

BEIJING REVIEW

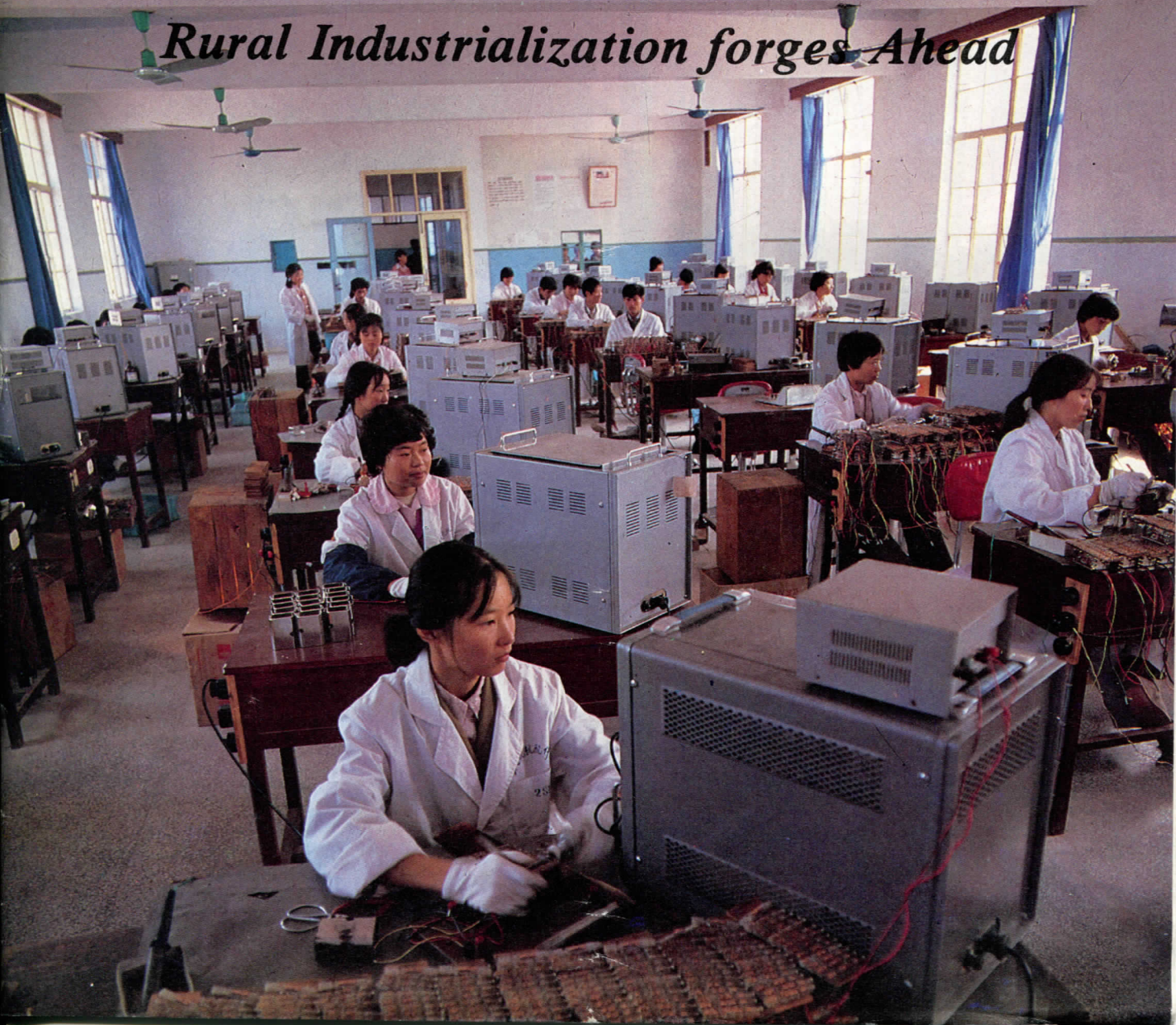
北京周报

A CHINESE WEEKLY OF
NEWS AND VIEWS

Deng Xiaoping on China's Second Revolution

Research System Reforms Outlined

Rural Industrialization forges Ahead



North China's Largest Forestry Centre



A view of the Saihanba Forestry Centre.

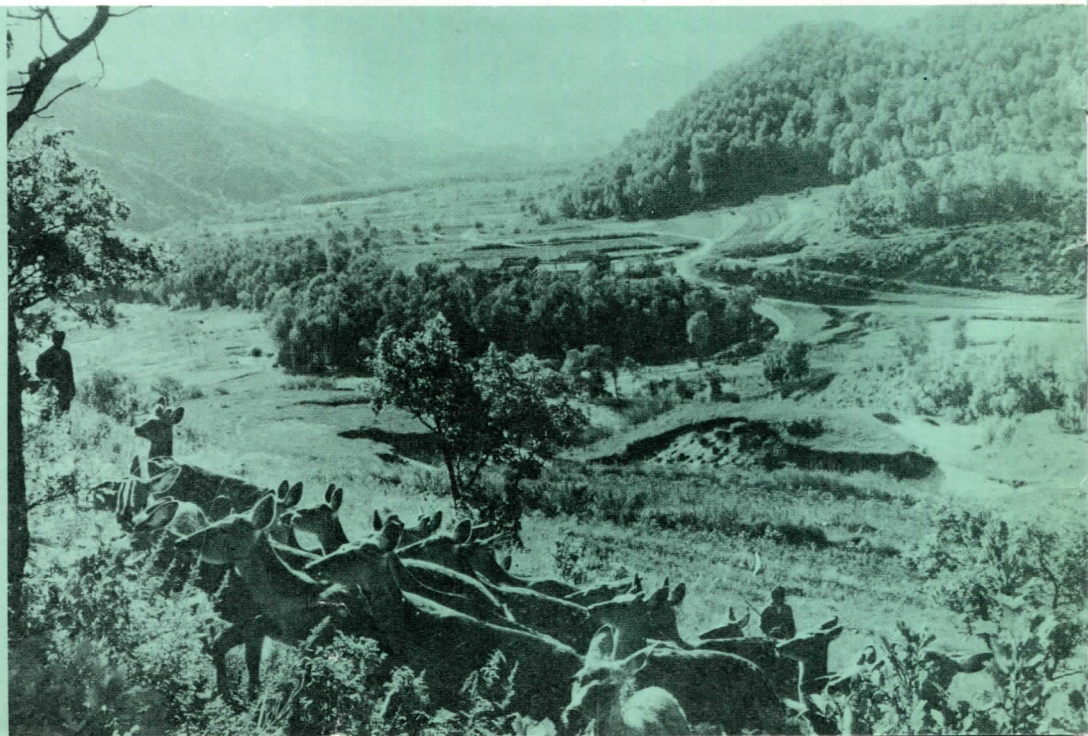


Farm workers water saplings.

Covered with both dense forests and meadows, Saihanba is ideal for grazing livestock.

Saihanba, an old Qing Dynasty hunting ground in Weichang County, Hebei Province, has been turned into the largest forestry centre in north China.

SPOTLIGHT



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HIGHLIGHTS OF THE WEEK

Hu Yaobang to Visit South Pacific

In his upcoming visit to Australia, New Zealand, Western Samoa, Fiji, and Papua New Guinea, Party General Secretary Hu Yaobang will discuss economic and trade relations with leaders of these South Pacific countries. The trip is aimed at deepening understanding, promoting friendship and seeking extensive co-operation and lasting peace in the area (p. 4).

Reform Is 'Second Revolution'

Chairman of the Central Advisory Commission Deng Xiaoping recently termed the nation's ongoing economic reform a "second revolution." "China is determined to carry through its current reforms and is firm on its internal and external open policies," said Deng (p. 6).

Zhao On Reform of Scientific System

China today urgently needs to reform its science management system. The aim of the reform, said Premier Zhao Ziyang in a recent speech published here, is to rally all intellectuals, especially scientists and technicians, to boost the modernization drive and apply research achievements to economic development (p. 15). The main points of the Decision of the CPC Central Committee on the Reform of the Science and Technology Management System are also printed (p. 19).

'One Country, Two Systems' Elaborated

The concept of "one country, two systems," advanced by Deng Xiaoping, is unique in the history of political science. This article is an attempt to scientifically define and explain the implications of the novel idea in the context of China's efforts to bring about peaceful reunification (p. 22).

The Road to Rural Industrialization

This is the first in a series of three articles written by noted Chinese sociologist Fei Xiaotong as a sequel to his "A Case Study of Small Towns" published in *Beijing Review* last year. After analysing the development, role and impact of township industries, he concludes that township industries represent a new aspect of China's industrialization (p. 24).

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Hu's South Pacific Trip Holds Promise

by **MU YOU LIN**
International Editor

Hu Yaobang, General Secretary of the Central Committee of the Communist Party of China, will pay goodwill visits to Australia, New Zealand, the Independent State of Western Samoa, Fiji, and the Independent State of Papua New Guinea during a two-week tour beginning April 13. Accompanying him on the visit will be Hu Qili, a member of the Secretariat of the CPC, and others. This is the second time top-level Chinese leaders have travelled to the South Pacific. Premier Zhao Ziyang visited Australia and New Zealand in 1983.

Hu's visit, coming at the invitation of the five nations, has been welcomed by the South Pacific countries. At a time when the Asian-Pacific region is becoming a stronger economic force in the world, the Oceanic nations would understandably like to strengthen their ties with China, which has a long Pacific coastline and excellent location. Since China adopted its open policy, the nation has registered high economic growth. The grain supply has been abundant and an improved foundation for industry has been forged. With its large population and rich resources, China has become a very attractive market.

However, China, despite its size and clout, is still a poor developing country, lagging way behind the level of the developed nations. To modernize itself, China's leaders have decided to practise the

open policy over the long run and they hope to develop wide-ranging trade, economic and technological exchanges with countries all over the world. During his visit, Hu will explore possibilities of increasing co-operation with the leaders of the South Pacific countries, and he hopes to solve practical questions that can pave the way for such increased exchanges.

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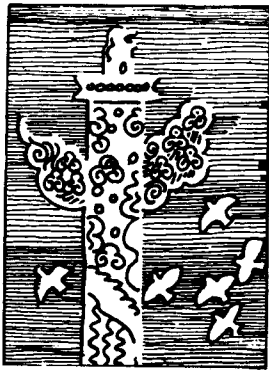
There is a vast potential for expanding trade and economic and technological co-operation between China and the South Pacific. In addition, all the countries concerned desire this expansion. We believe that Hu's visit will help stimulate such co-operation and result in concrete agreements. When Australian Prime Minister Robert Hawke came to Beijing last year, he and Zhao expressed confidence that Chinese-Australian co-operation, which has been a rewarding two-way exchange, could set an example for the world to follow in developing ties between countries of different social systems and between the developed and developing nations.

Since the establishment of diplomatic relations between China and New Zealand, their trade volume has multiplied 15 times. And both sides optimistically expect the trade volume to double again by 1990.

Visits exchanged by the leaders of the three island countries — Western Samoa, Fiji and Papua New Guinea — and Chinese leaders have increased in recent years and their relations have grown closer. In addition to bilateral trade, China has helped the island nations build several small projects that have brought initial gains. Hu's trip to these islands will further cement the existing friendship. China has always advocated that all countries, big or small, rich or poor, developed or developing, should be equal. China shares a bitter history and common destiny with the three small countries. It wholeheartedly supports them in the development of their economies and will render aid within its power.

Through strengthening South-South co-operation and pushing for North-South dialogue, and in accordance with the Five Principles of Peaceful Coexistence, China will exert itself to develop co-operative exchanges with other Asian-Pacific countries in order to attain common prosperity and stability in the region. This is a grand objective for the region, and Hu will do his best to further it during his visit.

The North-South question is not only an economic one, but also a political one. If the developing



countries, whose population accounts for three-fourths of the world's total, continue to go without those goods and technology necessary for their development because they are impaired by the old economic order, the gap between the rich in the North and the poor in the South will be further widened. And the dreadful poverty will drive these countries into political crisis, leaving them in a weakened state, vulnerable to interference by the superpowers. As the superpowers clash to extend their influence and the North-South confrontation becomes sharper, the danger of war grows greater. World peace will be in a precarious situation.

Therefore, it is extremely important that North-South relations be improved and leaders of the developed and developing nations sit together and talk. Economic development and prosperity will promote stability and peace, and vice versa. Only as the ranks safeguarding peace grow in strength, can the war factors be controlled, and the threat to peace removed.

China's modernization drive calls out for co-operation with other countries. And, more importantly, it requires a peaceful international environment. With these needs in mind, China will make as many friends as possible. An old Chinese saying says, "No suspicion will prevail if people always try to know each other well." Hu's trip to the South Pacific is one that can deepen understanding and friendship while seeking co-operation and world peace. We wish him success.

LETTERS

China's Policies Correct

I began reading Chinese magazines in 1970 and became a reader of *Beijing Review* eight years ago. I receive and read these magazines regularly. Now I have come up with some ideas.

You have corrected the ultra-left mistakes and turned to the drive for socialist modernization.

I have read carefully your articles on China's production responsibility system in rural areas, which has aroused the people's enthusiasm. And certainly you are the best one to judge whether it is correct or not.

The development of the Shenzhen Special Economic Zone has given apt expression to a healthy policy that seeks to modernize agriculture and industry. I think introducing advanced equipment and technology is an important step towards helping backward areas develop. China's modernization would be out of the question behind closed doors.

I liked very much the article entitled "Younger Leaders Making Strides." It is impossible to realize the socialist modernization of science and culture without the participation of intellectuals.

I hope to read more news in the international column.

Gustavo Ortiz S.
Tejada, Colombia

How Are Policies Implemented?

There are numerous books about China in some Japanese bookstores. But most of them are already old news and cannot keep pace with the rapid development

of your country. And they tend to cause many misunderstandings.

Actually, we can read about important documents from the Chinese Party and government in the Japanese press and in books and periodicals. But we have no idea how these instructions and policies are implemented at the grass-roots level.

We hope to be able to read more about this.

We are expecting you to truthfully present to the readers China's difficulties as well as the efforts your Party Central Committee and government make to overcome them. This helps build sincere friendship and mutual understanding between our two countries.

Naotaro Yamamura
Tokyo, Japan

More Schools for Retarded Children

I liked very much the article "Retarded Children Need More Schools" in issue No. 5, 1985, I am deeply concerned about the education for retarded children. As an Osaka Education University student majoring in the study of educating handicapped children, I'd like to know how these kids are educated in other countries. (*Beijing Review* published a special report on the education of retarded children in issue No. 11.—Ed.)

