.** The Japanese economy will remain strong,

characterized by a low inflation rate and a huge current-account surplus. Japan's huge trade surplus with the United States — US\$31.32 billion in the first 10 months of last year — is yet another stabilizing factor for an already robust Japanese yen.

However, Japan's balance of international payments is deteriorating as a result of the big gap in interest rates between Japan and the United States (resulting from the yen's low interest rate) and the massive exodus of Japanese funds (resulting from a sluggish domestic demand for investment). The country's red ink in its total international payments hit US\$13.96 billion in the first 11 months of 1984, as compared with a US\$4.14 billion surplus in the same period of 1983. If this situation continues, chances are slim that the Japanese yen will grow much stronger. But, in the final analysis, there are still many factors which should keep the yen relatively healthy.

**Deutsch Mark.** The economy of the Federal Republic of Germany has been picking up steadily since the worker strike ended. Trade and current-account balances are improving and inflation is falling, furnishing favourable conditions for the strengthening of the mark.

But there is no denying the hidden threat to the stability of the Deutsch mark. A politically sensitive country, West Germany is often stalked by political turmoils. The worker strike of last spring was followed by the Flick Corp. bribery case in the autumn. The scandal forced some ranking officials to resign — a telling blow to Chancellor Helmut Kohl's government. And the Flick case, still developing, may trigger a government crisis.

**Pound Sterling.** The British economy is beset with difficulties, which have been worsened by

unabated worker strikes. Oil prices are declining, reducing the country's North Sea oil revenues and inflicting a deficit on its balance of international payments. The interest rates and the pound's exchange rate are sliding continuously due to inept Bank of England intervention. And no fundamental improvement is in sight. The falling oil prices, in particular, have dashed any hopes that the pound will rally to strength. When worse comes to worst, the pound will be weakened further in the future.

**French Franc.** The French economy has just begun to climb out of a slump, but the recovery pace is slow. The country is still deep in red in its balance of international payments and inflation is high. So the franc will retain its status as a doddering currency in the West.

**Hongkong Dollar.** Hongkong's current healthy economic development is highlighted by its growing foreign trade, which has enjoyed a surplus since last July. The trade deficit was reduced from HK\$10.62 billion in January-September 1983 to just HK\$2.6 billion in the same period of 1984. Inflation is diminishing, gaining a respite for the Hongkong dollar in search of stability. Hongkong's British authorities have repeatedly stated that the current guiding exchange rate system will continue into the future as a long-term policy. This is designed to keep the Hongkong dollar from fluctuating in times of "confidence crisis" caused by uncertainty about the future. This is reason enough to predict that the exchange rate will fluctuate only marginally and that the current rate of HK\$7.8 against US\$1 will be intact for at least the first six months of this year.

To sum up, 1985 will see a continued strong US dollar, plunging oil prices, low inflation rates and a slowdown in the Western economies. □

# Miners' Past and Present

*This is the final instalment in our series on the mining areas in Shanxi Province. It discusses the lives and problems of the miners. The preceding three articles appeared in issue Nos. 49, 51, 1984 and 7 & 8, 1985. —Ed.*

by **JING WEI**  
Our Correspondent

**S**HANXI has one of the highest concentrations of miners in China. The number of miners has increased from 30,000 in the early 50s to 400,000, not counting the several hundred thousands of peasant-miners working in small township mines. They bring people warmth and light, and in turn society looks after them. Now their lives are getting better and better.

## Earning More Than a Mayor

One among the 120,000 workers and staff at the Datong Coal-Mining Administrative Bureau, the old miner Zhang Wanfu said, "Now underground young miners can earn around 200 yuan a month. Some even can earn 300 yuan, more than a mayor!" (In China the highest monthly pay of a mayor is about 200 yuan).

Because the miners' working conditions are hard and the principle of distribution according to work has been gradually implemented, miners, construction workers and porters are becoming the highest paid workers in China.

Chen Huanming, a 51-year-old miner, said that when he began to work in the mine in 1959 his monthly pay was only 63 yuan. But in the past five years his wages have been raised three grades. Now he earns 102 yuan a month. Adding his bonus for overfulfilling his quotas and working underground, his monthly in-

come can reach 160 yuan. "I am getting older now," he said. "I only do some auxiliary work in the mine. The young miners can earn more than I."

Nearly every miner's family has a TV set, a washing machine, an electric fan and some even have refrigerators. All of the young workers dress fashionably. But the old workers wear plain clothes, and when they talk about their lives, they like to recall the past.

Zhang Wanfu has been working in the Datong mine for 47 years. He said he began to shoulder coal in the mine when he was only 13. He has experienced two different societies in China.

Zhang said that in the past workers going to the mine were escorted by mine policemen. Although they had to work 12 hours a day, they ate only bad flour mixed with black soybeans, sorghum and peanut skins and wore ragged gunnysack clothes. They lived in old cave dwellings or in temporary sheds. In the evening 30-40 miners slept on a *kang* (a Chinese brick bed). At that time mining safety equipment was very backward and explosions were common. An average of four miners died to produce each 1,000 tons of coal.

"After liberation the situation was quite different," Zhang said. "The biggest change is that the miners became the masters of the mines. The mines established trade unions, and many exemplary workers have been selected to leading posts." Zhang is a national model worker, a deputy to the



Zhang Wanfu

National People's Congress and chairman of the trade union of the Datong Coal-Mining Administrative Bureau.

With a view to protecting the miners' interests, the government enacted a series of labour insurance regulations and established a workers' club, a recreation room, a gymnasium, a library and various schools around the mine. More mining machinery and safety equipment were brought in. With the improvement of the miners' working conditions and livelihood, the workers' enthusiasm is even higher than before.

Now Datong's mines are 70 percent mechanized. The tunnelling and loading is up to 76.8 percent mechanized. Its annual output went from 80,000 tons in 1949 to 27 million tons in 1983, increasing 328 times.

