

Vol. 28, No. 29

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# BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF  
NEWS AND VIEWS

**Economic Reform Improves Living Standards**

**Sino-US Trade Faces Crucial Test**



**Young Self-Taught  
Professionals**



A glimpse of Tongza Town, Capital of the Hainan Li and Miao Nationality Autonomous Prefecture.



Huang Jiaoru of the Li nationality, 31, is a county head.

A textile worker of the Li nationality.



Li people celebrate their traditional festival.



One of China's 55 minority nationalities, some 770,000 Lis live on Hainan Island. Prior to liberation, their social system was still the primitive commune. Over the past 30 years, the people's government has provided large amounts of money, materials and manpower to support their development. As a result, great changes have taken place in the area.

## Li Nationality

### SPOTLIGHT



Young lovers.



A Li girl works on her weaving.

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**COVER:** Hua Shasha, who works for a Tianjin garment factory, is a self-taught fashion designer.  
Photo by Zhang Yannon

## HIGHLIGHTS OF THE WEEK

### Economic Reform Improves Living Standards

This article by an adviser to the State Statistical Bureau, Li Chengrui, cites a host of facts and figures to show the changes that occurred in production and living standards during the period 1978-84 following the onset of economic reform (p. 5).

### Crisis in Sino-US Trade Relations

"The Textile and Apparel Trade Enforcement Act of 1985," currently pending before the United States Congress, has sparked a crisis in Sino-US trade relations. China hopes that the United States will abide by previous agreements and reject the bill in the interests of both countries. (p. 4).

### Health Officials Crack Down on Fake Drugs

Large quantities of fake drugs have been destroyed following the call of the Ministry of Public Health. A number of unscrupulous manufacturers have produced bogus medicine in recent months, and the practice of marketing counterfeits has spread to the food industry. Last week the Supreme People's Court, the Supreme People's Procuratorate and two government ministries issued a joint circular calling for a legal crack-down on the guilty parties (p. 6).

### Chinese-American Physicist Visits China

Taylor Wang, the first Chinese-born space traveller, visited China July 6-20. The Chinese-American physicist met with researchers and young space enthusiasts in Beijing to tell them about his mission aboard the United States space shuttle Challenger's 17th flight (p. 7).

### Self-Taught Youths Set Example

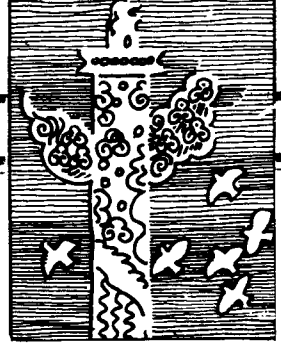
In China, there is no need for those who fail college entrance exams to give up their dream of higher education. They can continue their studies in sparetime schools or teach themselves specialized skills (p. 22).

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## Sino-US Trade Faces Severe Test

by WANG DACHENG  
Economic Editor

"The Textile and Apparel Trade Enforcement Act of 1985" (also called Senate Bill 680), which represents an attempt to cut textile and clothing imports, including those from China, is now under discussion by the United States Congress. It has sparked a crisis in Sino-US trade relations.

The bill will harm the interests of 12 countries and regions, especially those of China. If the bill was enacted, it would cause a reduction in the 1985 imports of Chinese textiles and apparel of more than 400 million square yards, a 56 percent reduction from 1984's imports. Quotas on specific products important to China's textil export to the United States would cause even greater damage. The legislation would reduce Chinese trade in eight categories by more than 90 percent and in another 15 categories by more than 80 percent. Altogether, these reduced quotas would result in a loss to China's economy and foreign exchange earnings of more than US\$500 million per year. In other words, over one-sixth of China's export volume to the United States would be lost.

Paragraph 16 of the Sino-US Textile Agreement states that neither country shall act to restrain trade in textile products covered by the agreement except in accordance with the terms of the agree-

ment. Paragraph 6 of the Multifiber Arrangement (MFA) requires that developing countries receive more favourable terms than developed countries. And Article 2 of the Agreement on Trade Relations Between China and the United States requires non-discriminatory treatment.

Senate Bill 680 clearly violates the Sino-US Textile Agreement

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***"The Textile and Apparel Trade Enforcement Act of 1985," which will harm the interests of 12 countries and regions, especially those of China, violates the Sino-US Textile Agreement, the MFA and the agreement on Sino-US trade relations.***

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and the MFA as well as the agreement on Sino-US trade relations. It imposes quantitative restrictions not only on all other categories not subject to specific limits under the Sino-US Textile Agreement, but also on silk, linen and ramie products not covered by the agreement or the MFA. Such limits would preclude China's development of commercially viable industries in these product sectors. The bill obviously discriminates against China.