I missed the chance to visit any school or special class for retarded children when I visited China two years ago. If possible, I want to go to China again to have a look of these schools so I can write a graduation paper on the education of retarded children in China.

Tadao Ichitani
Osaka, Japan

Deng: Reform Is 'Second Revolution'

Chinese leader Deng Xiaoping recently termed the nation's on-going economic reform a "second revolution."

"China is determined to carry through its current reforms and is firm on its internal and external open policies," said Deng, the Chinese Party Central Advisory Commission chairman, during March 28 talks with visiting Japanese Liberal Democratic Party Vice-President Susumu Nikaido.

Deng said China's leadership will not waver and the current principles and policies will not change.

Addressing China's domestic situation, Deng said, "What we are doing needs courage, but unless we do it, the future will be hard. Reform is China's second revolution. The point is that we must do it, despite the risks.

"Premier Zhao Ziyang mentioned some risks already encountered in his report on government work to the Third Session of the Sixth National People's Congress.

"We were aware there might be such risks when we decided on reform. Our principle is to be bold but steadfast. We watch every step, weigh our experience and are quick to change whatever seems inappropriate," said Deng.

"The problems that have occurred recently were nothing we did not expect. Internationally, they have been seen by some as grave; we feel we are on firm ground. Issues covered by the reform are of vital importance to the state and the people, when every step affects a population of a billion."

Deng continued, "It is essential to stress ideals and discipline in implementing the open policies. Some thought we were restricting our principles when I spoke of ideals at the national science and technology conference. We were not. They are being continuously expanded and may be expanded further yet, but our minds are perfectly clear on whether they will be expanded beyond the point of control."

Deng went on to note that Chinese development means developing the power to attain world peace and check war.

He said, "The possibility of defending world peace rests

ultimately on the extent of third world development. Peace is the great desire of the third world, which cannot develop without it.

"The strength to check war will increase greatly if China attains its development target by the end of the century. When, in another 30 to 50 years, China approaches the standard of the developed countries, it will be more difficult for war to break out: Not, of course, quite impossible, but more difficult.

"China, pursuing an independent foreign policy, is unattached to any group and unlinked strategically with any country. Chinese development helps the people of the world," Deng concluded.

Sessions Discuss Congress Reports

Premier Zhao Ziyang's report on the work of the government was described as a speech which "called a spade a spade" by many deputies to the Third Session of the Sixth National People's Congress (NPC) and delegates to the Third Session of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Panel discussions in the NPC and CPPCC began March 29. More than 2,700 deputies to the NPC and about 1,600 delegates to the CPPCC also discussed reports presented by State Planning Commission Minister Song Ping and Minister of Finance Wang Bing-qian.

"Premier Zhao's report says that our economic development is encouraging — that's true. This is

the fact the whole world has seen, and also one we have experienced by ourselves," said Ma Liesun, an NPC deputy from the Ningxia Hui Autonomous Region. He recalled that during the "cultural revolution" (1966-1976), people were told that the situation was good, "but that was braggart. Now, the situation is really good."

Ma said that in the past, Ningxia was forced to rely on other provinces for its grain supply. It was only last year that Ningxia not only produced enough grain to meet its needs, but also harvested a surplus that was exported. "This is the first time in the history of Ningxia. It is what the reform has brought about," he said.

Many deputies said the government reports embodied the prin-

ciple of seeking truth from facts by not hiding the problems that do exist in China's economic development. Qian Jiaju, a 76-year-old member of the CPPCC and a famous economist, said, "We should affirm the achievements. On the other hand, we have seen that, since the end of last year, rather severe unhealthy practices have appeared, such as issuing excessive bonuses and allowances in cash or in kind, profiteering through arbitrarily raising prices, and offering and taking bribes. These actions have affected, to some extent, the reform of our economic structure."

Qian said that if the problems had not arisen, China would be further along in its price system reform. "But now, we have to take small steps towards reforming the price system, because the reform is carried out against the background of an overissue of currency and an increase in the prices of some commodities last year," he said.

According to Vice-Premier Yao Yilin, the state issued 8 billion yuan (about US\$2.8 billion) more currency last year than usual, which partly resulted in a rise in the prices of some commodities, particularly vegetables, meat, eggs and other fresh consumer goods.

Some delegates agreed with Zhao's report that the emphasis should be put on the reform of economic structure. However, they said, it would be more comprehensive and more convincing if a statement urging the development of socialist culture and ideology were added to the report.

"In recent years we have encountered some bad social conduct," said Bai Shouyi, a deputy to the NPC from Beijing. "I think the lack of attention paid to socialist ideology is partly responsible." He said the fact that some state propaganda organs have urged people to pursue wealth has resulted in ideological confusion. "I

don't think Zhao's report expounded the lofty ideals nearly enough. I would like to see the gist of Article 24 in the Constitution (strengthening the building of a socialist society with a high cultural and ideological level) reflected in the government's report," said Bai.

Many participants welcomed Zhao's call for people to "continue to follow the principle of building the country through thrift and hard work." They said it is wrong and unrealistic to call for a high level of consumption without regard to China's actual conditions. One deputy criticized the newspapers which recently suggested that Chinese people change from grain to meat and milk as their staple food. "It is too early to encourage the change in diet. Each of us now has only 400 kg of grain. It is merely enough to meet our demand," he said.

Ministers Chart Growth Plan

Chinese industry should increase output by 8 percent and agricultural output should grow by 6 percent this year, said State Councillor Song Ping. Song, minister in charge of the State Planning Commission, announced the forecasts March 28 in his report on the draft

plan for 1985 national economic and social development at the Third Session of the Sixth National People's Congress (NPC).

The growth rates are higher than 1984's planned target — 5 percent for industry and 4 percent for agriculture — but lower than the year's actual output growth rates of 14.5 and 14 percent respectively.

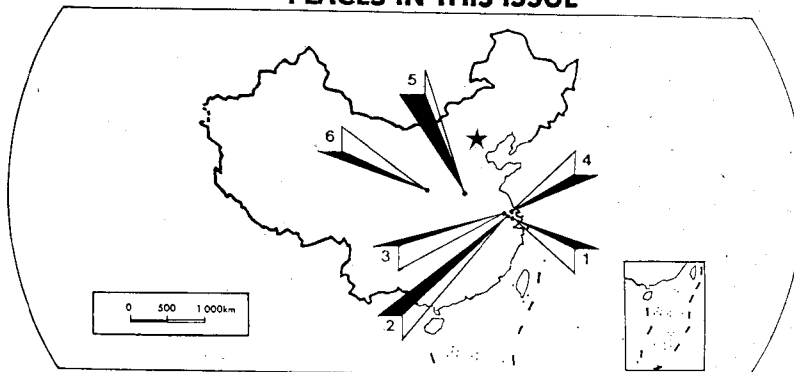
State Councillor and Minister of Finance Wang Bingqian told the NPC delegates that the country's draft state budget for 1985 estimates total revenues at 153.5 billion yuan and expenditures at 156.5 billion yuan. The figures are 4.8 and 3.3 percent respectively over the 1984 estimates.

"In view of the strain on financial and material resources, it is inadvisable to set an unduly high growth rate in the 1985 plan," Song explained in his report.

An over-ambitious plan would aggravate energy, transportation and raw and semi-finished material shortages, and would hamper efforts to raise economic efficiency and harm the economic restructuring, Song said.

Song announced the major targets in the draft 1985 plan: 80 billion yuan for nationwide capital construction investment; 36 billion yuan for upgrading technology and

PLACES IN THIS ISSUE



- (1) Suzhou (p. 24) (2) Wuxi (p. 24) (3) Changzhou (p. 24)
 (4) Nantong (p. 24) (5) Kaifeng (p. 27) (6) Tongchuan (p. 32)

News in Brief

China will strive to keep its total industrial and agricultural output value growing at an annual rate of 7 percent throughout the rest of this century, said Vice-Premier Yao Yilin.

Higher growth rate, as the country has experienced lately, is not necessarily bad, said Yao, but China should aim at steady progress instead of excessively high rate.

* * *

China's total foreign exchange reserves stood at US\$14.42 billion by the end of 1984, a drop of \$2.254 billion from the September figure of \$16.674 billion, said Chen Muhua, state councillor and president of the People's Bank of China. She attributed the decrease to the record volume of imports.

Chen also said bank deposits in 1984 increased by more than 64 billion yuan over the previous year, and bank loans rose by more than 99 billion yuan, both the biggest hikes since 1949.

* * *

China plans to hold its first national technical fair in Beijing May 14 to June 7. The fair is aimed at boosting economic growth by introducing the latest know-how.

Enterprises — be they state-owned, collective-owned or individual — are all welcome to take part in the fair to seek or offer technical advice, contracts, training, technological transfers, information and products.

equipment in existing enterprises; and a total import and export trade volume of 126.5 billion yuan.

Wang said that China must strictly control expenditures and ensure a balanced budget through better financial management.

Wang listed the major expenditure items for 1985, including: 29.3 billion yuan for culture, education, science and public health services; 18.67 billion yuan for defence; and 11.9 billion yuan for administrative expenses.

He noted that the country's financial situation continued to improve in 1984, as total state revenues reached 146.5 billion and total expenditures climbed to 151.5 billion yuan. But he lamented the widening deficit, which grew from 3 billion yuan to 5 billion yuan last year. He blamed the greater deficit on the lack of strict control over expenditures, slack management and supervision, and the influence of new unhealthy tendencies such as unauthorized spending and corruption.

"If we do not remain prudent and properly control spending following a considerable increase in revenue, we will suffer a financial deficit. This is a lesson we must never forget," the finance minister said.

China Sets Free Its Rural Economy

Major changes in rural economic policy, including reduction of state purchasing quotas and more aid for local industries, were outlined in a Communist Party Central Committee document published in Beijing in late March.

The committee, in its first policy document of 1985, set out 10 measures aimed at encouraging a market-oriented rural economy.

The new policy shifts the emphasis from state planning to

market demand in farm production, and from administrative to economic means in rural management.

The major points of the policy reform are:

- Abolition of state purchasing quotas, except for some special products, beginning this year. Prices of all agricultural goods except cotton and grain will be allowed to float at free market prices while the government will take measures to protect the interests of city consumers. This covers produce, including pigs, aquatic products and vegetables produced for sale in big and medium-sized cities and mining areas. The state will continue purchasing grain and cotton, but will also allow these products to be sold at floating prices once contracted quotas are met.

Contracted amounts of grain and cotton will be bought from farmers at the listed state price. If market prices fall below this level, the state will purchase all available market grain at the state price to protect the interests of producers.

- Continuing the implementation of the existing policy of developing a diversified economy while making sure that grain production does not slacken. The new policy commits the financial and material resources of the state to helping grain and cotton producers develop local processing, breeding, feed and foodstuff industries.

- Encouraging efforts to turn hillside fields with slopes greater than 25 degrees into forests or pastures. Bans on free market sales of timber produced by collectives will be lifted, and state forestry farms will be allowed to sign labour or joint management contracts with their workers and local peasants. Free market sales of medicinal herbs, except for a few categories, will be allowed.

- Vigorous development of

transport facilities, with local and state support for road-building projects. The policy permits the leasing, sale or contractual use by individuals of idle state-owned vehicles and boats. It calls for the sale of more trucks to rural areas to encourage the growth of co-operatively owned transport fleets.

- Granting preferential loans and tax rates to rural industries and encouraging rural residents to go into mining where mineral deposits are not suitable for large-scale operations.

- Encouraging the transfer of new technology and skilled personnel from cities to rural areas.

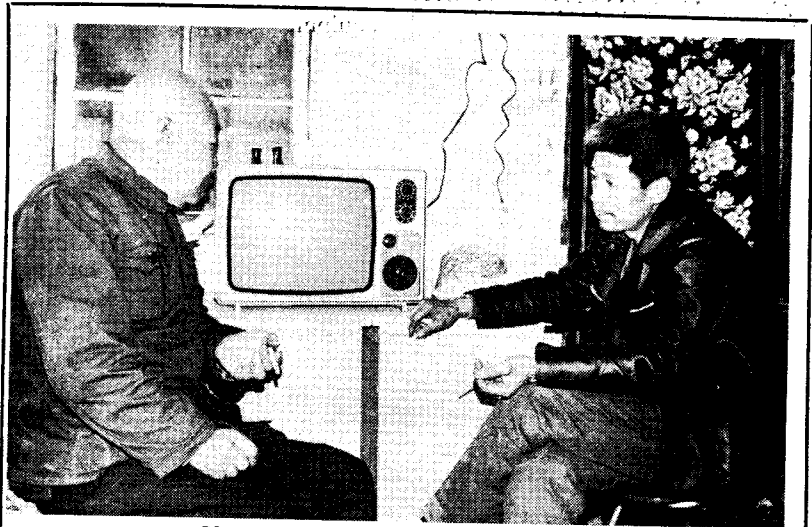
- Relaxing rural financial policies, raising returns on funds, and encouraging rural credit and insurance businesses. Local credit co-operatives will operate independently. The money they raise will be put at their disposal after they deliver a set amount of reserve funds to the Agricultural Bank of China.

- Retaining the responsibility system, which links income with output, and leaving the specialized household economy unchanged. Efforts will also be made to develop and perfect voluntary rural co-operative undertakings according to the demands of the commodity economy.

- Construction of small towns is to be speeded up, and economic ties between rural and urban areas further promoted.

- Developing foreign economic relations and technical exchanges, especially in rural areas around open coastal cities and in special economic zones. Border areas will be encouraged to prepare for the resumption and expansion of border trade with neighbouring countries.

The document calls on rural residents and officials to adapt to



Sharing His Good Fortune

Liang Guoguang (right), a peasant in suburban Beijing, did so well in his economic ventures following the arrival of the "do-as-you-like" policies that he decided to lend a hand to some of the less fortunate in his village. Liang built a "respect-the-aged" house and invited 10 elderly villagers, including Zhu Zhenrong, 71, to move in. Zhu and other childless people in the village used to live separately at the collective's expense. Zhu and others like him now have simple yet cozy accommodations. Liang now plans to enlarge the senior citizen's quarters to house 50 people.

the new policy and carry out the reforms vigorously, but carefully.

The new policy also allows urban technicians to reserve their old positions while forgoing their regular salaries to go and work in the countryside. All technical personnel, except government officials, will be allowed to aid rural peasants in their spare time.

Support Pledged For Sierra Leone

China has a special feeling for Africa. That's what Party General Secretary Hu Yaobang told Sierra Leonean President Siaka Stevens March 27. Hu said the special feeling results from the "similar past and common destiny" of China and Africa.