## No Marriage Worries

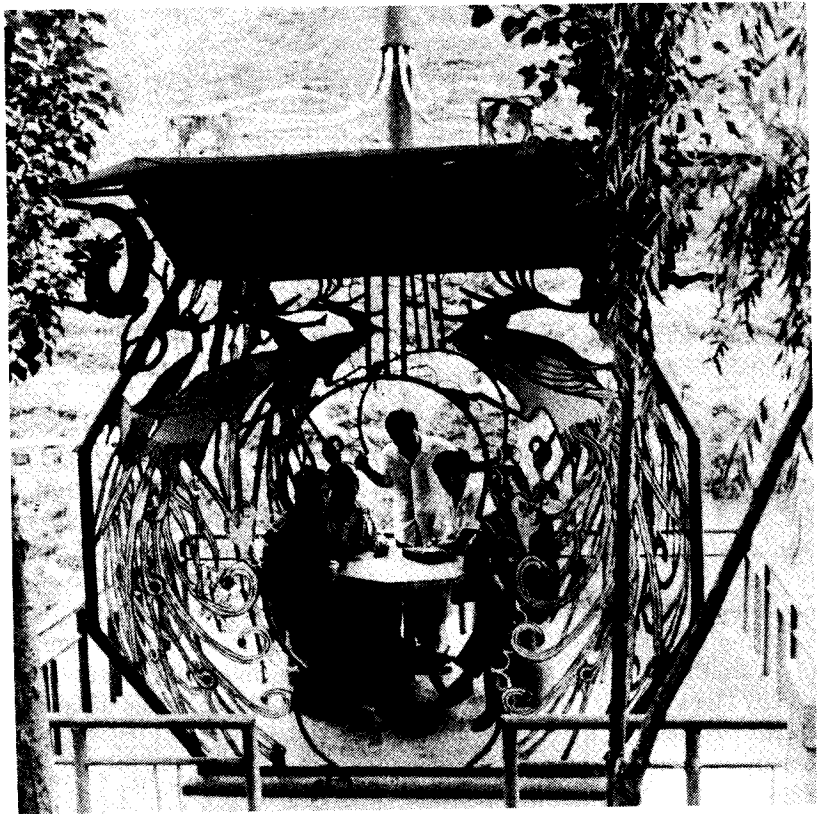
In the past, a miner had a very hard time finding a marriage partner. With the improvement of living standards and labour insurance, this problem has been solved.

Yang Yunsui, 35, said, "Every one of us 200 young miners coming from middle schools have gotten married except three who are too short." Yang's wife is a music teacher in the mine's primary school. They met in a party. Now they have two children and live a happy life. "In our mine, as long as the miners are healthy, eager to learn and work hard, they will surely find a good wife," Yang said.

Another 28-year-old miner, Yang Runsheng, added, "It is still difficult to find a working city woman for our miners." This is because the mining areas are far from the city proper and the miners' work is difficult and dangerous. The city girls and their parents do not always want to be worrying about a miner's safety.

Yang said that when he became a miner nine years ago he had not graduated from senior middle school. At first he looked for a wife among the working city women, but he did not succeed. Last year he married a temporary worker who is a junior middle school graduate. Now they have a lovely baby.

Single workers in Guandi coal mine are having their birthday dinner.



Workers are chatting in the pavilion of a mine park.

Is it also difficult for the peasant-miners to look for a partner? "No, it is easier for them," Yang said. "After several years' working in the mine they would save

several thousand yuan. Then they go back to their hometowns and can quickly find a good wife."

### Working for the Miners

Many leaders of Shanxi's mines are selected from among the ordinary miners, so they have a strong affinity for the workers. The leaders always try to work for the interests of the miners. The Guandi mine of the Xishan Coal-Mining Administrative Bureau in Taiyuan is a good example.

Xu Lianyun, 48, is the Party secretary of Guandi coal mine which employs 10,000 workers and staff members. He has been a miner for 36 years. After liberation he studied in a coal-mining school and was later promoted as a leader of the mine. He said, "The miners provide our country large amounts of coal; we should care for them and serve them."

Assistant general engineer Tang Jintao said that in recent years the

leaders had done many good things for the miners.

- They built a 30-bed rest home to give miners working underground a month's rest. During this period the miners go sight-seeing twice and do only 2-3 hours of light work a day. They spend 1.5 yuan a day on meals, of which one yuan is paid by the mine.

- Birthday celebrations are always held for unmarried miners. This includes food and wine and *jiaozi* (a sort of meat dumpling loved by northerners), according to the miners' tastes.

- A TV room, a reading room, a clinic and a recreation centre are all opened in the singles' quarters. Their clothes, quilts and rooms are washed and cleaned by attendants, and they pay no rent.

- A miners' training centre was established. It teaches about 200 workers a day. In the three-storey building TV university, training courses on mining machinery, enterprise management, and literacy classes are conducted. Some university professors give lectures, and all fees are paid by the mine.

- The new recreational centre includes four classrooms for calligraphy, music, science and technology and political theory, a theatrical troupe, an orchestra, a *wushu* (martial art) team, a basketball team, a singing group and a dancing group. The mine has signed a contract with the China Coal Miners' Art Troupe to hire seven or eight actors and actresses to train the miners who have talent. A worker's club which can hold 1,700 people will be completed soon.

- A service centre concerns itself in building dormitory for the miners (including parks) and other public utilities as well as in raising the teaching quality in kindergartens, primary schools and middle schools. In order to help more miners' children enter universities, the mine has planned to invest

tens of thousands of yuan in education, including hiring good city teachers for the mine's middle school.

In recent years 120,000 square metres of residential buildings have been completed. Now 70 percent of the miners live in new homes. Another 10 buildings are under construction. It is estimated that by 1986 all the workers and staff will move into new buildings.

In addition, the mine provides the miners working underground with a free lunch every day and regular silicosis check-ups.

### High Incomes of Peasant-Miners

About one-third of 1983 coal output in Shanxi was produced by small mines scattered throughout the province. These small mines are run by townships, and all of their workers are local peasants. They do not have fixed wages. Their pays are determined by the incomes of their mines. Although their production conditions and

labour safety are not as good as those for miners in state enterprises, the peasant-miners' incomes are much higher than those in the state mines.

There are several reasons for their success. In recent years the state has adopted a series of measures to support the small mines. The state levies no tax in the initial stage of their running. After several years the state only collects very low taxes. Besides, the small mines do not support large groups of administrators and provide no service such as clinics, schools, dormitories, and clubs, so their expenses are very low.

One such small mine is Beizu, run by Yujing Township in northern Shanxi. In 1983 the mine produced 100,000 tons of coal, and it is estimated that the 1984 output will be 150,000 tons. In the busy farming seasons there are only 200 miners working there, but in the slack season up to 350 people are at work. Near the mine is a row of one-storey rooms where the head of the mine, the

New two-storey buildings in Shangzhangjiafen village.



deputy head and the accountant live. Li Fazhi, 32, is head of the mine. He said that a peasant-miner's monthly salary can reach 300-350 yuan, and their medical expenses are covered by the mine. He and the deputy head of the mine work under a contract. If they fulfil the annual output quota, they get a 1,000 yuan bonus each in addition to their monthly salaries. Li said confidently, "It is no problem to fulfil the quota."