China's imports from the United States mainly include aircraft, locomotives, computers, wheat, fertilizer, plastic resins, chemicals, man-made fibres and yarns, and

other products ranging from instruments to leather. China's imports from the United States grew by more than 37 percent in 1984.

China's textile industry produces its most important export products. As such, the impact on China's economy and its foreign exchange earnings resulting from a sharp drop would inevitably have a negative impact on China's importations from the United States. The Chinese government does not wish to see a reduction of imports from the United States, but if such a reduction does occur, it can't be helped.

Some US government officials have recognized the serious consequences of the bill. Four cabinet secretaries joined to write a letter to both the Senate and the House of the Representatives, stating that the bill, if passed, would put a heavy burden on domestic consumers and prompt a trade boycott by many countries and regions. They also pointed out that the bill would violate the provisions of the MFA and the Sino-US Textile Agreement.

We hope members of both houses of the US Congress — with an eye towards strengthening trade, science and technology contacts between our two countries — will, at this time of crisis in Sino-US trade relations, come to a decision which will serve the interests of the governments and peoples of both countries.

## Understanding China's Viewpoint

Since reading your magazine, I have come to understand China's viewpoint. I read all the articles in *Beijing Review*. I especially enjoy reading the articles on world peace. Therefore, I pored over "China Pushes for Total Disarmament" in Issue Nos. 21 and 22, 1985. I greatly appreciate China's position on disarmament.

In addition, I was also interested in the article about reforming the education system. I admire the words said by Party Central Advisory Commission Chairman Deng Xiaoping: China's overall strength, as well as its economic growth, depends more and more on the skills of its workers and the quality of its intellectuals. For this reason, I believe you should provide a chance for all youth to study, because tomorrow belongs to the youth.

I am a sports lover. It's really a pity that I can't read more articles about sports.

In addition, you should continue to print letters from the readers and present gifts to them. The letters column should become a place for readers from all over the world to exchange their views.

**Mavoungou Felicien**  
Dakar, Senegal

## Concern for Advances in Industry and Science

I am very interested in the advances in China's industry. China is a country with an ancient civilization. With superb skills, many varieties of handicrafts

were made from valuable metals, ivory and jade and many beautiful temples and towers in different styles were constructed. Now China is a main member of the United Nations and has imported advanced technology from abroad.

I am also interested in the reform of China's scientific and technological structure. From your articles, I learnt that Chinese scientists were encouraged to apply their new research results to the development of the economy. I have set high aims and lofty aspirations to become a scientist, so I particularly enjoy the articles on culture, science and technology.

In addition, I enjoy the article entitled "Mother in the Eyes of Her Children" in No. 9, 1985. Maye is a good girl who spoke true words.

**Zahidy Bouabid —  
Ben Mohamed**  
Casablanca, Morocco

## Expanding International Column

I have some suggestions for *Beijing Review*. I think you should increase the materials in the International column, as it should include news from all over the world.

You should make slight changes in the contents to seek news from all continents in the world, especially news from Africa.

In addition, the pictures are blurred, and I hope, as do all readers, that the pictures will be printed in colour.

**Selemani Attoumani**  
Reunion

## Keen on Legal System Articles

I am very keen on the articles about Chinese divorce cases because they were treated objectively. After reading the materials on Chinese law, I believe China could make contributions towards the modernization of the legal system.

The layout is notable. It reflects that China has made great success in running magazines. Although there are some shortcomings to be overcome, the simple appearance suits the nature of the articles.

**Jevier Parra S.**  
Ibague, Colombia

*Beijing Review* is an enjoyable source to read and learn about China.

Articles on Chinese life, complete with the problems, appear to be honestly presented, giving very frank viewpoints. The article "Legal Education Surges Ahead" (No. 18) was informative. I hope more articles describing education in engineering, medicine, history, agriculture, archaeology, and, of course, the education of teachers will be forthcoming.

Also in the May 20 issue, I read "Planting Trees to Commemorate Life." This is the most beautiful and sensible approach to reforestation I have ever read. It deserves worldwide circulation in its entirety. I would appreciate a complete copy for myself. Please congratulate the author for me.

**Tom Ellis**  
Australia

### Health Officials Ban Fake Drugs

Beijing Bureau of Public Health officials on the night of July 4 piled a mountain of medicine bottles and boxes of pills along the banks of the Yongding River. In a step to cure the city of one of its major headaches, the officials set the 90,000 yuan worth of medicines ablaze.