Hu called the African independence movement since World War II a great event in world history. But he observed that every country has to do more than win

its independence — it has to build itself into a prosperous nation. "Our experience shows that the second historic stage of creating a strong country with a prosperous people is likely to be more arduous," he added.

The general secretary said developing nations will have to overcome unfriendly trade policies from some Western countries and a weak economic foundation at home. "Developing countries should rely on themselves and each other to overcome these difficulties," Hu added.

Stevens, who arrived in Beijing March 25, was on his fourth visit to China. The visit produced an agreement on economic and technical co-operation between China and Sierra Leone. Under the agreement, the two governments will actively develop bilateral economic and technical co-operation in the form of contracted projects, technical service contracts and joint ventures. The Chinese government also agreed to provide 30 million



President Li Xiannian welcomes Sierra Leonean President Siaka Stevens to Beijing.

yuan (about US\$11 million) to a number of Chinese companies to use in joint projects with Sierra Leone.

It was also reported that the two countries also explored the possibilities of expanding co-operation in agriculture, water conservancy projects, forestry and sugar production.

Stevens said he was very satisfied with the visit. He said that true political independence hinges on economic independence, and one advantage of his country's independence is the freedom to choose its friends, among whom he lists China. The Sierra Leonean president said that colonialists plundered his nation's resources in the past, but China has offered sincere help.

President Li Xiannian told Stevens that China, though still a developing country, is willing to develop economic and technological co-operation with developing countries in Africa and other parts of the world.

Production of Energy Increases

China generated 95.7 billion kilowatt-hours of electricity between January 1 and March 31, accounting for 24.2 percent of the annual plan.

This was an increase of nine percent over the same period of last year, according to the Ministry of Water Resources and Electric Power.

The January-March crude oil output was 30,230,000 tons, 24.38 percent of the annual quota and up 10.28 percent over the same period of 1984.

Meanwhile, counties with local coal resources will be encouraged to start thermal power plants as part of the effort to achieve rural electrification.

Small thermal power plants each with a generating capacity of 50,000 kilowatts and above will be built in areas with plentiful coal.

Around the Globe

China, India Hope to Develop Better Ties

On the eve of the 35th anniversary of the establishment of Sino-Indian diplomatic relations (April 1, 1950), Chinese Premier Zhao Ziyang and Indian Prime Minister Rajiv Gandhi exchanged messages of greetings and expressed the hope that the relations will be further improved.

In his message to Gandhi on March 30, Zhao said, "The Chinese government and people attach great importance to friendly relations and co-operation with India and would like to work together with your country towards restoring Sino-Indian relations to the level comparable to that of the 1950s."

In his message to Zhao, Gandhi said, "It is our earnest hope that through our joint efforts all outstanding problems between us can be solved, consistent with the Five Principles of Peaceful Coexistence, thereby enabling our two peoples to resume and consolidate their long-standing historical ties."

Gu Mu: Open Policy Includes Third World

State Councillor Gu Mu said March 25 during a visit to Venezuela that China is open not only to the developed countries but also to the third world. "To strengthen co-operation among the third world countries is one of the component parts of China's independent foreign policy," he added.

South Africa

World Condemns Massacres

On March 21 South African police in two separate incidents opened fire on and killed 28 blacks who were marching to commemorate the 1960 Sharpeville massacre. This repeat of history has evoked worldwide condemnation.

by **REN YAN**

THE United Nations, the Organization of African Unity (OAU) and other international groups and individual countries have condemned South Africa's racist regime for the murder of innocent blacks and expressed support for the South African people's struggle against racial discrimination.

On March 21 South African police on two separate occasions opened fire on a crowd of blacks attending services commemorating the 1960 Sharpeville massacre. The police attacks resulted in the death of 28 persons and the wounding of dozens more. The new massacre was committed by South African authorities on the very day the International Day for the Elimination of Racial Discrimination was observed. It is natural the international community has strongly condemned the South African regime.

In memory of the black people killed while demonstrating against South Africa's "pass laws" on March 21, 1960 in Sharpeville, the United Nations had adopted a resolution declaring March 21

International Day for the Elimination of Racial Discrimination. UN Secretary-General Javier Perez de Cuellar, speaking on March 21, pointed out that South African "apartheid violates the Charter of the United Nations and the basic human rights and fundamental freedoms of the country's black population and should therefore be eliminated."

The OAU, in a March 25 statement, strongly condemned South Africa for the criminal acts and called on "the conscience of the international community" to exert maximum pressure against the South African regime to force an end to its criminal acts of banditry and intimidation.

The Tanzanian Ministry of Foreign Affairs said in a March

25 statement that Tanzania will not stand idly by while hundreds of people are being killed. The foreign ministry pledged its full support for the liberation struggle in South Africa. Mauritius Prime Minister Aneerood Jugnauth, in a speech on March 27 in Paris, predicted that if the South African racist regime continues its policy of apartheid, it will surely be doomed.

Leaders of other countries and organizations also called for sanctions against South Africa. Pakistan President Zia ul Haq called on all countries to stop giving aid to the Pretoria regime. The president of Britain's Anti-Apartheid Movement urged the British government to respond with action. He put forward a 10-point action programme calling for both diplomatic and economic sanctions against the South African authorities.

The March 21 massacres again prove that the international community should exert strong pressure on the South African government, including oil and weapons embargoes and economic sanctions.

In recent years the South African authorities have repeatedly promised "constitutional re-

South African police arrest demonstrators.



forms" and pledged to extend rights to blacks, but these promises were just attempts to befuddle world opinion. The murder of the 28 marchers has once again revealed the ferocious nature of South Africa's racism and exposed the fraud of their "reform." These perverse acts will only further arouse the South African people

to fight harder against apartheid and for equal rights.

The Chinese government and people, as always, firmly support the struggle of the South African people. China is convinced that, with the support of the world's just-minded people, the South African people can win their struggle.

Bangladesh

Policies Speed Economic Growth

Two years have passed since the Bangladesh government readjusted its economic policies, and today the results are gratifying.

by GUI TONGCHANG

DUE to policies and measures adopted by the government in an effort to speed economic development, Bangladesh has overcome an economic depression and seems to be on the road to prosperity.

During the 1981-82 fiscal year, the economic situation in Bangladesh was bleak. The gross domestic product (GDP) grew only 0.1 percent, and the gross agricultural output value, accounting for more than half the GDP, fell 2.2 percent. The country's export strategy failed and foreign exchange reserves dwindled to US\$110 million.

But after economic policy readjustments, grain output in 1983-84 reached more than 15 million tons, a 2.36 percent increase over the year before. The harvest was the best since the founding of the Republic in 1971. Despite severe floods, the 1983-84 GDP rose 4.5 percent in current prices. Total agricultural output value increased 4 percent, industrial output grew 5.7 percent and export income soared 12.29 percent. For-

ign exchange reserves climbed to US\$518 million, a record figure.

In dealing with its economic woes, the Bangladesh government placed its emphasis on agriculture, especially on raising grain output. A series of agriculture goals were adopted: To increase agriculture investment year by year, to provide agricultural loans, to build water conservation projects, to enlarge the acreage under cultivation and the irrigated areas, to increase crop yields and to raise prices for farm products.

In industry, the government has also adopted new measures. After Bangladesh won its independence in 1971, the government nationalized all private enterprises. As a result, the economy was burdened with deficits. To change this situation, the government has adjusted its policies by allowing more private ownership and flexible methods. Private investment and privately owned enterprises are now encouraged. Though the munitions industry, aviation, posts and telecommunications, electricity generation and forestry are still run by the state, all other industrial projects can now be

managed by private or joint state-private enterprises. The government has also returned the nationalized enterprises back to the original owners.

In April 1983 the government banned the import of 17 kinds of industrial products that can be produced domestically in sufficient supply. The government simultaneously encouraged the importation of industrial raw materials and machinery and adopted preferential tariffs for them. These policies have helped develop industry.

The government has encouraged small, rural industries and home-based handicraft businesses, which take advantage of the resources and manpower at home. The government has also made efforts to straighten out things in state-run enterprises by improving management and strengthening discipline. These measures have achieved good results.

To encourage foreign investment in state- and private-run enterprises, the Bangladesh government has offered preferential terms for joint ventures.

In order to increase exports and foreign exchange income, the government has limited imports and adopted flexible policies. The import of industrial products that can be readily produced at home is usually banned. And the government is helping exporters develop their trade to decrease the foreign trade deficit. It has also urged private business to establish industrial enterprises that will make products especially for export. To encourage such export-oriented enterprises, the government offers low-interest loans.

Thanks to the recent progress in industry and agriculture, the standard of living has improved. Per capita income increased from 2,823 taka (26 taka equal US\$1) in 1983 to 3,179 taka in 1984.

Lebanon

Christian Split Complicates Matters

A split within Lebanon's Christian forces has robbed President Amin Gemayel of much of his military support. What the split will ultimately mean for the war-wrecked nation is still not clear.

by CHEN JICHANG and
ZHOU GUOMING

THE Maronites, Lebanon's main Christian group, are in the throes of internal conflict. The Lebanese Forces — also known as the Maronite militia — led by Samir Geagea claimed independence from President Amin Gemayel's Christian Phalange Party March 12 after the two leaders differed on military and political strategy.

Geagea, on March 20, declared himself chief of staff of the Lebanese Forces and his so-called Movement for Christian Decision moved completely away from Gemayel's Phalange Party.

Superficially, the Christian revolt began when Geagea was expelled from the Phalange Party on March 11 for refusing to dismantle a roadblock on the highway between Saida and Tripoli. But most observers saw the split coming long before. The real problem, they say, arose from disagreements over policy between Geagea's forces and Gemayel. Geagea's Lebanese Forces saw Gemayel's recent cozying up to Syria as a betrayal of the Maronite Christian cause. The hardline Christians called for a reorganization of the Phalange Party leadership and sought the establishment of a National Christian Committee to represent all Christian groups and "maintain democracy and the rights of Christians."

Lebanese press reports have speculated that the defection by the Christian Lebanese Forces

may spark further problems for Lebanon's fragile political situation at the very moment that Israel continues its withdrawal from South Lebanon and Gemayel is trying to forge a national reconciliation.

Political observers fear that the "March 12 incident" will worsen the rift between Lebanon's political groups, hamper reconciliation efforts and, worst of all, reopen civil war. In the face of such a dangerous situation, Gemayel has pledged to keep the reconciliation process going. Most Lebanese political groups support Gemayel's efforts and hope he can forge a political settlement to the crisis.

Syria reacted quickly to the split by the hardline Maronites, warning that it would not remain indifferent to the situation. Observers in Damascus feel Syria is unlikely to interfere militarily. They note that Syria might negate all its efforts to quieten down the Lebanese crisis by doing so.

India-Sri Lanka

Visits Break Diplomatic Deadlock

A recent visit to Colombo by India's foreign secretary has brought fresh air to Indian-Sri Lankan relations.

by MA CHENGRONG

INDIA and Sri Lanka, following a visit to the Sri Lankan capital of Colombo by Indian Foreign Secretary Romesh Bhandari, agreed to stop all acts of

Israel announced that it had nothing to do with the Christian revolt and swore that it is unwilling to get involved in Lebanese affairs again. However, news reports predict that Israel will likely provide sea and air support to Christian forces if Syria intervenes militarily. It is also noted that Israeli ships are frequently seen in Lebanon's coastal waters and its reconnaissance planes hover over Beirut time and again. Meanwhile, the Israeli mopping-up and crack-down in southern Lebanon continues.

Soon after the Christian split, Beirut's newly gained peace was destroyed by gunfire. Christian and Moslem militiamen exchanged fire along the demarcation line between East and West Beirut. In Saida, where Israeli troops had just withdrawn, Geagea's Lebanese Forces and government armies clashed, and government soldiers and Druze militiamen battled elsewhere.

Gemayel took a quick trip to Syria on March 23 to consult with Syrian President Hafiz Al-Assad. The two presidents agreed to seek a political solution to the crisis. The rebellious Christians, too, have expressed a preference for a political settlement. However, the Lebanese situation is affected by many forces, and it is hard to tell where it is going at present.

violence and work together towards settling the ethnic unrest in Sri Lanka. The agreement was outlined in a communique issued by the Sri Lanka Foreign Ministry on March 27.

Conflicts between the two

countries have centred on the ethnic tensions among the Tamils in Sri Lanka. Ethnic Tamils live in both countries and Sri Lankan officials have in the past blamed the Tamils living in India for stirring up trouble in Sri Lanka. Tensions increased last November when Sri Lankan Tamil separatists vowed to establish an independent state in the northern part of the island country. While Sri Lanka accused New Delhi of supporting the separatist movement, Indian officials charged that the problems in Sri Lanka were causing a massive exodus of Tamil refugees to India, which was resulting in serious problems.

The strained relations were somewhat relaxed after India's election last January, and the two sides set out to seek measures to improve the diplomatic climate. In a telegram congratulating Indian Prime Minister Rajiv Gandhi on his election, Sri Lankan President Junius Richard Jayawardene expressed his hope that the two countries would co-operate closely in a friendly spirit. Gandhi responded positively, stating that India was willing to work with Sri Lanka to seek peace and stability in the area. High-level contacts were resumed.

The situation improved even more in late January when India returned to Sri Lanka a captured navy patrol boat and its crew. The gesture was returned by Colombo, which released 17 Indian fishermen it had held in custody.

In February Jayawardene sent special envoy Lalith Athulathmudali to New Delhi on a three-day visit. Both sides described those talks as constructive. They agreed to maintain close contact and spoke of their desire to better traditional ties of close friendship. Still, despite the optimism about the current discussions, there is a long way to go in reaching full settlement.

US-Europe

'Star Wars' Plan Tests Relations

Differences between the United States and its West European allies on the "Star Wars" programme are putting their relations to the test.

by XIA ZHIMIAN

DIFFERENCES between the United States and its West European allies over the "Star Wars" space defence programme have become apparent with the resumption of US-Soviet arms reduction talks in Geneva.

In recent weeks, West German leaders have issued a series of statements that indicate they are somewhat uneasy with the plan. While Foreign Minister Hans-Dietrich Genscher noted that it is important to maintain a unified Western strategy so as to prevent instability, Chancellor Helmut Kohl expressed hope that the US-Soviet Geneva talks will make concrete progress so the "Star Wars" programme will be unnecessary.

Warning the German people not to consider the US programme simply from the angle of technology, West German President Richard Von Weizsaecker urged them not to embrace the programme hastily. All these comments indicate that German leaders want to stay at arm's length from the plan.