Another small mine is run by Shangzhangjiafen Village in Zuoyun County. In the past the villagers lived on state relief funds. In 1978 the average per-capita income was only 72 yuan. Since the Party adopted more flexible policies, the small village has changed a great deal. In 1979 the villagers opened a small mine to the west of the village. At the beginning its annual output was 20,000 tons of coal, but now it has reached 50,000 tons. In 1983 its income from coal, transportation service, agriculture and animal husbandry reached 1.39 million yuan. Subtracting expenses and a public accumulation fund, the per-capita income was 2,538 yuan, 31 times that of 1978. Half of the peasant-miner households earned more than 10,000 yuan a year.

Now 24 families have moved from cave dwellings to new two-storey houses and each family has 110 square metres on average. Most homes are beautifully furnished. All the villagers enjoy free medical care and their children go to school free. The village will give 500 yuan to anyone who goes to college and 300 yuan to those who enter senior middle school or a secondary technical school. The village also provides childless elderly with food, clothing, housing and 15 yuan every month, and another 50 yuan on New Year's Day or other festivals. In addition, when the peasants are too old to work in the fields they can retire and get 30 percent of their average pay in the previous 10 years.

### Unsolved Problems

However, in the midst of all these improvements some problems remain.

- Housing is still in great demand. Wang Shuanzhu, manager of the Datong Living Service Company said that although in the last three years 538,000 square metres of housing has been completed, every family has only 30 square metres, 60 percent of what the state has stipulated. Single miner has just five square metres, one

square metre less than the state stipulated quota.

Wang thinks that if 200,000 square metres of housing are built every year it will take at least eight years to meet the state requirements. But during this period 30,000 young miners will marry and the need for housing will increase.

Wang also said the mines are reforming the way they recruit workers — to get more contract workers and fewer regular ones. Authorities are encouraging individuals to build their own homes, with state assistance. Together these may help solve the housing shortage.

- Finding sufficient water is another problem. In some mining areas under the Datong bureau workers are even short of drinking water. The drinking water must be brought by truck. Now the bureau has invested 6 million yuan to build a water supplying project.

- Most small and medium-sized mines are lagging far behind in technology. The miners' work is still labour intensive. Drilling, blasting holes, loading and unloading are still done by hand. The miners have asked that technological transformation and mechanization be accelerated.

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*(continued from p. 17.)*

capita was 1,026 yuan, up 15.7 percent from the year before.

The average peasant netted 355 yuan for the year, up 14.7 percent, while workers averaged 961 yuan per capita, up 16.3 percent from 1983. Added to the newly employed workers, the total wage increase in 1984 reached 19 percent.

Purchasing power grew in both urban and rural areas and, in response, retail sales reached 335.7 billion yuan in 1984, 17.8 percent more than in 1983. The supply and demand patterns for various

commodities changed greatly. Sales went up for all kinds of goods: food (18.6 percent), clothing (16 percent), and daily necessities (20 percent).

By the end of 1984 urban and rural residents had deposited 121.5 billion yuan in China's banks, up 36.1 percent from 1983.

### Problems Remain

Successful as the past year was, we must realize that the domestic economy still needs further readjustment. Energy and transportation remain China's biggest

weaknesses. Production of consumer goods does not keep up with market demands. Technological transformation is still held up by the lack of funds, materials and labour power. Economic returns, as a whole, are not very satisfactory.

This year reforms will spread to planning, pricing, wages, materials control, foreign trade and other sectors. Conditions in production and circulation are due for changes. These plans will all test the adaptability of China's enterprises. □



# How to Deal With Losing Enterprises

*As the urban economic reforms penetrate to all aspects of economic life, the profit picture of an enterprise has become an important criterion in judging its management and a key to realizing the four modernizations in China. Economists have recently been discussing how to deal with those enterprises which have suffered losses over a long time. The views elaborated here by Yan Kalin, a worker, have received much attention. — Ed.*

by YAN KALIN

## Main Reasons for Losses

AT present China has a number of backward enterprises which have suffered great losses because of their poor management. In 1982, 10,898 industrial enterprises lost a total of 4.2 billion yuan, averaging 390,000 yuan each. The next year they lost 2.79 billion yuan.

In the first nine months of last year the losses were 20.1 percent less than in the same period of 1983, but the total deficit of industrial and commercial enterprises throughout the country was still quite large. It is estimated that 20-30 percent of the enterprises nationwide are on a downward spiral, and may never show a profit. The percentage is even higher in certain areas.

These backward enterprises have seriously reduced China's macro-economic returns and state revenue and slowed down modernization. They have gravely hindered national economic development.

Enterprises suffer losses because of their outdated technology and poor management. But the most important reason is an incomplete economic management system. For a long time, the Chinese government has been protecting and making allowance for these backward enterprises. Otherwise, they can no longer exist without state subsidies.

Protecting these backward enterprises is egalitarianism. But it has long been misunderstood as the "superiority of socialism." Many people are blinded by dogmatism and think that because state enterprises are owned by all the people, the state is their "boss." They believe that even if they continue to suffer losses, the state will never allow them to close down. And although the state-owned economy will not go bankrupt as a whole, it is likely that certain enterprises will.

The property of these state enterprises belongs to all the people of the country. The leaders and staff members are entrusted to manage them and, as an independent commodity producer, the enterprise is responsible for profits or losses. If an enterprise has suffered losses for a long time, if its deficit is near or more than the real value of its assets, and if it is unable to pay its debts and continue its economic activities, it is natural that the enterprise should be closed down.

Bankruptcy is not exclusive to capitalist countries. It is common to all commodity economies. It is an inevitable outcome of market competition and the result of making enterprises responsible for their profits or losses.

Some people believe that even losing enterprises at least give jobs to people, and so should not be closed. In fact, these enterprises consume much but produce no

value; their workers and staff members work hard but have to live on state subsidies. Their jobs are meaningless. Maintaining these enterprises will lower the economic level of the whole society.

## Advantages of Closure

We must adopt comprehensive measures to deal with these backward enterprises. First of all we should adopt effective measures to help turn their deficits into profits, or try to reorganize them through readjusting production quotas, suspending production, converting to other products or replacing enterprise leaders. If all these measures bring no results within a fixed time, they have to be closed down.

Our first step now should be to give these backward enterprises a push and make it known that if they continue to suffer losses they will be closed. This measure will make it impossible for backward enterprises to continue dependence on state subsidies.

Because backward enterprises vie with more advanced factories for raw materials and energy, they stand in the way of progress. Closing down some backward factories will help the efficient ones press ahead at full speed, and raise each enterprise's economic results.