The medicines, all fake, were confiscated by health officials from some drugstores which had bought worthless drugs. The pills were made of sugar and starch, and the medicinal herbs were nothing more than common plants, *Renmin Ribao* (People's Daily) reported.

A series of incidents involving fake and substandard medicines have been reported in recent months. Among them, the situation in Jinjiang Prefecture, Fujian Province, reported by *Renmin Ribao* on June 16 was the most shocking. According to the report, 28 unauthorized pharmaceutical factories in the prefecture had been producing and marketing fake medicines. Forging 105 health department licenses, these factories produced 142 varieties of medicine which were then sold all over China. Another Xinhua News Agency report revealed that a pharmaceutical factory in Harbin, a city in northeast China, had manufactured 16 varieties of counterfeit drugs and tonics without any approval from health officials. Their products were mixtures of worthless ingredients; for instance, dates with bees and water, and dried milk with sugar and multivitamin glucose. Labeling them with catchy names, the factory sold its cure-alls to more than 190 hospitals and drugstores in 60 cities and counties throughout China, making a profit of 128,000 yuan last

year and 110,000 yuan in the first five months of this year.

The fake medicine business is not tiny. According to the English-language newspaper *China Daily*, Beijing officials have uncovered at least 60 varieties of fake medicines since last year. The counterfeits were valued at 2.5 million yuan and weighed 130,000 kg. Since last September, Gansu Province investigators discovered 35,600 kg of fake cures. The 53 varieties, which were labeled as curative herbs or drugs, were valued at 220,000 yuan.

Such incidents have been attributed to a lack of awareness of the law, the failure of some leaders to provide proper management during the economic reform and the lack of supervision by health officials.

To put an end to the fake drug business, the Ministry of Public Health recently launched a campaign. On June 15, a national conference on the implementation of the Law on Management of Medicine was held in Beijing. Meeting speakers stressed the need for legal awareness. On June 30, the ministry issued a circular calling for strengthened supervision of the pharmaceutical industry, tougher controls on the medicine market and the destruction of fake and substandard medicines. It also called for punishment for those guilty of foisting the counterfeit products on the public.

Following the call, measures have been taken to curb the production and sale of fake medicines. According to Xinhua, officials in Jinjiang County have destroyed more than 110 cases of fake medicines. Forty-eight factories involved in producing counterfeits

have been closed. In Hunan Province a batch of fake and inferior medicines worth more than 2.4 million yuan have been destroyed and more than 30 suspects have been detained or sentenced to jail. The health and medical departments in Gansu Province have also burned a batch of fake medicines.

Similar counterfeit products have also plagued food industry. A June 27 Xinhua report revealed that 19 people died and seven were hospitalized after drinking fake wine produced in Chengdu, Sichuan Province. The wine contained 200 to 600 times the standard amount of methyl alcohol.

On July 12, the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Public Security and the Ministry of Justice issued a joint circular calling for a severe crackdown on the manufacture and selling of fake medicines and adulterated provisions.

Public trials and wide publicity are required for the major cases so as to frighten the criminals and educate the masses, the circular said.

### Sino-French Youth Gather for Goodwill

Beijing took on a more colourful look early this month as a group of young French people danced with new-found Chinese friends during a lively get-together to cement goodwill for future generations.

The French group of 438 youths was invited by the All-China Youth Federation to attend a 10-day "Sino-French Youth



**Premier Zhao Ziyang greets a group of young French people headed by Claude Quenaut (left), advisor to the French government's Youth and Sports Department.**

morally beautiful. We will hold a photo exhibition to correct our countrymen's misunderstanding caused by one reason or another," he said.

On July 14, in commemoration of France's Bastille Day, Liu organized a fireworks display at the behest of Zhao.

Consisting of workers, farmers, students, doctors and reporters, the group visited Chinese villages, factories, schools and hospitals, and attended forums with their Chinese counterparts.

## Space Traveller Visits Homeland

"You are the first Chinese descendent to have flown in space. The Chinese nation shares your pride," Chinese Premier Zhao Ziyang told visiting Chinese-American scientist Dr. Taylor Wang (Wang Ganjun) in a meeting July 9.

Accepting from Wang a five-star Chinese flag he had carried into space aboard the United States space shuttle Challenger, Zhao described the gift as "very pre-

Friendship Gathering." The delegation arrived July 11 after travelling nine days by rail, including five days on the Trans-Siberian railroad.

"Your visit is an important event in the history of friendly exchanges between the peoples of China and France," said Chinese Premier Zhao Ziyang at a reception honouring the French guests.