The French government has announced its opposition to the programme and British Foreign Secretary Geoffrey Howe has ironically called it the "Maginot Line of the 21st century." It is increasingly clear the West European allies differ with the United States on the space-based defence nuclear weapons system.

First, the United States' European allies have argued that the defence system, if it turns out to be feasible, will force the Soviets to step up their efforts to develop weapons that can penetrate the shield. The

US programme will inevitably escalate the arms race, they contend.

Second, European leaders doubt whether the defence system could effectively protect their countries, since Soviet missiles are much closer and would take only a few minutes to reach European soil.

Third, they ask, if Western military strategy shifts from one of assured nuclear retaliation to a reliance on a space defence system, how will the West European countries be able to counter the Soviet Union's superiority in conventional forces?

Fourth, they wonder whether it still makes sense for France and Britain to keep their own independent nuclear forces while the United States and the Soviet Union start work on space defence systems. West European leaders need to consider all these questions and come up with answers.

The United States, in an effort to placate its allies, has invited its allies to take part in the "Star Wars" research programme. For their part, the West European leaders have expressed a willingness to participate. They do not want to be kept away from a programme so advanced militarily and technologically.

However, the United States has thus far not made any firm proposals on how the West European countries will participate in the research. The US military establishment is afraid of letting its technology spread to Western Europe, where it would likely be passed on to the East European countries. The lack of action has aroused discontent from some European allies.

Revamping China's Research System

—Excerpts from Premier Zhao Ziyang's March 6 speech at a national science conference

China must overhaul its management system in science and technology if it is to accelerate its modernization drive and meet the challenge of the new technological revolution. But prudent steps are required so as to avoid disruption and losses, and experiences thus gained will be summed up in good time to bring the new system to perfection. The reform is aimed at rallying all intellectuals, scientists and technicians in particular, to boost the modernization drive and apply new scientific and technological achievements to the four modernizations, economic development in particular.

CONFRONTED with a new world technological revolution, many countries — not only the Soviet Union and other East European countries, but also some capitalist nations — are scrutinizing their scientific and technological research systems and searching for new strategies to meet the challenge.

Though their problems differ, their focus of studies is quite similar: They seek to adapt themselves to the new technological revolution by dovetailing science and technology with production, thus achieving the coordinated development of science and technology, and economy and society.

China's current science and technology management system, which came into being under specific conditions, has in the past demonstrated its strength in concentrating resources and efforts to solve some major problems in science and technology. But now it is falling increasingly short of the requirements of the drive for the four modernizations, which



depends heavily on science and technology. Its major defect lies in its tendency to isolate science and technology from production.

Economic development cannot do without science and technology, and scientific and technological work should serve economic development — this is a correct principle everybody follows. We should spare no effort in carrying out this principle while studying our country's strategy and long-term plan for economic develop-

ment. We should not only elevate our old enterprises to a new technological plane through technological transformation, but we should also build new enterprises outfitted with sophisticated technology. Progress in technology is figuring more and more prominently in the four modernizations. In view of this, we have formulated the policy of encouraging existing enterprises to technically update themselves and strive for technological progress and the policy of urging scientific research institutes to serve the factories. Both policies, though they

leave something to be desired, are being gradually implemented. And truly, the situation is picking up step by step. But this problem can be completely solved only after harmony is achieved between the nation's principles, plans, policies and the economic structure. For the time being, major efforts should be devoted to addressing problems in the economic structure.

Scientific research should have been linked organically with pro-

duction, and such ties should be crosswise, frequent and multifaceted and should link each other in a thousand and one ways. Our old system, however, has virtually clogged all the direct channels between research and production. Limited by a rigid vertical system, scientific research institutes are accountable only to the leading authorities and are robbed of chances to respond to society and serve the factories. That explains why our scientific research work has for so long been unable to suit the needs of production. Even when a much-needed result is obtained, it is often costly, has no ancillary technology and therefore cannot be used and popularized in production.

This problem is nothing new, and indeed it can hardly be solved if we keep planning our work under the old system. The way out lies in reform.

This means that both the economic system and the way science and technology are managed should be changed. The economic system, now being revamped, has seen enormous changes and will see even bigger changes. The peasants and rural enterprises have become the most enthusiastic seekers of science and technology. Active, too, are collective enterprises and small state-run businesses. But things are quite different with big and medium-sized enterprises. Many of them have shown no tangible changes, nor are they eagerly seeking technological progress. This phenomenon, though it looks somewhat odd, is not without reasons.

The more dynamic the enterprises grow, the more intense the competition becomes, and the stronger desire they have for science and technology. Our economic reforms are being unfolded step by step, and the rural economy and village-run enterprises, which were the first to be involved, have shown the greatest vitality

under the new situation. Locked in competition, they have paid a price for their past backwardness in technology and have enjoyed the benefits of science and technology. They vie with one another for new expertise, which has become part and parcel of their existence. Collective enterprises and small state-run enterprises, while enjoying more say in management, have also been pressured and motivated into seeking new technology. Big and medium-sized factories are not as active in this regard, but this is only a transient phenomenon. They will come along with the progress of the economic structural reform. It is therefore time to place the reform of our science and technology management system high on our agenda.

The newly designed management system will be different from its predecessor in many ways. A formulating tenet behind all this is that our management system in science and technology should be compatible with our socialist economy, which is a planned commodity economy. Our experiences over the past three decades and more show that, under a commodity economy, nothing can be accomplished in the economic field if the relations of commodities to currency, the law of value and the economic levers are ignored. Ordering the peasants to supply cities with grain, cotton and meat gets you nowhere. Rather, the first thing to do is to get along with them according to the law of value. You should also use the law of value when you want the various professions and trades to help agriculture. If those who support peasants are in for financial losses, and if the more generous support they extend, the greater losses they suffer, then they would do so at most for a day or two, but not for long.

The same holds true for scientific research work. The value of brain work should be duly rec-

ognized, and most scientific and technical achievements should be allowed to be sold as commodities if research institutes are to serve production. The barriers between departments and enterprises must be removed and a technology market must be opened in order to get scientific research institutes to serve society. The old system in which the state is the only source of operating funds must be changed if we require scientists to take the initiative to go frequently to enterprises for research projects. If a close relationship is to be established between research institutes and factories, it is necessary to link them together by getting them to show concern for their common interests through such economic means as technological contracts.

Our experience in earlier experimentation shows that economic means, once put to use, can become very effective. As technological achievements are quickly applied to production, society increases its material wealth, enterprises are benefited, and research institutes have strengthened themselves, bought more equipment and improved staff incomes. In short, the factories and the research institutes are delighted, and both are filled with more enthusiasm for their work.

Though our reform experiment covered only a few more than 500 units and lasted but a short time, it has shown us the direction. If we move in that direction, changes will undoubtedly take place in the relationship between the research institutes and the factories, and a new science and technology management system that benefits economic development will gradually come into being. When conditions are ripe, scientists and producers will go in for diversified forms of research co-operation on a mutual-need, mutual-benefit basis. This will result in profound changes in the research

institutes and the emergence of a large contingent of managerial personnel who are well-versed in both technology and management.

The draft reform plan just drawn up spells out three major decisions after absorbing everybody's opinions:

- First, major scientific research projects, including projects aimed at solving knotty technical problems, will either stay under planned state management or be arranged through contracts between the government and the research institutes. Planned management should be retained for these key projects, but new ways of doing things should be advocated, such as public bidding and job contracting for projects managed under state plan.

Commercialization of technological results will also take many forms. In one case, enterprises may buy expertise from research institutes on the technology market; in another, research institutes may undertake research projects by signing contracts with government departments.

- Second, while changing the state funding system, care must be taken in dispersing operating expenses. Different research work and institutes will be treated differently — operating expenses may remain the same for some, while others may see their funds sliced by a small margin or withdrawn altogether. Fund cuts or withdrawals will not be carried out abruptly; rather, they will be accomplished step by step, allowing the affected research institutes to adjust. The funds thus withheld will still be used for scientific and technological research. Actually, China's research circles will receive a steadily growing amount of state funds through many new channels.

- Third, while promoting the projects serving economic development, research in applied science

will not go unheeded. We will seek steady, sustained development of basic research, so that all kinds of projects will have their roles as research grows in a well-balanced way.

In the past, government leaders issued funds to researchers by signing a slip of paper. That practice will be replaced by the establishment of foundations, which will give financial support to only the most promising projects chosen through funding reviews and consultations among experts in the field. In this way, research funds will be distributed in a more prudent and sensible fashion.

Our draft plan is certainly not flawless. But its general direction is correct, and its design is well-balanced. We should see to it that the reform of our science and technology management system progresses as steadily as the ongoing economic restructuring, and we should do everything possible to avoid unnecessary disruption and losses. In implementing the draft plan, it will be necessary to sum up the experiences in good time, so as to gradually bring the plan to perfection.

What, then, is the purpose of revamping the management system in science and technology? Just as Comrade Hu Yaobang put it during a Party Central Committee Secretariat meeting at which the draft plan was deliberated and discussed, it is to mobilize a mighty army to climb the mountain and pick the peaches. "A mighty army" refers to intellectuals in general, and scientists and engineers in particular. By "climbing the mountain," he means for scientists and engineers to join the nation in the ambitious drive for the four modernizations. And by "picking the peaches," he calls for efforts to score new scientific and technological achievements and incorporate them into the modernization drive, aiding economic development in particular. What

Comrade Hu Yaobang said has given clear expression to the purpose of our reform of the science and technology management system.

At present, the most urgent task is to give the fullest play to the scientists and technicians, so that they can make the greatest contributions to economic development under the prevailing conditions.

In a speech delivered shortly after the Third Plenary Session of the 12th Party Central Committee was held last year, Comrade Deng Xiaoping indeed hit the nail on the head when he pointed out that the most important thing to bear in mind in the economic structural reform is to respect knowledge and talent. This is especially so when it comes to revamping the scientific and technological management system. A country or a nation is hopeless if it does not respect knowledge and talent. The central authorities have become keenly aware of this. What is the biggest difficulty in achieving the four modernizations and rejuvenating China? It is not difficulty in resources or funds, nor is it difficulty in our system. China, basically speaking, has no lack of natural resources, and its shortage of funds will, in the long run, be solved. And our system, now being reformed, has great prospects. Our biggest problem lies in the lack of talent — competent scientific and technical workers and managerial personnel.

There are two problems concerning talent. First, competent people are in short supply; and second, those we have are not used to the full. Relatively speaking, the latter problem is even more serious than the former. It goes without saying that major efforts should be made to train new competent people. But the first thing to do now is to bring the enthusiasm of the ones we already have

into full play. This is because we should depend on them not only to do today's work but also to help bring forth a new contingent of competent people for our future. Scientific research institutes, schools, enterprises and government organizations should all work in a down-to-earth way to help intellectuals solve their problems. Intellectuals should be properly paid for their work. This is a problem that calls for particular attention and should be solved step by step.

Some people are apprehensive about professionals being transferred from one place to another. But, on the whole, it is justified to encourage the flow of talent. Most of these people have found their way into small enterprises that are doing well in production but still striving to survive keen competition. Small factories need scientists and technicians, but for so long in the past, they were unable to attract university graduates, even though many big enterprises and research institutes were packed with promising scientists and technicians who had little chance to use their skills. So there is nothing wrong with transferring some technicians to small enterprises. But, of course, negative side-effects should be avoided. This and the other problems that will crop up during the reform should not be tackled by simple administrative means. They should be solved by guiding things along a healthy course of development, retaining the advantages and eliminating the disadvantages.

Just recently I learnt from a document that a Shanghai factory had to give up its effort to solve a difficult technical problem midway through the research because its four key technicians pulled out to join a small factory.

We can work out some methods to minimize side-effects like that. For example, we should make it

clear that an enterprise's technological interests should be duly protected, and that an engineer or researcher who wants to leave should submit a transfer application to his leadership sometime (say, half a year) beforehand. He should not go until he has fulfilled all the resignation formalities. In addition, we should fix a ceiling for wages and decide to levy a certain kind of income tax. With the adoption of the above methods, I'm sure most engineers and technicians will stay where they are due to the increase in the number of technicians in small enterprises, the opening of the technology market and, in particular, wage increases for technicians in the key enterprises.

I'd like to call your attention to a new tendency. That is that today's economic development is posing increasingly higher demands on our scientists and technicians. Indeed, unprecedented situations and demands have cropped up these days.

People in rural areas have ventured out of their traditional world of single grain production into diversified farming, animal husbandry and all sorts of rural industrial and mining undertakings. And they are constantly asking scientists and technicians for help with their pre- and post-production tasks. They seek consultants, services and help with storage, shipping and fine processing.

On no account should small enterprises be underestimated. Actually, many countries in the world today are reassessing the role of smaller enterprises, which, including those in rural areas, are highly manoeuvrable. They all have the kind of robust organization which, once integrated with science and technology, will have great vitality. Small enterprises are definitely a vigorous force in our drive for the four modernizations.

All professions and trades — in-

cluding energy development, the material industry, transportation and communications, telecommunications, the machine-building industry, construction and consumer-goods manufacturing — face the task of technical reform. They all have numerous problems in production techniques that should be solved without delay.

We need both sophisticated technology and "inconspicuous" applied techniques. As a recent World Bank report on the Chinese economy said, in China the massive, constant use of "inconspicuous" technology is more important than using sophisticated technology; the work to narrow the gap in technology between advanced and backward factories within a trade is more important than building a few very advanced factories. As I see it, this conclusion is in accord with the situation in China, whose numerous factories cover so wide a spectrum of endeavours.

Improving the quality of products and reducing unnecessary consumption are vitally important tasks for all factories. In China, the consumption of raw materials, semi-finished materials and fuel generally accounts for 75 percent of the cost for an industrial product. Once the potential for reducing consumption is tapped, marked economic returns will be yielded.

The product-mix should be altered as the demands of the domestic market have changed. Besides, competition in the world market is intensifying, primarily in the field of product quality. Porcelain, for example, originated in China and is therefore regarded as a symbol of the nation. But, unfortunately, our mass-produced porcelain products today are far inferior to those made in other countries. A foreign-made shirt may sell for dozens of US dollars, but ours are worth only a few dollars each. This has

definitely put us at a disadvantage, because on the world market quotas for shirt imports are fixed by the piece rather than by prices. There are many other examples. In my opinion, we should enlist the efforts of all talented people to solve these problems. Scientists and technicians are duty-bound to work with those in enterprises at raising the quality of export products. Only thus can we turn our disadvantage into advantage.