In 1981, 109 small nitrogenous fertilizer plants either stopped production or merged with other plants. As a result, the coal consumed to produce one ton of nitrogenous fertilizer decreased from 3.3 tons in 1978 to 2.2 tons in 1981, and the consumption of electricity dropped from 1,800 kwh to 1,467 kwh. Total losses

were cut from 600 million yuan to 40 million yuan.

From 1978 to 1982, 339 small iron-smelting factories, 72.6 percent of the total, were closed or merged with other factories. The rest were updated in technology and management, and the per-ton cost of producing iron decreased from 303 yuan to 239 yuan. The total deficit was cut from 630 million yuan to 70 million yuan.

Facts have shown that closing down backward enterprises can save raw materials, capital and labour while at the same time exerting pressure upon other enterprises. This has the overall effect of speeding up the development of the nation's economy.

In addition, because the staff members and workers take some responsibilities for the closure of their factory and suffer certain losses, they therefore share the same fate with the factory. Thus the sense of being the masters of the factory will be greatly heightened and the democratic management of the factory improved.

### Closure Policies

Practically speaking, closing down an enterprise will invariably bring varying degrees of losses to the state, the collective or the individual. But the advantages outweigh the disadvantages, if the matter is considered comprehensively. Therefore, when dealing with the matter specifically, our measures must be appropriate. That is, we should give play to the positive role of the "closure" method and limit its negative aspect.

Enterprises near bankruptcy usually refer to those which find it hard to sell their products and take back payments for their goods and so get into the red. As a result, they are unable to compensate their workers or to pay for their raw materials. They

cannot renew their fixed assets in time to turn things around. Their capital circulation is stagnant.

In order to show the positive role of closing down some backward enterprises, the government must first formulate policies and laws concerning closure. The departments responsible for the decision should set the limits for closing enterprises according to the amount of deficits and the duration the enterprises suffer losses.

Banks should be forbidden to grant loans to enterprises on the verge of bankruptcy because of losses due to poor management. Any subsidies or preferential terms should be cancelled. Measures should be adopted to handle their assets and workers after the shutdown. If losing enterprises exceed their loss quota, the leadership should file a bankruptcy application and the industrial and commercial administration department should announce their closure.

Usually, enterprises are closed down for two reasons: One is their backward technology, outdated equipment, poor-quality products and high resources consumption. The other is their poor management and the waning enthusiasm of their workers.

When enterprises close, equipment and labour become available. The equipment should be transferred to other factories. Among the people, those leaders and workers responsible for the failure of their enterprise should be punished if necessary.

### After Closing

After an enterprise has closed down, we must first check the equipment and materials and open bidding for their sale. If the debts are more than the assets, the state will make up the losses. If the assets are more than the debts, the state will keep the difference.

Next, we must remove all leaders from their posts and lower their wages. Economic and disciplinary sanctions are appropriate for those who seriously neglected their duties, including engineers, technicians and skilled workers. Some may even have legal action taken against them.

Finally, workers and leaders should not be kept on the payroll. They can find jobs for themselves or wait to be assigned jobs by the labour and personnel departments.

This is quite different from the way bankruptcies are handled in capitalist countries.

First, socialist enterprises are publicly owned. After an enterprise has closed down, the means of production are still owned by the people. The state can transfer them to other enterprises or departments which need them or can manage them better.

Second, China has a planned economy. Such a situation where large numbers of enterprises go bankrupt will not occur in China as happened in the capitalist countries due to economic crises.

Third, in socialist China the government does its best to make proper job arrangements for workers and staff members when their factories close. Local labour departments also help in this area. An insurance system for workers and staff members is also being set up. Under it, enterprises hand over 5-8 percent of the wages of their employees for labour insurance. The money will be used as subsidies for people who lose their jobs.

Active efforts should be made to manage labour service companies well and gradually turn them into a "reservoir," so to speak, to absorb or transfer labour to where it is needed. These companies should also train people according to the needs of the labour market. □

### Tianjin's Elderly Describe Their Lives

from "BAN YUE TAN"  
(Fortnightly Forum)

**W**HAT is life like for the elderly in China?

That question was posed to 1,076 senior citizens (males 60 and older and females 55 and older) in Tianjin. Some 33 percent of those polled said they do not feel old and hope to continue making a contribution to socialist construction. Another 37 percent said they feel too old to work in the society, but still feel like doing chores for their children. And 16.8 percent replied that they hope to prolong their lives.

In Tianjin 8.94 percent of the population is 60 years old or older. In a recent survey of the elderly, Tianjin officials investigated their family life, their hopes and their needs. The data showed that 27 percent of the elderly are still working at their jobs. The average monthly retirement stipend for the 66 percent who had jobs before is 71 yuan. Of that group 61 percent arrange their finances themselves and 32 percent have their finances arranged by their spouse.

The investigation also showed that 72 percent of the elderly live with their children. Of them, 91 percent said they have harmonious relations with their families. And 85 percent of the elders living with their children arrange the whole family's daily expenses. Some 90 percent enjoy the same food and drink as their children, and 8.6 percent actually eat better than the younger generation.

Most elderly people are respected by their families. More than 60 percent of the elderly people

now receive free medical care in addition to their pensions, and 28 percent enjoy half-price medical care. About 97 percent said they were satisfied with China's pension system.

All of the elderly people said they hope to see more social services opened for them. Regarding their hopes, one-third wish to be healthier, one-third hope to have better housing conditions or better food, and 16 percent hope to see more harmony in their family life.

Chen Huating, an 82-year-old man, lives with his second son and his daughter-in-law. Two of his grandsons are in school. Chen's bedroom is decorated with a New Year picture on the wall and some flowers and a TV is set up on the table. Said Chen, "Before retirement, I repaired houses. Now my monthly retirement pay is 61 yuan. My son and daughter-in-law do not take a single cent and often bring me extra foods for variety." He said that his other children often buy him good wine, cakes and pastries to celebrate New Year's Day or other festivals.

Chen lives a good life. Every morning after rising, he listens to the newscast, does his exercises in the park, and then goes to the movies or plays chess or cards with his friends. After a two-hour nap, he reads newspapers and does chores. And after his supper, he always takes a walk and watches TV shows.

Most of the elderly live with their children, but those who have no children are protected by social institutions. There are 12 retirement homes in Tianjin's urban districts and 180 old folks' homes in the rural areas. More than 2,700

senior citizens live a comfortable and stable life in government-run homes. Living expenses average 1,000 yuan a year in such homes, and the cost is paid by the state.

Those who prefer not to live in such retirement homes are often voluntarily adopted or are looked after by relatives, friends, neighbours or workers in the neighbourhood committee.

Both Li Xiuzhen and her husband, Deng Kongru, have passed their 80th birthdays. Their only daughter died 10 years ago and they were left without the support of a family. But their neighbours, policeman Guo Zheng and his wife, often lent a hand with household chores. In 1982 Guo Zheng and his wife went through the procedure of adopting the old couple. On the adoption form they wrote, "We will treat the old couple like our own parents."

Illness is one of the chief worries of the elderly. Over the past two years, 65 percent of the 28,000 newly established family beds were reserved for the aged. Every year the Red Cross provides free physical checkups for people over 60. Many neighbourhood service centres for the elderly have been established in Tianjin. And today the childless elderly are guaranteed the following: Daily necessities delivered to their doors, help with chores, personal visits on New Year's Day and other festivals, medical service, personal care when it is needed and help with home repairs.

The elderly have established their own sports, calligraphy, homing pigeon and fishing clubs. They also have organized sports competitions, calligraphy exhibitions and a series of lectures on health care. Some elderly refuse to sit back and take it easy. Many retired professors, engineers, tech-

nicians, workers and medical professionals continue to work. Since 1980 a group of 140 retired Tianjin engineers have solved 90 dif-

ficult problems and have translated 600,000 words of foreign technical publications for other units.

strangle the personality.

— Mencius said 2,000 years ago, "Before someone will be entrusted with a grand task, he must ascetically train his mind, tire his muscles and thin his body." His theory has been taken as a criterion for self-cultivation. In wartime it may be correct to ask people to do so, but in the course of socialist construction it is a shame to ask the people to act like that. During the "cultural revolution," young couples were forbidden to eat anything good on the first day of their marriage. This is nothing short of asking them to "thin their bodies."

Now the attitude of the Chinese people towards their lives is changing from isolation to opening to the world and hoping for change, from maintaining the doctrine of the mean to valuing creativity, from controlling desires to emancipating the personality and from practising asceticism to enjoying and developing their lives.

## Changing Attitudes Towards Life

from "JIEFANG RIBAO"  
(Liberation Daily)

A PERSON'S attitude towards life decides and also guides the way he or she lives. In the three and a half decades since liberation, the Chinese people have greatly changed their attitudes towards life. This is especially true since the implementation of the open policy in the last few years.

But China had a feudal society with a small-scale peasant economy for a long time and the Chinese people were almost entirely cut off from the rest of the world. They were also greatly influenced by Confucian and Daoist thought. Their attitudes towards life sometime reflect feudal attitudes. This is unsuitable today.

— Chinese people long believed that isolation from the rest of the world was the best policy. This was not considered backward 1,500 years ago. But today there are still a few people living isolated in the remote mountains who are satisfied with their lives there. Even some who move from these isolated areas to the busy cities are always thinking about how to keep to themselves. They give and receive no information.

— Confucius maintained that people must uphold the doctrine of the mean. Lao Zi believed that a man who was unsatisfied with his situation would bring himself suffering. Influenced by these ideas, many people are satisfied with their present lives. In this way, they look backward instead

of looking forward or even looking around. They are afraid to be in the limelight or to discover new things. Their clothing, food, shelter, transportation and daily necessities have remained unchanged for several decades. The rhythm of their lives is slow. They know quite well that time is precious, but they are used to living in a leisurely and unhurried way.

— A man who is full of desire is active. But the ancestors of the Chinese people believed one should control all desires. The humanists in Western countries have risen to oppose this idea, but the Chinese people have kept silent. Some even are apathetic towards actions and theories which run counter to humanism and

## Soybean Leaves Yield Whole Plants

from "GUANGMING RIBAO"  
(Guangming Daily)

Chinese researchers have for the first time succeeded in cultivating soybean plants from a single leaf. The results of the soybean experiments were reviewed at a recent meeting of the Jilin Provincial Science and Technology Commission in Changchun.

Cultivating plants from cells is a major field of study for genetic engineering researchers. Scientists believe that they can cultivate whole plants from a single cell of the plant. But prior to the Jilin experiments, none had been successful in growing soybean plants

from roots, stems or leaves.

Researchers at the Agricultural Scientific Research Institute in the city of Jilin began their experiments with soybean leaves in 1982. After more than two years of testing, they successfully bred six plants, of which two blossomed, produced beans and generated seeds for planting a second generation.

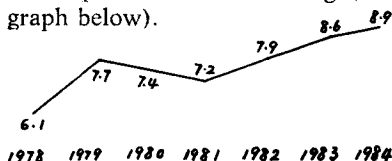
Many agricultural experts see both scientific and economic importance in the Jilin findings. If the method can be developed, agronomists will be able to speed up the propagation of fine soybean strains and overcome some problems which cannot be solved in ordinary breeding.

## New Trends in China's Silk Exports

In 148 BC a group of camels, fully loaded with silks, walked westward across the vast desert. The colourful silks on their backs shimmered in the dazzling sunshine. Thus the Chinese people opened the Silk Road, and this fine white fabric became the fashion in Europe.

Now, 2,000 years later, Chinese silk still dominates the world market. The output of cocoons and natural silk, and silk exports from China rank first in the world.

Wang Mingjun, president of the China Silk Corporation, said in an interview that since 1978 China's silk exports have been rising (see graph below).



The natural fabric will continue to be popular on the world textile market this year, and the prospects for China's silk exports are bright. Chinese silk sells briskly in the United States, is stable in the West European market and has great potential in Hongkong. It is estimated that the value of exports this year will reach US\$1 billion.

The major part of these exports are raw silk, silk fabrics and clothing. China's raw silk exports account for 90 percent of the world's total. China's silk and satin exports make up 40 percent of the world's total.

China will mainly export pure silk piece goods. It will also be showing a number of new designs and varieties, such as paj, spun silk, crepe satin jacquard and heavy fabrics.

Since 1982 the Chinese silk gar-



Hongkong business representatives inspect silk products at the Guangzhou Export Commodities Fair.

ment trade has changed its traditional export structure: the exports of embroidered garments have given way to the exports of silk garments. In the past three years the number of silk garments exported has increased 200 percent over that of embroidered garments. Chinese silk garments sell especially well on the US market.