There is a bright future for multipurpose utilization of resources within an enterprise. Under the old system, multipurpose utilization was out of the question if it involved two different departments. Today, this situation is changing. The State Council is studying this issue and will work out a number of policies to encourage multipurpose utilization. In big factories, in particular, multipurpose utilization could turn gross waste into great potentials. In this field there are many research projects which, if carried out properly, can yield big economic returns.

Structural reform and the policy

of opening to the world and invigorating the domestic economy have created new conditions and set new tasks for scientists and technicians. Over the last few years, the state has invested heavily in importing advanced technology and will continue to do so in the days ahead. Technology users, researchers, and producers should do away with restrictive departmental and regional boundaries and work in a concerted effort to speed up the process in which imported technology is understood, adopted and developed, so as to upgrade our production technology and research work and strengthen our ability to rely on our own efforts in economic development. This is indeed a very important task. It is my hope that the reform will bring about a new situation and yield major progress.

Development in the technological revolution is bound to impact the whole world and affect all sectors of society. Some people have reckoned that technological breakthroughs reaping major economic results will probably first occur in information processing, biology,

the manufacture of new materials, remote sensing and telemetry. We should follow closely the findings that emerge from the technological revolution and work to collect and analyse the information in good time. This has an important bearing on our efforts to revamp traditional industries, launch new industries and map out our development strategy and long-term plan.

Ours is a big developing country which needs all disciplines of science and technology and all levels of scientific and technological achievements. This very fact has opened up broad vistas for our scientific and technical workers whose enthusiasm, however, has been dampened by the pitfalls of our old system. All in all, we must emancipate the productivity of science and technology, bring about a new contingent of competent professionals and achieve new results for the benefit of the people — this is a long-cherished desire not only of scientists and technicians, but of everyone. □

Decision on Science Management System Reform Highlighted

Following are the main points of the Decision of the Central Committee of the Communist Party of China on the Reform of the Science and Technology Management System issued on March 13.

- It is the central task of the nation to invigorate the economy and achieve the four modernizations. Scientific and technological work must focus on and serve this central task.

- Funding for research institutes should be reformed.

Funds for major scientific and

technological research and development projects that have been included in central or local government plans will continue to be provided by the financial departments of those governments. However, their planned management should be carried out through the use of economic levers and in conformity with the law of value, and such management methods as public bidding and job contracting should be gradually introduced on a trial basis.

Technological job contracting should be gradually introduced for technology development and for

applied research projects that promise immediate practical benefits. Independent research institutes primarily engaged in such development and research should earn income and accumulate funds while providing economic benefits to society through such activities as contracting state-planned research projects, undertaking research projects entrusted by other organizations, transferring technological achievements, operating joint ventures in technology development and export business, and providing consulting services. Operating expenses provided by the state will be gradually reduced.

Science foundations will be gradually introduced to support basic and some applied research projects. The funds will be appropriated mostly from the state budget. A national natural science foundation and other science and technology foundations will be established, and they will be made accessible to the public in accordance with the national programme for scientific and technological development; grant applications from all quarters will be accepted and grants approved for what is good through peer review. Institutes primarily engaged in the basic and applied research mentioned above should make an effort so that their research expenses will be drawn largely from such foundations.

Research institutes involved in medicine and public health, labour protection, family planning, prevention and control of natural and other calamities, environmental science and other social services will continue to receive state funds in accordance with the system whereby they are responsible for their surpluses and deficits.

- The practice of uncompensated transfer of technological achievements by purely administrative means should be eliminated in favour of the exploitation of the technology market that serves to unclog the channels of the flow of technology to production, so that no time will be wasted in turning the scientific and technological requirements of the production units into research projects and in having the research achievements applied to production.

- Statutes and regulations must be formulated to protect the legitimate rights and interests of buyers, sellers and intermediaries. The state protects the ownership of intellectual property through the Patent Law and other relevant statutes, and it protects to a certain extent the domestic technology market through tariffs and administrative means. The market

prices of technological achievements will be determined through negotiations between the seller and the buyer. All income from transfers of such achievements will be exempt from taxation at the present stage. As a preferential treatment for a given period of time, tax will be reduced or remitted for new products. Units that possess technological achievements may set up joint ventures with enterprises by contributing shares in the form of technologies. Technology development units and enterprises may reward the personnel directly engaged in such development with a portion of the income from transfers of technological achievements.

On condition that they fulfil their primary assignments and that there is no encroachment on the technological rights and interests or the economic interests of their units, scientists and engineers may engage in spare-time technological work and consulting services, and they are entitled to the income therefrom.

As regards technological achievements which merit wide application but whose conversion into commodities and compensated transfer are inappropriate, the government and non-governmental departments concerned should organize their exchange and extension and, on the merits of each case, reward those responsible for such achievements.

- In restructuring the science and technology system, emphasis should be placed on encouraging partnership between research, educational and designing institutions on the one hand and production units on the other and on strengthening the enterprises' capability for technology absorption and development.

Research institutes that are under the Chinese Academy of Sciences, the institutions of higher learning, the central ministries and commissions and the local authori-

ties and that are engaged in technology development should be encouraged to set up various forms of partnerships with enterprises and designing units on a voluntary and mutually beneficial basis. Some of these partnerships may gradually become economic entities. Others may go a step further, with enterprises merged with research institutes or vice versa. Some research institutes may develop on their own into enterprises of a research-production type or become joint technology development departments for small and medium-sized enterprises.

While relying on scientific and technological forces in society at large, the enterprises should actively improve and strengthen their own capability for technology development and initiate extensive activities for technological innovations among the workers. Moreover, large key enterprises should gradually improve their own technology development departments or research institutes. Where possible, small and medium-sized enterprises may have necessary technology development personnel and facilities of their own.

While ensuring the fulfilment of national defence assignments, defence research institutes should engage energetically in research and development programme for civilian products.

- The management system in agricultural science and technology should be reformed so as to serve the restructuring of the rural economy and facilitate its conversion to specialization, commercialization and modernization.

- To ensure sustained progress in economic and scientific and technological development, it is necessary to deploy our scientific research forces rationally and in depth. While vigorously promoting technology development, efforts in applied research should

be redoubled and basic research should be ensured of steady, continuous progress.

- More decision-making power should be granted to research institutes. Independent research institutes should orient their work towards society and function as research and development entities with the initiative in their own hands. With the exception of projects assigned by the state and the appointment or engagement of directors by higher authorities, such research institutes may, within the limits prescribed by state laws and decrees, decide on their planning, funding, personnel management, organizational structure, and so on.

Research institutes should practise the system under which directors assume overall responsibility. They should value their scientific and technological personnel and enable them to perform their role, and they should institute various forms of responsibility system and exercise better democratic management. In particular, greater decision-making power should, in relation to the above measures, be granted to leaders of the research project groups, which may be composed of people invited by the leaders or which may be formed by people of their own accord.

Collective and individuals may set up research or technical service organizations on their own.

- Opening to the outside world and establishing contact with other countries is a basic and long-term policy in China's scientific and technological development.

We should improve our technology development work so that imported technology will play an important role in the development of production technology and in the transformation of our existing enterprises. The special economic zones and coastal cities should exploit their advantages and take the

lead in technology import. In this work we should do our best to integrate foreign trade with technology and industrial production, and we should attach greater importance to importing patented technology, technical know-how and software and open more channels to expand various forms of international co-operation in development, designing and manufacture. Certain domestic research and development work must be closely related to technology import in order to absorb advanced imported technology and make new breakthroughs and increase our capability for independent development. A policy of active support should be adopted for technology development projects with promising international competitiveness so that they can yield the anticipated result and enter the world market at an early date.

Active efforts should be made to expand international academic exchanges and increase the number of people for study, advanced training, practice sessions or investigation tours abroad, and invite foreign specialists and other scholars to work in our country.

- Management of scientific and technological personnel should be reformed to create a situation favourable to the emergence of large numbers of talented people who can put their specialized knowledge to best use.

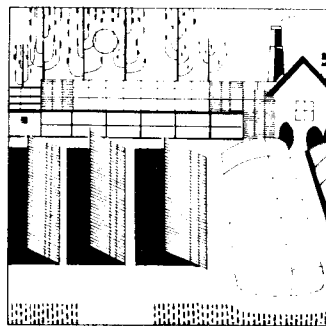
Scientific and technological specialists of the older generation have made indelible contributions to China's scientific and technological development. We should create conditions for them to continue to play their role.

We should unhesitatingly assign to key academic and technological posts a great number of accomplished and vigorous young and middle-aged people and should be bold in helping young talents to come to the fore.

- We should promote to leading posts at all levels scientists and engineers who are enterprising and skilled in organization and management. Appropriate policies and preferential measures should be adopted to encourage scientific and technological personnel to work in small and medium-sized cities, in the countryside and outlying areas and regions with communities of minority nationalities. Research and designing institutes and colleges and universities may gradually experiment with recruiting such personnel by invitation. To promote scholarly exchanges and fully tap their potential, scientists and engineers should be allowed to hold more than one job so long as they perform well in their primary assignments.

We should make an active effort to improve the working and living conditions of the scientific and technological personnel, oppose egalitarianism and, a system of honours and material rewards should be instituted.

Truly respecting scientists and engineers means guaranteeing them freedom of academic inquiry and discussion so that they can pursue truth fearlessly. We should encourage scholars of various schools of thought to contribute more through open debate, and we should oppose arbitrary administrative interference in academic freedom. □



Concept Points Way to Reunification

"One country, two systems" is a new concept in how a country can be structured. It calls for a country to be united while embodying the characteristics of more than one political, social or economic system. In China, "one country, two systems" means reuniting the mainland with Hongkong and Taiwan by keeping socialism as the mainstay while allowing capitalism to exist in Hongkong and Taiwan.

by **YAN JIAQI**

THE Sino-British joint declaration on the Hongkong question is a document of great historic importance. It spells out China's basic policies and arrangements regarding the Hongkong Special Administrative Region and introduces to the world the concept of "one country, two systems," an idea of significant political foresight. This idea not only paves the way for China to resume its exercise of sovereignty over Hongkong, but provides a solid foundation for long-term prosperity and stability in Hongkong.

The successful solution of the Hongkong question indicates that the Taiwan issue, though different by nature, can also be settled through the concept of "one country, two systems." As a scientific concept, the idea of "one country, two systems" has an irresistible force and provides Taiwan compatriots with the hope and the method of achieving peaceful reunification. A united China is the common aspiration of Chinese people on both sides of the Taiwan Straits.

Essentially, the concept of "one country, two systems" means that a country, under the regulations of its Constitution and laws, can adopt in some of its regions a political, economic and social system different from the main system. The regional governments in these areas are local governments and do not exercise national sovereignty.

The implementation of "one country, two systems" is guaranteed by the country's Constitution and laws. Conflicts between re-

gions practising different systems should be solved by peaceful and legal means.

The concept of "one country, two systems" refers to the fact that different systems are used in different parts of a country. It does not include such phenomena as, for example, the coexistence of the monarchy and parliamentary in Britain or the coexistence of public ownership and private economies in mainland China.

It is only when two regions of a country are significantly different in political, economic and social systems that the country can be said to practise "one country, two systems." Two systems within a country that are not remarkably different do not constitute "one country, two systems." For example, Britain has not implemented "one country, two systems" even though England and Scotland each have their own legal systems. Again, Malaysia has not adopted the concept despite the fact that it has both appointed and hereditary rulers leading its 13 states. And China's special economic zones do not reflect the "one country, two systems" concept because they differ from the rest of the mainland only in their economic structure.

Under the concept, the region following a different system is still very much a part of the country. Therefore, it is prohibited from exercising national sovereignty. It cannot carry out its own diplomacy or defence and it cannot declare war or make peace.

The novel concept in the field of political science is advanced by Deng Xiaoping. It is well-suited for China. While most of the coun-

try will continue practising socialism, capitalism can remain in a reunited Hongkong and Taiwan.

Today, as the world enters the third millennium, conflicts between countries should be solved by legal and peaceful means. The Five Principles of Peaceful Coexistence are the best principles for countries to abide by in dealing with one another.

Without foreign interference or control, it is also possible for conflicting regions or parties within a divided country to seek a resolution of their conflicts by peaceful and legal means. Since the history and reality of different countries vary from one another, methods adopted to reach peaceful reunification must fit the conditions of the specific country. Peaceful reunification can be realized under both the federal and unitary systems.

Under a unitary system, the central government represents the entire country. It vests local governments with the right of autonomy or other power. Under a federal system, the existence and power of the federal government and the member state governments are regulated by a constitution, with the states delegating authority to the federal government. Any changes in the relationship between the two parties must be reflected by a constitutional amendment.

Generally, the power of local governments under a unitary system is less than that of member states in a federation. But "one country, two systems" somewhat alters the traditional power sphere of local governments under a unitary system. For example, Hong-

kong will enjoy significant autonomy as a special administrative region, as stated clearly in the Sino-British joint declaration and its annexes.

When China is eventually completely reunified, Taiwan will also enjoy autonomous rights that excel those of member states in many federal countries. This autonomy is reflected in Hongkong's legislative powers, its rights to conduct foreign affairs and in its separate judicial system.

The legislative power of the Hongkong Special Administrative Region will be vested in an independent legislature. The laws enacted by the Hongkong legislature may differ from those in other regions. These laws shall be regarded as completely valid so long as they conform to the Basic Law of the region and the legal procedures.

In federal countries the limits of legislative power exercised by the federal government and each state are clearly spelled out in the constitution. The constitution usually stipulates that all states enjoy a certain degree of legislative power, but it also specifies that state laws must conform with federal laws; otherwise they are invalid. For example, the Soviet Constitution states that "the laws of the USSR shall have the same force in all Union Republics. In the event of a discrepancy between a Union Republic law and an All-Union law, the law of the USSR shall prevail." The Constitution of the Federal Republic of Germany specifies that the federal government and the Lander (state) legislatures enjoy equal power in 24 fields. If the federal legislature has not yet enacted a law, the Lander government may exercise legislative power. But once the federal government has enacted a law, all state governments must abide by it.

Under "one country, two systems," the Hongkong Special Ad-

ministrative Region will maintain its current capitalist economic and social system. Rights concerning the ownership of property, including those relating to its acquisition, use, disposal and inheritance, shall continue to be protected by law. It may enact new laws in accordance with the Basic Law and legal procedures, which are different from the laws of the mainland.