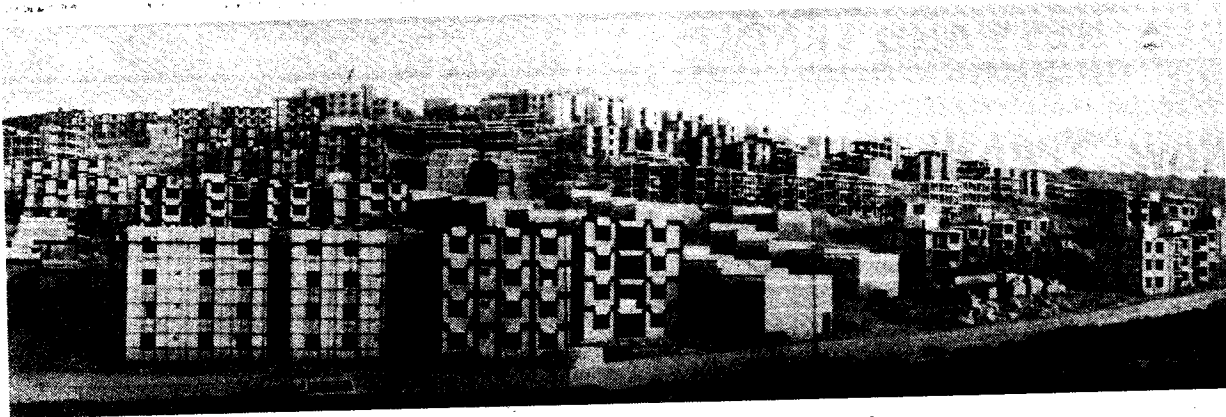
Wang said China's silk garment trade has mainly been turning out less profitable, ordinary goods, instead of high-quality items. There are also problems in the treatment after printing and dyeing and of late delivery of goods. In order to solve these problems, China will use more foreign capital and import more advanced technology.

The Yantai Silk Printing and Dyeing Factory, a co-operative en-

terprise with an annual designed capacity of 2 million metres of silk, was funded by China and an Italian firm. It went into trial operation last December.

## CATIC Praised by King of Jordan

Ninety percent of the housing project in the sixth, seventh and eighth districts of Abu Nuseir, a new town in Jordan, were completed last year, the biggest overseas project ever undertaken by the China National Aero-Technology Import and Export Corporation (CATIC). The work began in December 1981 and is expected to be completed by the end of this year.



A corner of the eighth district of Abu Nuseir in Jordan.

The project covers 184,400 square metres and the contract is valued at US\$50 million.

A housing project for glass factory and electrical factory workers at Maan and another one for Maan railway workers were completed last December. In the course of construction, King Hussein and Crown Prince Hassan inspected the worksite and expressed their satisfaction with the quality of the work. King Hussein wrote, "We highly appreciate the Chinese brothers who have wholeheartedly devoted themselves to the most important project in Jordan." Prime Minister Mudar Badran and other ministers inspected the worksite several times and said the construction technique of CATIC is excellent, and its work is superb.

Hu Ke, vice-president of CATIC, explained that the corporation is a state-run enterprise handling imports and exports of aero-technical products and non-aviation products. It has a contracting engineering department with a solid base. In the past 30 years CATIC has built and repaired 50 airports, more than 1,000 kilometres of highways and has designed and built 10 million square metres of factory buildings and housing in China.

Since 1980 it has also offered construction and labour services in other countries. In the past five years it has contracted for 16 projects valued at US\$140 million in Jordan and Kuwait. These con-

tracts have mainly been for airplane and machine processing factories, airports, substations, and topographic surveys, geological prospecting and other industrial and civil construction projects.

CATIC has a branch in Amman and representative offices in Abu Zabi and Kuwait.

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## Qingdao Makes Project List

A total of 178 co-operative projects will be proposed at the Shandong Province economic and technical co-operation and trade talks, scheduled for March 25-April 3 in Qingdao. Of these, 115 projects will involve importing technology and 63 will be joint ventures and co-operative projects with overseas investors.

These projects cover textiles, light industry, foodstuffs, electronics, meters, rubber, chemicals, machinery and building materials.

Qingdao is one of the 14 coastal cities opened to international business last year. City officials are working hard to improve the investment environment. Construction of hotels and office buildings on two square kilometres of the development zone began last year. Water diversion works and high-

ways have also been started. The infrastructure and some of the standard factory buildings and warehouses will be completed this year. A number of ventures using Chinese and overseas investments and co-operative enterprises in the development zone will also be set up this year.

In 1984 Qingdao authorities reached agreement with foreign businesses on 121 projects using overseas capital and imported technology. These projects are valued at US\$163 million. Twenty-two projects went into operation and made profits the same year.

## Joint Development Of Scenic Spot

The China Hunan Huaxiang Co. signed a contract last November with the Ontario-Hunan Development Investment Co. of Canada to jointly operate the Suoxiyu Tourist Centre in Cili County, Hunan Province.

The natural scenic area in western Hunan covers 14,700 hectares. Its picturesque scenery and secluded caves make it an ideal spot for a top-notch tourist centre.

According to the contract, initial decisions have been made to utilize foreign capital and import related technology and equipment. More than 20 projects such as a civil airport, a hotel, roads and a recreation centre will be built in stages.

# Korean Culture Highlighted

An exhibition on the history, culture and customs of the Korean nationality in China recently opened in Longjing County of the Yanbian Korean Autonomous Prefecture, Jilin Province.

Longjing County is densely populated with ethnic Koreans who emigrated from the Korean Peninsula a century ago. During the Japanese occupation of northeast China at the turn of the century, the county served as the capital and cultural centre for the local government.

The exhibition centre is a Korean-style wood house with a tile roof. A farm-tool shed is attached to the house.

The house has five doors. Entering the middle door, the visitor goes into the main room, which is connected by doors to the other rooms of the house. A platform, about one-foot high, covers the whole room. The visitor must take off his shoes once he enters the room. People sit on the platform during the day and sleep on it at night. The platform is half-hol-

low and it can be warmed by a stove that heats the air underneath. In summer, the platform is cooled by the trapped air.

The stove, located in a corner of the main room, is ventilated with a chimney. There are three large pots on the stove used for cooking. Although they look clumsy, they work like pressure cookers and are perfect for rice cooking.

The main room and four rooms on the west serve as bedrooms. The family members live in different rooms according to their seniority and sexes. The two rooms at the east end serve as a storehouse and a cowshed.

Various cultural relics are displayed throughout the house. There are bowls, spoons, pans and other cooking utensils made of copper, as well as pottery or wooden vats, jars and other decorated kitchen vessels. Some look very delicate and fine, while others are simply functional. Colourful clothes and bedding materials made of cotton, linen, silk and

satin are displayed in wooden wardrobes, trunks and cases carved with flowers and other patterns.

There is a sitting room with a south-facing window for the patriarch of the family in the main room. The window of the sitting room is barely one foot off the floor, which is the perfect height for someone sitting on the platform. A glass case containing a family tree diagram, a marriage certificate and classical Korean literary works and paper currency are displayed on a tea table. Other rooms are filled with daily items such as irons, incense burners, a small-bowled long-stemmed tobacco pipe, shoes and caps.

Every exhibit is labelled with information about its origins, the provider's name and when it was used. Some labels are written in both Korean and Chinese.

This kind of exhibition is not unique in China. The museum of the Yanbian Korean Autonomous Prefecture has begun to collect relics for a full-fledged nationality exhibition. Seven staff members of the museum have travelled throughout the Korean districts collecting articles which reflect the ethnic traditions. (The 1.76 million ethnic Koreans mostly live in northeast China.) So far they have obtained more than 3,000 pieces.

Another folklore exhibition opened two years ago in the Xinjiang Uygur Autonomous Region where more than 40 minority nationalities live. The exhibition describes the culture and customs of 12 ethnic groups, including the Uygurs, Uzbeks, Mongolians, Huis, Xibes, Manchus and Russians. The exhibition includes more than





Richly attired Yao girls from Guangxi.

1,000 exhibits featuring clothes, ornaments, jewelry, daily articles, furniture, tools and architecture.

## Museum to Feature Minority Artifacts

A plan to establish a museum devoted exclusively to China's minority nationalities was announced at the National Conference on Cultural Relics of Minority Nationalities held last November. The Beijing conference also decided to set up a Minority Nationality Cultural Relics Committee under the State Nationalities Affairs Commission.

The new museum would provide an even better look at the customs and lifestyles of the nation's 55 minorities than is available at museums like Beijing's Cultural Palace of the National Minorities. Many of the 67 million minorities live in the country's frontier areas. They have their own religion, culture and distinct lifestyles. They celebrate their own festivals, and their clothing and ornaments are often colourful and rich in style.

Many minority handicrafts are

delicate and beautiful. They include batik, embroidery, cross-stitch work, weaving, knitting and carpets. They have their own literature, music, entertainment, recreation and sports traditions.

It would be highly interesting to see all these minority artifacts in a museum. Unfortunately, of the 400 museums throughout the country, few have adequate collections of minority relics.

Conference delegates pointed out that the establishment of these museums is important because there is an urgent need to rescue minority cultural relics before they disappear. For instance, the abolition of the slave system in Tibet brought about the destruction of the iron chains by the former slaves, and the barbarous implements are no longer to be found. Also, during the "great leap forward" in the late 1950s, many minority people melted down their copper cooking utensils to help produce iron and steel. The wide use of modern techniques and equipment resulted in the destruction and disappearance of many cultural relics. In addition, some valuable relics were stolen or purchased by foreigners.

Building museums to house minority cultural relics is the best way to make sure such artifacts don't disappear altogether.

## Ancient Relics Found in Tibet

Man lived on the "Roof of the World" in Tibet 3,000 years ago. This has been proved by a recent discovery of New Stone Age ruins on the northern outskirts of Lhasa, the capital of the autonomous region.

Archaeologists have so far discovered a cave dwelling site and two ash pits, which contained a number of stone and bone implements and a large quantity of pottery fragments.

Among the stone objects excavated were three stone shovels of various designs.

The pottery fragments include some black pottery pieces decorated with flowing rhomboid patterns.

The most valuable ancient artifacts uncovered were a crude jade axe and a bone needle about 7 cm long and 3 cm in diameter. The jade axe is beautifully shaped and very smooth, though it is slightly damaged.

Archaeologists believe the relics to be about 3,000 years old. They say the excavated relics bear some similarity to those unearthed in the Huanghe (Yellow) River basin, and they are also similar to those excavated in 1977 near Kharuo village in eastern Tibet. The New Stone Age Kharuo ruins include the foundations of five houses, nearly 300 stone and bone artifacts and pottery pieces, and skeletons of birds and animals.

The recent discovery sheds additional light on the development of human history in Tibet, which has a recorded history of only 1,300 years.



## Challenging Climbers Charge to China

In the world of sports, 1982 was the year of soccer; 1983 was the year of track and field; and 1984, the year of the Olympics. Now many are saying 1985 may well be the year of mountaineering.

As the Alps and Pyrenees became too familiar to trigger further interest, southwestern China seems a nice change of scene. More than 30 climbing teams from Japan, Italy, Austria, Canada, Britain, France, New Zealand, West Germany, Switzerland, Romania, the United States, Spain and Hongkong are preparing to scale the heights of the Himalayas

in 1985.

China is the home of the world's highest peak and its rugged southwest has long been a magnet for mountaineers. Eleven of the world's 14 highest peaks are in the Himalayas, all more than 8,000 metres above sea level.

The king of mountains, Qomolangma (Mt. Everest, 8,848 metres), will be assaulted eight times in the heat of the 1985 climbing craze. Climbing teams are expected to ascend the peak from the north face on China's side.

One US team will scale Qogir Mountain (Mt. K2, 8,611 metres)

from China's side. An Italian-Austrian-Swiss team is planning to ascend the world's 14th tallest mountain, Xixabangma (Mt. Gosainthan, 8,012 metres), also from China's side.

The 1985 climbing list also includes Ku-erh-la-man-ta-t'a Mountain in Tibet (7,694 metres); Muztagata Mountain (7,546 metres) and Bogda Mountain (Mt. Bogdo Ula, 5,445 metres), both in Xinjiang; Gongga Mountain in Sichuan (Mt. Minya Konka, 7,556 metres); and A'ynemaqen Mountain in Qinghai (Mt. Amne Machin, 6,000 metres). Each offers a unique climbing challenge.

## China, Japan to Tackle Unclimbed Peak

Ku-erh-la-man-ta-t'a Mountain in Tibet will be a mecca not only for Buddhist pilgrims, but also for Chinese and Japanese mountaineers who are due to scale its heights from April to June.

Situated on the Sino-Nepalese border, the mountain rises 7,694 metres above sea level, at the western end of the Himalayas. Precipitous and elegant, it poses a special challenge for mountain climbers the world over. This spring's assault will be the first ever.

Known also as Gurla Mandhata in Sanskrit, Ku-erh-la-man-ta-t'a is the source of the Yarlung Zangbo, Konqi and Indus rivers. The whole area is 4,500 metres or more above the sea, hence the name "Roof of the World."

The joint assault of Ku-erh-la-man-ta-t'a was initiated by the Kyoto Japanese-Sino Friendship Association and Kyoto Daigaku and Doshisha Daigaku universi-

ties. The suggestion was praised by Party General Secretary Hu Yaobang during a tour of Japan. Last July the China Mountaineering Committee signed an agreement with the Japanese.