In foreign relations, there are two kinds of diplomatic power. One is the power to represent the whole country and the second is the authority to deal with external affairs. The power of diplomacy in a country with one unitary system is entirely vested in the central government. Even in federal countries, the federal government does not share the power of diplomacy with member states. After Hongkong is returned to the motherland and Taiwan is reunified, diplomatic affairs will still be handled exclusively by the Central People's Government. Internationally, China will be represented only by the People's Republic of China. But at the same time, the Central People's Government will grant Hongkong and Taiwan considerable diplomatic powers to handle some external affairs.

In financial, military, monetary and tariff matters, both unitary and federal systems reserve most of the power for the central government. The US Constitution forbids states from minting money or maintaining their own military troops. The minting of money and the fixing of exchange rates with foreign currencies are entirely the rights of the federal government.

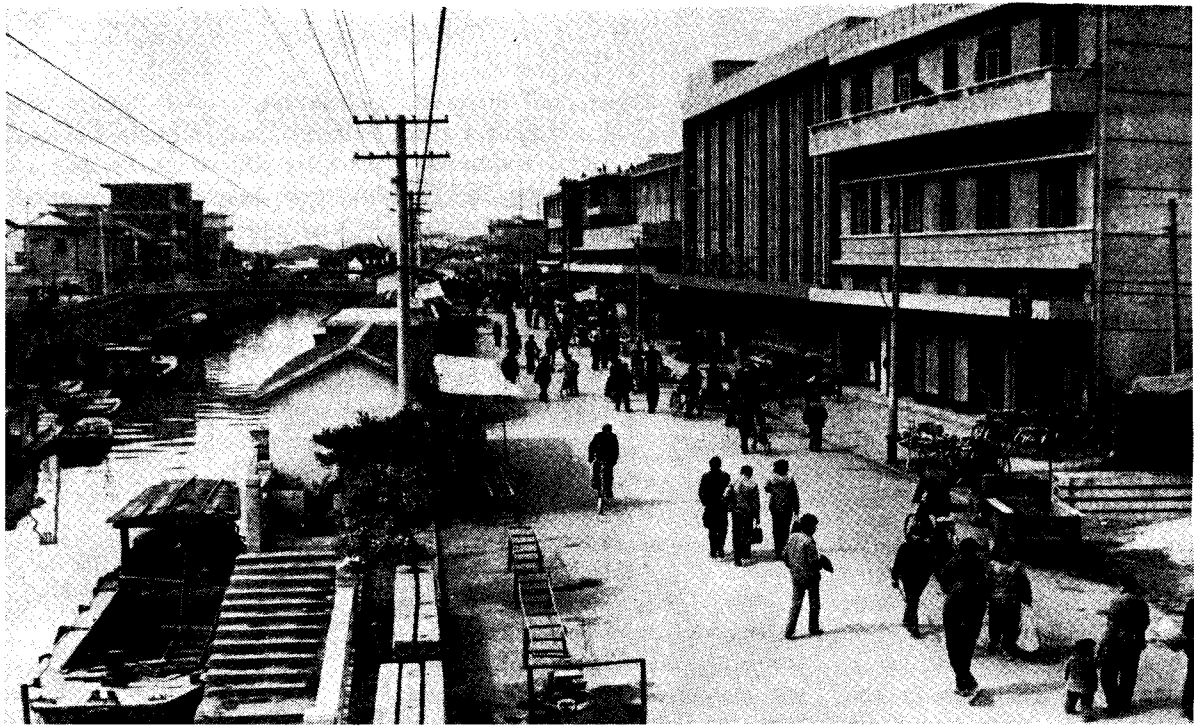
China's special administrative regions, Hongkong after 1997 and Taiwan after peaceful reunification, will have more power than member states in federal countries. For example, the Hongkong Special Administrative Region will have independent finances, will issue its own money, and may formulate its monetary and financial

policies on its own. Taiwan, when reunified, may formulate a set of domestic policies on its own and may even keep its own troops on condition that they will not threaten the mainland.

In exercising judicial power, supreme court decisions in federal countries like the United States are applicable to the whole country, and state governments, courts and citizens must observe such rulings. The laws of the Hongkong Special Administrative Region after 1997 will be different from those on the mainland of China, and the region will be vested with independent judicial power, including that of final adjudication.

It can be seen that a reunified China will be a country of a single system with some characteristics of other systems. On the one hand, the form of the country's system will still be a single one. Leaders and representatives from Hongkong and Taiwan may hold leadership positions in the nation's political organizations and participate in the management of state affairs. The various administrative units in Hongkong and Taiwan do not have inherent powers. Their powers are granted by the central government. On the other hand, the country's structure will have some characteristics of a pluralist system. The different systems in Hongkong and Taiwan will be protected by the Constitution. Furthermore, within an agreed upon time period, the principles of maintaining regional capitalist societies, economic systems and lifestyles will not change.

In short, after peaceful reunification a new form of national structure will appear. This is a form of reunification that people on both sides of the Taiwan Straits easily accept. We believe that the successful settlement of the Hongkong question and the dissemination of the "one country, two systems" concept will surely speed the process of China's peaceful reunification. □



Further Explorations of Small Towns (I)

China's Road to Rural Industrialization

"A Case Study of Small Towns," a series of articles written by China's renowned sociologist, Professor Fei Xiaotong, and published last year in "Beijing Review" issue Nos. 20-25, has aroused keen interest among readers.

Beginning with this issue, "Beijing Review" will publish a series of "Further Explorations of Small Towns" as a sequel to "A Case Study of Small Towns." The following elaborates the small towns' role as a link between city and countryside and their far-reaching impact. — Ed.

by FEI XIAOTONG

S MALL towns are on the rise in China's countryside. The boom stems from the unprecedented economic prosperity that followed the adoption of practical and flexible rural economic policies in 1979. As production increases and peasants improve their living standards, the town's role as an economic and social centre has been enhanced.

Causes of Rejuvenation

The rural economies in Suzhou, Wuxi, Changzhou and Nantong are the most developed in Jiangsu Province, which happens to be the

most economically developed province in the nation. In 1983 Jiangsu registered a combined industrial and agricultural output value of 82.4 billion yuan, accounting for 9 percent of the nation's total. Jiangsu farmers harvested 20.5 million tons of grain, 8 percent of the nation's total, even though the province covers only 1.07 percent of the nation's territory.

Jiangsu's township enterprises have developed rapidly. They produced an output value of 16.2 billion yuan in 1983, 2.6 times more than 1978's 6.3 billion yuan yield. With the continued development of grain, cotton and oil-bearing crops and rural sideline occupations, the average peasant income

increased from 155 yuan in 1978 to 356 yuan in 1983, up 2.3 fold in five years.

In 1983, 41 Jiangsu counties registered an income of more than 100 million yuan from township enterprises, and nine of those counties brought in 500 million yuan. During the same year, 209 counties nationwide earned more than 100 million yuan and 19 others had an income in excess of 500 million yuan.

Many homes in the areas we visited were being renovated. Thatched cottages on the north bank of the Changjiang (Yangtze) River were being replaced by brick-and-tile houses. In areas south of the Changjiang River, tile-roofed houses gave way to modern buildings. Rows of such buildings extend several kilometres in some areas. Modern buildings, such as department stores, cinemas, cultural halls and libraries, line both sides of the broad avenues in some towns, rivaling the streets of Shanghai.

A young man in Qianzhou

township in Wuxi County had a three-storey home built at an expense of 10,000 yuan. He said that he and his wife, a worker at a commune-run textile machinery plant, had earned a total of 4,000 yuan annually over the past few years. He could save 2,500-3,000 yuan a year while meeting the daily costs for a family of three. Such families are quite common in the rural areas.

The "housing boom" sweeping the rural areas shows that peasants have set out to improve their housing now that they are eating and dressing better. The growing housing industry not only provides better housing, but also serves as an investment outlet for peasant sideline occupations and as part of their fixed assets. The higher incomes are not being consumed in one big spending spree. Savings deposits of Jiangsu peasants amounted to 2.125 billion yuan at the end of 1982 and each Suzhou peasant had an average of 78.9 yuan in the bank. But we have every reason to believe that the savings kept at home far exceeds these figures. Psychologically, peasants aren't comfortable until they have converted their surplus funds into fixed assets. And this traditional psychology motivates them to build more houses.

Changes in the Economic Structure

The newfound wealth in the areas we investigated can be attributed to the changes in the rural economic structure.

In the past few years, Jiangsu's agriculture, sideline occupations and industry have developed at different speeds. The growth rate for farm production was the lowest, about 4 percent, while that for township industries was the highest, about 90 percent. This demonstrates that the proportion of peasant income from agriculture is decreasing while that from industry is increasing.

In the four areas we surveyed, industrial output value accounted for more than half of the total. And in the counties under the jurisdiction of the three cities south of the Changjiang, the industrial output value represented more than 70 percent of the total. The combined industrial and agricultural output value of Wuxi, Changshu and Jiangyin counties exceeded 2 billion yuan in 1983, yet agricultural products made up only 10-20 percent. This shows that the peasants have turned to industry to earn their wealth.

Though the proportion of agricultural and sideline production dropped steadily in villages that turned to industry, the actual product yields increased. And farm and sideline production in such villages still outpaced the production in industrially underdeveloped villages.

Two Utterly Different Roads

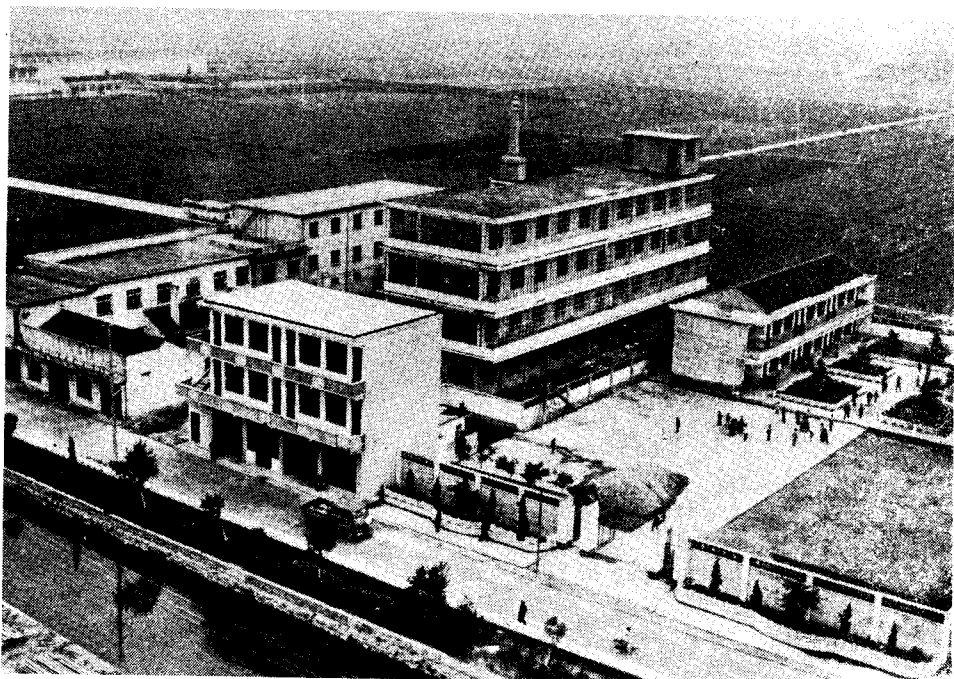
The growth of rural industry shows a brand-new characteristic of socialist construction: industrialization on a basic social level begins and develops on the basis of prosperous agriculture. It also promotes the development of agri-

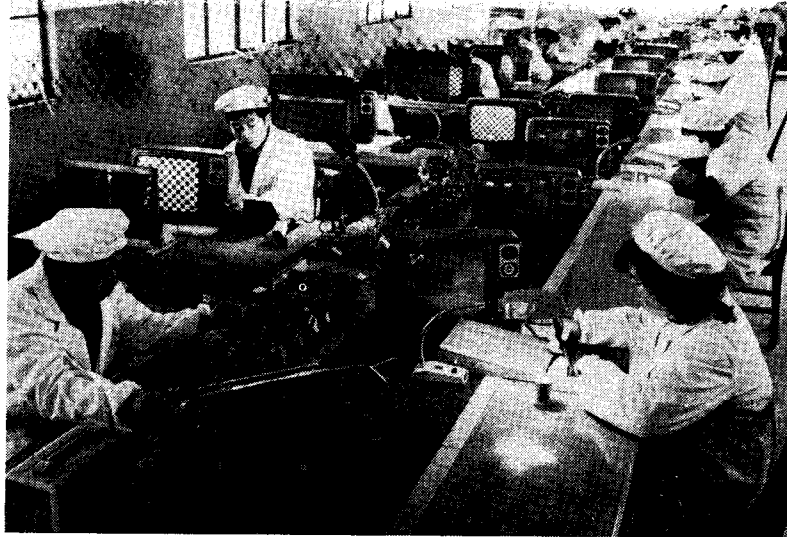
culture and prompts the modernization of farming methods.

The significance of this characteristic becomes even more obvious when China's industrialization is contrasted with that of the West. In the early days of the Industrial Revolution in Europe, when the machinery industry rose in cities, many farmers in the countryside were on the brink of bankruptcy. The farmers who were deprived of their land were forced to leave their rural homes and swarmed into the cities to become tools of newly emerging industries. Modern industry in capitalist countries grew at the expense of the countryside. Such was the road of capitalist industrialization in the West.

In contrast, industrialization in socialist China is following an utterly different road. On the basis of a prospering agriculture, the peasants, filled with enthusiasm, run collectively owned township industries. These industries, by assisting, consolidating and promoting the agricultural economy, bring about the simultaneous development of agriculture, sideline occupations and industry. The co-ordinated development of all three sectors of the

The new cultural centre in Xitang village, Qianzhou township.





A television workshop in Xitang village.

economy has led to a thriving and prospering countryside.

This road of industrialization was not planned in advance by theoreticians. Rather, it has been created by the peasants on the basis of their experience in real life. Over the years, millions of peasants have left the land, but not their village, to enter township industrial enterprises. Their practice has become a strategic principle formulated on the basis of China's actual conditions.

The rise of township industries has turned the once declining towns of Wujiang County into prosperous rural centres. Our investigation of the Jiangsu rural economy proved this to be the common characteristic of the region.

Township industries in south Jiangsu Province emerged in the early to mid-1970s. At that time there were only a few factories and their scale was small. It was only after the Third Plenary Session of the 11th Party Central Committee in 1978 that township industries developed vigorously. Take Qianzhou commune in Wuxi County for example. In 1970 the commune had only one farm machinery factory employing 12 workers. The commune's industrial output value was only 1.5 million yuan. But by 1982 the figure had shot up to 73.88 million

yuan, a 49-fold increase. Altogether, 7,700 commune members switched from farming to working in factories. In Wuxi city, the township industrial output value has increased at an annual rate of 23 percent since 1978.

The reasons for this rapid development can be traced to the inter-relationship between township industry and agriculture. Southern Jiangsu has a long history of agricultural development and this attracted many people from other parts of the country. To solve the contradiction between a large population and a limited amount of land, southern Jiangsu long ago developed a household handicraft industry. The legend about "the Cowherd and the Weaver Maid"* gave expression to the division of labour and co-operation between husband and wife and showed the organic ties between agriculture and the handicraft industry.

Since the founding of the People's Republic in 1949, southern Jiangsu's agriculture has been transformed from an individual economy to a collective economy and the forces of agricultural production have been released to an

* Weaver Maid fell in love with the Cowherd and got married. This action enraged her grandfather, the Heaven Emperor, who separated them, permitting them to reunite only once a year.

unprecedented extent. However, because the population growth was out of control for years, the over-population problem became sharpened. In the early 1970s, the average per-capita farmland in the four areas we surveyed decreased to 0.07 hectare. Under the rural economic policies, influenced by "left" ideology, peasants were asked to grow only grain in response to the slogan of "taking grain as the key link," and the traditional support structure between industry and agriculture was damaged. More and more peasants were left with no choice but to sow limited wastelands at double-the-normal costs. But such attempts cost more than the increased production was worth.

To find jobs for themselves, the surplus rural labourers set up the township industries. Officials in the four areas we visited told us that even when each labourer had four *mu* (a *mu* equals 1/15th of a hectare) of arable land, some one-third of the labourers were not needed in farming. Because of the egalitarian practice of "everyone eating from the same big pot," the workers were unable to put their abilities to use. But once they found work in new factories, they put their energy and talents to use. After the adoption of the contract responsibility system, rural families figured out new and ingenious ways to make money in addition to farming their small contracted plots. Freed from constraints, the rural labourers developed a flourishing industrial base in the small towns across the countryside.

It can therefore be said that township industry is the result of the surplus rural labourers' switch from farming to working in industry. It is an industry set up by collective strength. Far from damaging the agriculture and sideline production which serves its foundation, township industry will support, supplement and sustain agriculture, thereby blazing a new trail for China's industrialization. □

China's Jews Found Harmony

from "BAIKE ZHISHI"
(Encyclopedic Knowledge)

As early as the beginning of the 12th century, large numbers of Jews had settled in Kaifeng, Henan Province (China's capital during the Northern Song Dynasty 960-1127).

In contrast to the Jews in other countries, Chinese Jews, who have lived in China for more than seven centuries, are in perfect harmony with the Chinese nation. In 1867 a British bishop visited Kaifeng and said: All of the Jews in China have forgotten their religious belief. Now they are no different from the Chinese.

After Jews moved to China, they underwent a long process of settling in. The community grew and prospered and soon blended in with the Chinese.

In the first 50 years of the 12th century, most of China's Jews were in the cotton and silk trade with the West. And many of them became rich.

During the following 700 years, the Chinese Jews continued to multiply and their religious activities developed. Some members of the Jewish upper strata gradually took their place among the ruling class. Marco Polo recorded, "In the late 13th century, Jews in the south of China were held in esteem in business and politics." At that time the Jewish population in Kaifeng alone had reached 4,000.

With the passage of time, the sense of religion among the Jews became dim, and their religious activities stopped completely by the mid-1800s. By 1910 there were only 200 identifiable Jewish de-

scendants, and their religious beliefs and food customs were indistinguishable from those of the Han population.

Why did they practically disappear? According to Chinese scholars, Chinese Jews began to intermarry with other ethnic Chinese groups in violation of Jewish law no later than the mid-14th century. With the polarization of the rich and the poor, Chinese Jews gave more priority to a spouse's social and economic status than to his or her nationality and religion.

Another reason for the disintegration of Jewish customs is that some well-to-do Jews became the literati to the imperial court and were deeply influenced by Confucianism. In the mean time, Chinese culture and ethics made their way into Jewish religious activities. By the mid-1800s, no Jews

were left who could read or recite the *Five Books of Moses* in Hebrew and some Chinese Jews began to profess Buddhism, Islam and Christianity.

The Jewish descendants had also dropped their food taboos against eating pork. Especially those Jews who had taken official posts found it difficult to obey Jewish dietary laws. Intermarriage with the Hans also brought change to food habits and lifestyles. Of course, an important reason why the Jews blended so well with the Chinese was that China never discriminated against the Jews. Chinese governments through the ages adopted a policy of equal treatment without discrimination. As American writer Michael Pollak pointed out in his book *Mandarins, Jews and Missionaries* (1980), "In China, no rulers have chosen Jews as the targets of discrimination. They have never been enslaved."

300,000 Yuan Didn't Tempt Them

from "HENAN RIBAO"
(Henan Daily)

ONE February afternoon, Sun Yutai, a 71-year-old peasant from the suburb of Zhengzhou, Henan Province, was on his way to visit one of his relatives when he came upon a bulging sack lying beside the road. Turning it over, he saw the word "bank" printed on it. He tore open the seam and found that it was full of banknotes.

The old man then called his fellow villager Sun Yaocheng, an assistant at a nearby shop. Together they carried the sack into the shop and opened it. Before their eyes was a pile of 5 yuan

banknotes. They immediately turned over the bag full of money to the nearby public security bureau.

Upon investigation, it was found that the sack containing 300,000 yuan had fallen out of a truck when a clerk from the Industrial and Commercial Bank of Zhengzhou had been transporting the funds.

Sun Yutai is a Communist Party member and a retired railway worker. When they were interviewed, Sun Yaocheng said, "This place is only about 2 km from our village. Sun (Yutai) found the money first, but he was not tempted. I only did what I should have."

Baby Kidney Works

from "JIEFANGJUN BAO"
(Liberation Army Daily)

WANG Fengguo, who suffered from uremia due to kidney failure, received a transplanted kidney from a dead full-term newborn in an operation at the General Hospital of the Jinan Military Area of the People's Liberation Army in February 1984. Today the kidney, which was only 4.1 cm long at the time of the operation, has grown to 10 cm and is functioning normally. Chinese medical experts think the operation's success may usher in a new epoch in kidney transplants.

With its tiny blood vessels, the baby kidney was prone to damage, which made the operation very difficult. Military surgeons, using skilful techniques, spent two and a half hours on operation. Later, they used medicine to control after effects. Now Wang can handle light manual labour, but he continues to be periodically hospitalized for observation.

Rural Women Adjust to Changes

from "ZHONGGUO FUNU BAO"
(Women of China Weekly)

ECONOMIC development has brought about major changes in the lives of young rural women in many parts of China.

Changing hairstyles. A few years ago almost all young women in the countryside wore their hair short and in braids. Now there is a perm craze among them. Some women in remote districts have even made special trips to the city to have their hair styled by well-

known hairdressers. Of the 800 young women in a small township in Hubei Province, 90 percent have had a permanent wave.

Beautiful clothes. Most young women previously thought simple clothes, hats and shoes were the characteristics of country folk. Now Western-style suits, down jackets and other fashionable garments have begun to replace old-style patched clothing. At the

same time, rural women have begun to wear pins, brooches and other kinds of simple jewelry.

Rich and varied activities. Many young women were once satisfied with hearty meals, decent clothing, days filled with work and nights of sleep. But today they want to learn to read and write and participate in recreational and sports activities. Some even enjoy dancing at ballrooms.

Newlyweds Showing Independence

from "ZHONGGUO QINGNIAN BAO"
(China Youth News)

MARRIAGE for most people is a once-in-a-lifetime matter, and a wedding ill-handled is often regarded as an irretrievable loss of face. Dignity and good taste remains the keynote for a wedding these days, but young Chinese couples are developing their own traditions.

Self-Reliance. Today most couples finance their wedding with their own money rather than parental handouts.

A survey conducted in Beijing recently showed that 54 percent of the newlyweds footed most of the wedding bills. Of those couples, 23 percent covered all the expenses themselves, not depending on their parents for any financial support. No weddings in the survey were financed with borrowed money.

Another reflection of the trend towards self-reliance lies in the fact that only 7 percent of the young men or women surveyed gave or accepted betrothal gifts.

Wedding Within Their Means. Some 67 percent of the couples surveyed said that they prefer simple weddings but will make, within their own means, the occasion

as lively and elaborate as possible. Seven out of 10 couples said they dislike extravagant weddings because money should be used where it is most needed. Therefore, they decided to spend far more money on furniture, clothing and household items than on wedding parties.

But just how are the weddings held? The survey found that 44 percent of the couples took honeymoon trips, 33 percent held wedding dinners with their relatives and friends, and 23 percent participated in collective wedding ceremonies or held no ceremony at all. Honeymoon trips are the most popular, because they save the trouble of throwing wedding parties or banquets and enable the newlyweds to use their limited time and money to "get lost for a while" in the beauty of nature.



Sino-Polish Trade Expands

According to a Sino-Polish trade agreement, trade volume between China and Poland will reach a record 1,300 million Swiss francs this year, a 2.8-fold increase over last year.

In recent months the economic and trade relationship between the two countries has made headway. A committee for economic, trade, and scientific and technological co-operation between the two countries held its first meeting in Beijing from March 28 to April 2. The committee members assessed the economic and trade situation of their respective countries, discussed matters relating to co-operation and made preparations for the signing of an economic and trade agreement covering 1986 to 1990.

China began trade with Poland decades ago. The Sino-Polish Ocean Shipping Corp., the first joint venture in China, was founded in 1951. Over the past 30 year, trade between the two countries has made steady progress. According to the principle of helping supply each other's needs and equality and mutual benefit, China has exported tea, rice, maize, cotton and cotton cloth and animal and mineral products to Poland. It has imported steel products, soda ash, electrolytic copper, mechanized coal mining equipment, motor vehicles and synthetic fibres.

China is the biggest supplier of tea to Poland, and its tea is very popular. The Poles have taken a special liking to the black tea from Yunnan Province. China will send 10,000 tons of tea to Poland this year, accounting for one-third of Poland's total tea imports.

With further improvement in

the relations between the two countries over recent years, economic and trade relations have become closer. The two countries have co-operated with each other on industrial projects, most notably in the technical transformation of existing enterprises. China has imported silicon-controlled rectifiers and bread and toffee production lines from Poland.

Chinese Workers Help Iraqi Factory

An Iraqi garment manufacturer partially staffed by Chinese workers was awarded a gold medal at the 1984 Leipzig International Fair for its high-quality shirts.

The factory's RMC-brand shirts were cited for their novel style and

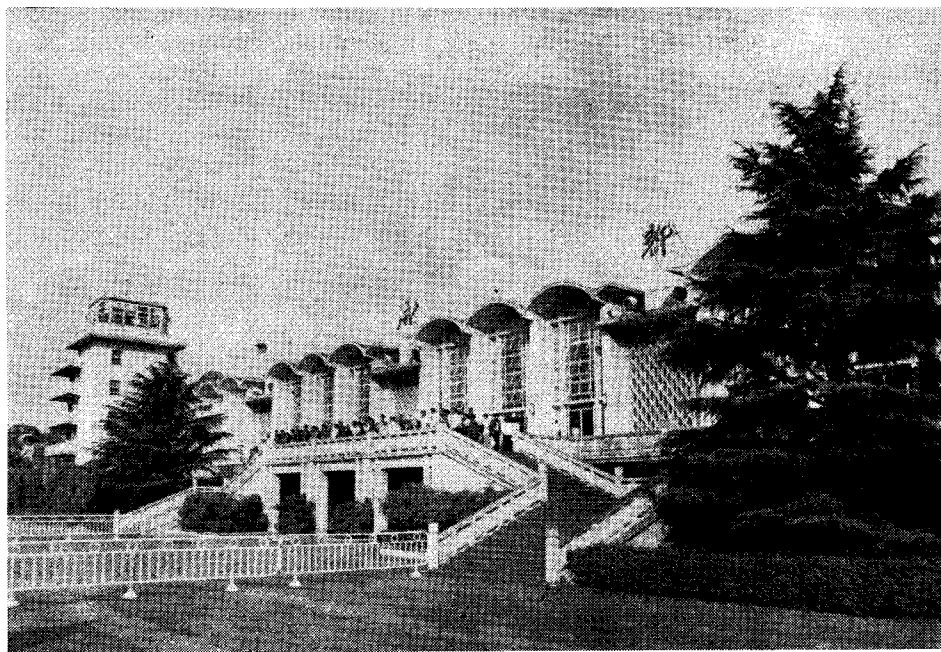
quality. Workers sent to the factory by the Sichuan Corporation for International Techno-Economic Co-operation (SIETCO) assist the Iraqis with production, management and technical work. With their joint effort, the workers produce an average of 28.9 shirts per day, outstripping the 26-shirt pace common in Japan and Hong-kong.

The Iraqi factory is just one of SIETCO's many foreign co-operation projects.

SIETCO was also awarded the "International Commercial Prize" by Spain in 1984 for its contributions to developing China's economy and promoting international economic and technical co-operation.

According to General Manager Zhang Guangqin, SIETCO is a state-owned enterprise administered by the Sichuan provincial government. It has substantial capital assets and a large staff of survey-

A view of Chengdu Airport, a project undertaken by SIETCO.



ing, designing, engineering, and construction personnel experienced in working abroad. It can contract for a project independently or subcontract for the project and co-operate as a partner with foreign counterparts in joint ventures. The corporation can also supply complete sets or single items of equipment and maintain spare parts; train managerial personnel, technicians and skilled workers for a project and provide technical and labour services.

Its business scope covers constructing industrial and civilian projects, office buildings, earth and stonework, urban engineering projects, highways, bridges, tunnels and airports. It can perform geological surveys, sink wells, and build water supply and water conservancy works. The corporation also undertakes various kinds of agricultural projects, develops production and technical co-operation, provides complete plants and spare parts, processes supplied materials, co-manages restaurants and offers technical know-how for preparing Sichuan-style dishes.

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China to Export Watch Mechanism

China has signed a contract with Romania to provide parts for 50,000 Sea Gull brand watches, testing devices and assembling tools. China will also export parts for 200,000 more watches to Romania in the future.

Chinese negotiators also concluded an agreement to send Romania a watch production line that can produce 150,000 watches annually.

Sea Gull watches, one of the

most popular brands in China, are produced by the Tianjin Watch Factory. They have been named a fine-quality product by the Ministry of Light Industry.