The joint team consists of 69

people, including 12 professionals from China. There are also scientists, journalists and service personnel. Li Menghua, minister in charge of the State Physical Culture and Sports Commission of China, is the honorary captain. The team captain is Hirabayashi Katsutoshi from Japan, which has also organized a logistics commission for the coming climb.



# Encyclopedia Volume Examines the Law

*Science of Law*, which was recently released as part of the voluminous *Encyclopedia Sinica* (in Chinese), is the result of years of painstaking efforts by 200 editors and contributors. Many of those who worked on this new volume also participated in the revision of the Constitution in 1982 or helped draft the Criminal Law, the Law of Criminal Procedures and the Law of Civil Procedures (on trial). Others are experienced lawyers and judges. The whole book fuses legal theory and practice and probes into every aspect of the science of law in a lucid and eloquent way.

*Science of Law* acquaints the reader with various legal schools, ancient and contemporary, Chinese and foreign, while using Marxist theory to analyse them.

The "Law: Its Classification" section, for example, presents different ways of classifying the law. In another section, the various schools of law are analysed to demonstrate how the law has reflected the will of the ruling class throughout mankind's historical development — from the slave society, to feudalism, to capitalism and on to socialism. Another section examines the law's essence and its role as an apparatus for the ruling class.

While, on the whole, the law is a tool for the ruling class, not all of its nuts and bolts serve class oppression. In fact, some ordinances and provisions are applicable to all societies and classes. So the book, which emphasizes the law's class nature, unflinchingly points out that the law can be used

in a socialist society. The proletariat should, and will inevitably, carry forward the useful legal systems and concepts as part of mankind's rich cultural legacy.

Legislation on debts, for example, cannot be dispensed with until communism is achieved. Although China has not yet drafted its civil law, which will deal with the issue of debts among other things, the book devotes one-fifth of its civil law section to a detailed explanation of the relationship between the creditor's rights and liabilities.

From the historical materialist point of view, the Marxists never denies the progressive role of some bourgeois revolutionary slogans in the fight against feudal autocracy. In the same spirit, *Science of Law* confirms the strong points of capitalist law during the bourgeois revolution and points out its reactionary nature during the later period of bourgeois rule.

Marxist legal theories are emphasized, but adequate coverage is also given to various bourgeois legal theories and oppressive laws, including the anti-labour "Taft-Hartley law" and South Africa's apartheid law.

There is an unmistakable "Chineseness" in the book's international law section. In the chapter on the "Five Principles of Peaceful Coexistence," the book praises China's contributions to international law and discusses the interests, demands and ideas of the third world.

To foreign readers familiar with the post-World War II trials in

Tokyo, Khabarovsk and Nuremberg, the section on the Shenyang and Taiyuan trials in the "Law of War" chapter may provide new insights. Based on historical archives, this section describes China's handling of Japanese prisoners of war according to the merits of each POW's case, ensuring each person his legal rights and combining punishment with leniency. Facts are cited to show how these Japanese prisoners were transformed into champions for Sino-Japanese friendship and world peace.

"Letting a hundred schools of thought contend" is one of the book's guidelines, so different theories are all represented.

For example, many hold that economic law is the inevitable result of, and develops with, high economic growth, thereby enjoying great promise for future development. Others maintain that it is merely a component of both administrative and civil law. With all the controversy, the editors compiled a section on economic law for the reader's reference. With the help of the State Council's Economic Law Research Centre, the editors have presented economic law in a system parallel to China's economic legislation, which goes beyond the scope of traditional commercial law.

As a pioneering effort, *Science of Law* is certainly not without its drawbacks. Chinese jurisprudence, for instance, could have been presented better. It is hoped this and many other pitfalls will be corrected when the second edition comes out.

— Zhang Youyu

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Women Weaving Carpets.



维吾尔族  
地毯  
图  
1941



勒郎子

Deep in Thought.



Old Man.

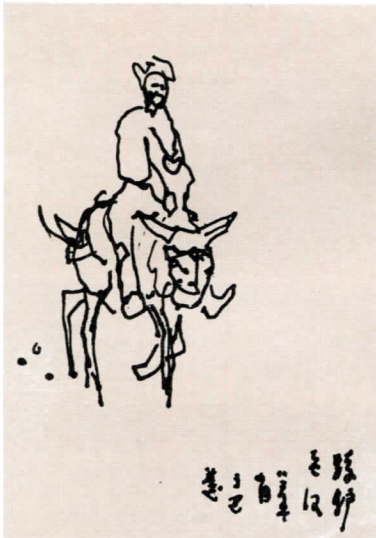
维吾尔族  
图  
1941

## ART PAGE

### Sketches by Shao Dadi

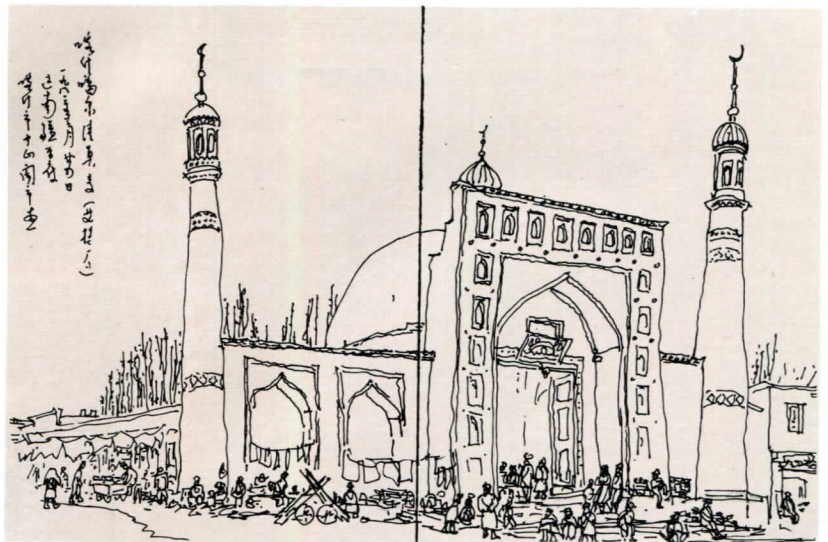
Born in 1938 in Beijing, Shao Dadi now teaches at the Beijing School of Applied Arts.

Shao sketched these figures during a trip to Xinjiang.



维吾尔族  
图  
1941

Old Man on a Donkey.



喀什  
图  
1941

Mosque.



# Phoenix Refrigerator

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