Venture Produces Pharmaceuticals

The China Otsuka Pharmaceutical Co. Ltd., the first pharmaceutical joint venture in China, went into operation last May.

Located in the suburbs of Tianjin, the factory covers an area of 40,000 square metres. With a total investment of 22 million yuan, the Chinese and Japanese investors each own 50 percent shares in the venture. Under the term of the contract, the partners share management responsibilities, profits and risks. The term of co-operation lasts until the year 2000.

Thus far, the joint venture has turned out 6 million injection bottles. Of the total, 3.5 million bottles have been sold on the Chinese market and 2.5 million bottles have been marketed in Japan. The factory is producing five different kinds of injections. *Injectio Natrii Lactatis et Glucosi Compositae* and *Injectio Natrii Lactatis et Sorbitoli Compositae* are meeting a previously unfilled demand in China.

The production equipment, such as equipment used in manufacturing plastic bottles, mixing the injections, pouring and sealing the bottles, checking the quality of products and packaging, was imported from Japan.

"I have learnt new techniques and knowledge and earned more in this venture," said a young woman worker in high spirits.

According to Manager Nie Yuhe, the company will gradually in-

crease its output to 12 million bottles a year and produce electrolytic injection products that are now unavailable in China.

Volkswagen Plant Opens in Shanghai

The Shanghai Volkswagen Corp., a major joint venture between China and West Germany's Volkswagen Automotive Co., was officially opened March 21 in Shanghai. The joint venture had already begun producing Santana brand sedans.

The Shanghai partnership is the biggest joint venture in China's automotive industry. The corporation involves the Shanghai Joint Automotive and Tractor Industry Corp., the China Automotive Industry Corp., the Shanghai branch of the Bank of China and Volkswagen.

The joint venture agreement was signed in Beijing last October in the presence of Chinese Premier Zhao Ziyang and West German Chancellor Helmut Kohl.

A March 20 board of directors meeting voted to invest 120 million yuan this year to transform and expand the existing factory while producing 5,000 to 8,000 Santana cars.

The board also decided to increase the annual output of cars to 30,000 and the output of engines to 100,000 by 1987, targets originally set for 1989.

The corporation plans to produce 300,000 cars and 500,000 engines a year by 1990.



Terra-Cotta Army Comes Alive on Stage

When archaeologists opened three huge underground vaults near Xian in 1974, they revealed to the world the remarkable terra-cotta army buried with Qin Shi Huang, the first emperor of the Qin Dynasty (221-207 BC).

The Shaanxi Province vaults, which contained some 7,000 life-size figures of soldiers and horses, have become one of the "musts" for tourists travelling to China. And when a representative collection of the terra-cotta figures was displayed in museums around the world, they drew enormous crowds and inspired both art critics and average viewers.

Today, the terra-cotta figures are coming to life in a dance drama produced and performed by the Xian Song and Dance Ensemble.

The Soul of the Terra-Cotta Army is a fictional account of how the Chinese emperor ordered the pottery figures sculpted to express his condolences on the death of his soldiers. The four-act drama portrays battle scenes in which soldiers fight fiercely and many die while protecting their emperor. It tells both the story of the exciting atmosphere when the warring states were unified and the mixed feelings of the widows who lost their husbands in the fight. By studying the dance movements depicted in ancient paintings and carvings, the ensemble choreographers were inspired to create a grand dance drama. Some of the dances—including the drum dance, the long sleeve dance and acrobatics—have roots that are more than 2,000 years old.

As the curtain rises for the epilogue, the audience sees a

huge army of seemingly lifeless terra-cotta figures on stage. They are full of power and grandeur, and appear as if they are about to set off for battle. But the armoured soldiers take life and begin to march in unison to the loud, clear drumbeats. The audience is deeply touched by this finale, and it leaves the theatre filled with excitement.

This new masterpiece "makes the past serve the present" in China's modernization drive. Earlier, other impressive dance dramas have been staged, including *Tales of the Silk Road*, a production based on the paintings of the Dunhuang Grottoes in Gansu Province. Chime music and dance is a spectacular performance in which musicians play copies of 2,000-year-old court music instruments unearthed in Hubei Province. *Nine Odes*, a mixture of song and dance, is adapted from the masterpiece written by Qu Yuan, an outstanding poet of ancient China.

And imitation of Tang music and dance recreates a court party during the prosperous Tang Dynasty (618-907).

These stage productions help bring to life China's rich culture and history in a way that also contributes to the development of modern arts.

More Terra-Cotta Figures Unearthed

A group of painted earthen figures recently discovered in a Shaanxi village are believed to be a century older than Xian's famed terra-cotta warriors that were buried with Qin Shi Huang (259-210 BC).

The figures were found in tombs dating from the Qin State of the Warring States period (475-221 BC) near Tongchuan, about 100 km north of the well-known Xian tomb. The new findings in-



clude eight human figures, both male and female, each about 20 cm tall, and more than 20 figures of dogs, cattle and sheep.

Other items found in the Tongchuan tombs include 200 pottery and bronze cauldrons, jars, bowls, pots and buckles.

According to archaeologists, these figures were made with local red clay and painted red, black and white. They believe these may be the forerunners of the life-size figures of warriors and horses found in Qin Shi Huang's tomb.

Young Pianists Show Off Talent

Placed centre-stage at the front of Beijing's Central Conservatory of Music 1,000-seat auditorium, a 4-year-old boy sat at a grand piano carefully and confidently making his way through Beethoven's *Turkish March*.

A few minutes afterwards, a 9-year-old youngster filled the hall with the joyful style of Chinese folk music by performing *Golden Snake Dances Wildly*.

And not long afterwards, a 9-year-old girl plopped down at the huge piano and dashed off an exquisite Chopin waltz, turning in a performance of enthusiasm and charm.

Such was the scene last month when 30 youngsters from around the capital presented a concert after being chosen as winners of the capital's first piano contest for children.

Nearly 300 children between the ages of 4 and 12 took part in the contest. Though most of the children came from musical or intellectual families, some 22 per cent did not. The contest, from the preliminaries to the final judging, lasted four days. Pieces performed included everything from

études that are commonly used in such contests to show keyboard techniques to movements from grand sonatas.

"The children played surprisingly well. Their performance was agile and their presentation distinct and vivid. I'm sure that some of the kids will become top pianists when they grow up," said Professor Zhou Guangren, head of the judges.

The professor, who won the first international piano prize for the People's Republic in the 1950s, now teaches in the Central Conservatory of Music and she established a piano school in Beijing last year. Her school initially planned to enrol 40 pupils, but more than 400 children signed up. The school now has 108 pupils who, accompanied by their parents, take classes every Sunday.

The primary and middle schools associated with the conservatory enrol students from all over the country. There are today about 100 youngsters studying in the piano department.

There are also about 40 spare-time music schools in Beijing. Nearly 10,000 boys and girls are taking piano, orchestral instru-

ments, accordion and singing lessons in these schools.

In remote Xinjiang, which is famous for its ethnic songs and dances, a spare-time music school for children was opened last March. About 140 children of the Uygur minority and other nationalities attend four classes every week, learning to play the piano, violin, accordion and cello.

Enthusiasm for the piano has grown rapidly all over China in recent years. The piano, which was regarded as a rich man's musical instrument in the past, is now entering more and more regular homes. This not only indicates that living standards are improving, but also reflects the stress many parents put on education for their children.

Wang Lu, a 4-year-old boy, was the youngest winner in the contest. His father is a taxi driver and his mother works as a shop assistant. They bought their son a piano last year.

Liu Shikun, one of the judges who himself won second prize in the 1958 Tchaikovsky Piano Contest in Moscow, noted that such contests are helpful in discovering and encouraging talents.

Wang Yang, 4, demonstrates his style on the way to winning an excellence prize in the Beijing's children's piano contest.



China Leads Japan In Go Tournament

Jiang Zhujiou, a Chinese 7th degree go player (go players are ranked into nine degrees of skill, with 9th being the highest), defeated several top-rated Japanese players in a competition held alternately in Japan and China. His victories shocked many fans of the Oriental chess-like game.

The China-Japan go competi-

tion was organized by the Chinese Go Association, the Chinese journal *Xin Ti Yu* (New Sports) and the Japanese Go Federation, with support of the Nippon Electronic Co. (NEC).

Eight players from each country are competing in the single-elimination tournament, which began with seven games in Japan and will now move to China for more matches.

With the first seven games finished, Jiang has topped five

Japanese players. Japan has taken two games from China, as Norimoto Ida beat Wang Jianhong and Koichi Kobayashi outplayed Jiang.

Tidbits

- The South Pacific Softball Classic ended March 17 in Melbourne, Australia, with the United States taking first place and China placing second. China's Song Yuefen won honours as the best pitcher in this women's tournament.

China defeated New Zealand 2-1 in the opening game March 9. Later the Chinese squad beat Australia 2-0, Canada 3-1 and Austria 7-1. The team's only loss came at the hands of the Americans by 3-2.

- The Denmark Open Badminton Tournament wrapped up March 10 in Alborg, Denmark, with Chinese players taking a couple of titles.

Zheng Yuli won the women's singles title and her countrymen, Li Yongpo and Tian Bingyi, won the men's doubles crown. Morten Frost, a Dane, took the championship in the men's singles. The women's doubles title was captured by Koreans Yun Ja Kim and Sang Hee You. The mixed doubles title was won by the British duo of Dipak Talyor and Nora Perry.



Ice Champs Visit China

Twenty-two top-notch figure skaters who competed in the Tokyo World Figure Skating Tournament last month journeyed to Beijing March 20 to give a performance. In the photo, Soviet

skaters Elens Valova and Oleg Vasilyev, the pairs champions in the tournament, provide the Chinese audience with a glimpse of their style.



Encyclopaedia Translated Into Chinese

The *Concise Encyclopaedia Britannica* (in Chinese) is being jointly published by the Encyclopaedia of China Publishing House and Encyclopaedia Britannica Inc. of the United States.

The concise encyclopaedia consists of 10 volumes containing 71,000 entries of 24 million words. The entries are listed according to the rules of the Chinese *pinyin* phonetic alphabet. Volumes 1-9 are devoted to text and 5,000 pictures, and Volume 10 is an index.

The first edition of *Encyclopaedia Britannica* appeared in 1768. It is known throughout the world for its academic authority. The first edition was published in Edinburgh, Scotland, and later editions were released in London and Cambridge. But in the early 20th century, the copyright was transferred to the United States.

In 1979 and 1980 Deng Xiaoping twice met with representatives of Encyclopaedia Britannica Inc. and discussed the possibility of publishing a Chinese translation. He told them the encyclopaedia is popular because it enjoys a reputation for authority.

According to the agreement signed by the Chinese and American publishers, Chinese translators and scholars will be responsible for editing a section on China. The section contains 2,400 entries about famous figures, history, geography, literature and arts in China. Other sections will be translated directly from *Encyclopaedia Britannica*. The Chinese translation, though an abridgment of the original, will preserve the style and academic views of the original. It is a joint effort of 500 scholars

and translators over a period of more than four years.

Readers abroad will be able to

subscribe in September 1986 after all 10 volumes are published.

— Xu Weizeng

Chen Yi's Story Makes Fascinating Book

The late Marshal Chen Yi's diplomatic exploits are chronicled in a new biography entitled *Marshal Diplomat*. The volume (in Chinese) is the first in a series recounting Chen's life.

During the revolutionary war period, Chen was a prominent military commander. In the first few years after liberation, he served as mayor of Shanghai and was later promoted to the posts of vice-chairman of the Military Commission of the Central Committee of the Chinese Communist Party, Vice-Premier of the State Council and Minister of Foreign Affairs concurrently.

During his tenure as foreign minister, the international situation was turbulent. In dealing with international affairs and diplomatic relations, Chen always displayed high principles and enunciated China's policy of self-reliance. If any person or country tried to bully China, Chen firmly turned them back. He was neither haughty nor humble, and he always handled foreign affairs with reason and restraint. At the same time, he paid attention to strengthening the friendship and unity of people of all countries. In their contacts with Chen, many foreign friends, including state leaders, foreign ministers, famous personalities and reporters, expressed their admiration. He was praised for his perfect diplomatic qualities — his equal and sincere treatment of peo-

ple. Thus, he forged many friendships. To those friends who harboured suspicions about China, Chen patiently explained China's domestic and foreign policies and invited them to visit China to see for themselves what was happening. Even when faced with hard-lined opponents, he relied on facts and reason in negotiations.

At the beginning of his term as foreign minister, Chen worried that he would be unable to control his temper. He feared his blunt style would hurt other peoples' feelings. But, in fact, he was able to maintain a style of modesty, prudence and patience.

All of these noble qualities are vividly described in the book.

The author, He Xiaolu, is a young woman who has never worked in foreign affairs. Nevertheless, her work is true to history and her story touches the reader deeply. Chen's diplomatic escapades make for interesting reading, and his unique personality captures the imagination of the reader. The success of the book, of course, is largely due to the painstaking efforts of the author. She located countless documents, newspaper reports, magazines, articles and other reference materials, and she interviewed more than 60 people who worked with Chen. Among those contributing their memories are high-ranking officials, secretaries, interpreters, doctors, chefs and servicemen.

— Zhou Shu



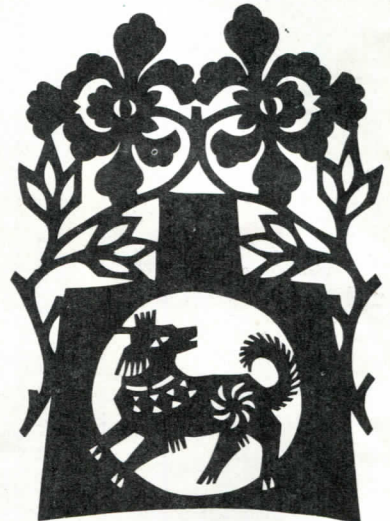
Feeding Chickens.



Child and Kite.

Papercuts by Teng Yingnian

Teng Yingnian, born in 1955 in Beijing, is a worker at the Beijing Embroidery Factory. He has studied the fine arts on his own ever since childhood. Influenced by the folk papercuts of northwest China, his own works are simple and direct.



Puppy.



Black Storks.



On the Way to
Plant a Tree.



Phoenix Refrigerator

The Ningbo Refrigerator Plant is licenced by the Ministry of the Machine-Building Industry to manufacture refrigerators. It has more than 20 years of experience in manufacturing freezers and its products feature up-to-date designs, fine workmanship and reliability.

LBS-130A 130 litres

LBS-170 170 litres

*** LBS-150D 150 litres, two-door refrigerator-freezer



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