"Youth stands for the future and the future of Sino-French co-operation rests upon your shoulders," Zhao added. "It is my sincere wish that the youth of our two countries will co-operate in cultivating an evergreen tree of friendship between China and France."

Recalling the time-honoured friendship between the peoples, Liu Yandong, chairman of the All-China Youth Federation, said, "Many of our veteran revolutionaries travelled to France in their youth on work-study tours. They created a memorable chapter in the annals of friendship between the two countries."

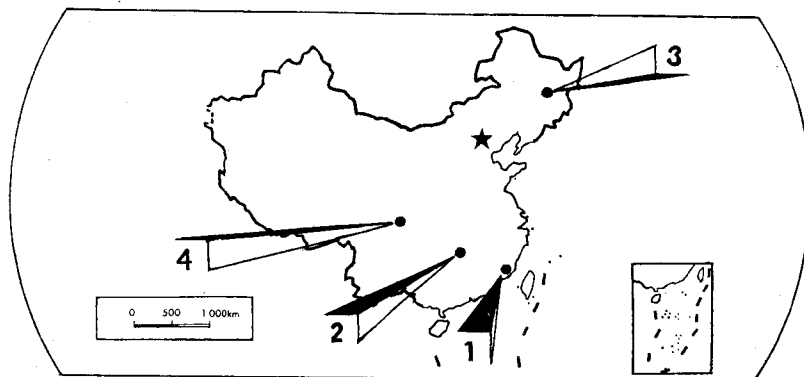
By veteran revolutionaries, Liu referred to the late Premier Zhou

Enlai and the late Marshal Zhu De and their contemporaries who formed a Chinese Communist Party branch while studying in Paris in the 1920s.

Walking on Beijing streets, some of the group members talked with the Chinese people and snapped photographs of what they saw. "Before I came here, I had a ridiculous image of China, which is a world apart from what we are seeing here," said Lionel Volta, taking shots on the street. "China is as picturesque as its people are

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### PLACES IN THIS ISSUE



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## News in Brief

Some 1.76 million students recently took China's national college entrance exams. They were competing for 560,000 places, according to the State Education Commission. There are 65,000 more openings in universities and colleges this year than last, and the number of people taking the exams rose by 110,000.

China plans to increase its network of electrified railway lines to 10,000 km from the present 2,300 km by 1990. Railway officials also hope to replace steam engines with electric and diesel locomotives by the end of the decade. By the turn of the century, electric trains will extend over 20,000 km of track.

Shanxi Province, China's largest coal producer, has been given the go-ahead to export 600,000 tons of coal this year. This is the first time the province has been allowed to export its coal. Previously, all coal produced in Shanxi was under state control.

China opened 150 museums in 1984, bringing the country's total to 700. Most are social, historical or revolutionary museums. The Shanghai Historical Relics Museum, which opened in May 1984, portrays local history.



Dr. Taylor Wang describes his space shuttle flight to a Beijing audience.

ious." The premier told Wang that China takes pride in his scientific achievements.

As the guest of the Ministry of the Astronautics Industry, Wang arrived in Beijing on July 6 for a two-week visit. Accompanying him were his wife, Deverly (Feng Xueping), his two sons, and his colleague, Dr. Mark Lee (Li Jie-xin).

Wang, born in Jiangxi Province, spent his childhood in Shanghai. He went to Taiwan with his parents in 1952. Eleven years later he moved to the United States. He is now a physicist at the Jet Propulsion Laboratory of the California Institute of Technology.

Wang was one of two scientists who conducted experiments of his own design during Challenger's 17th flight from April 29 to May 6.

His experiments, he told a group of more than 700 researchers and space specialists at a July 8 welcoming ceremony, were concerned with the dynamics of liquids in space. Good-humouredly, Wang told the audience that such experiments were first pro-

posed by Sir Isaac Newton more than 250 years ago, but Newton had no access to a space shuttle. Newton, said Wang, waited centuries for me to fulfil his idea.

The space traveller told the group about the flight's arrangements, the preparations and his experiments. When he found something wrong with his instruments, Wang said, he, as the first Chinese-born man in space, vowed to elude failure. "I said to myself: 'I must do it,'" Wang said. Indeed, he was able to repair the instrument and complete his experiments.

When Challenger passed over the Chinese mainland, Wang recalled that he ran in place for the seven minutes it took the shuttle to pass over China. In doing so, he set a record of sorts for making the long march. Wang took a cassette tape of 14 Chinese folk songs and some Chinese tea along with him on the ride. The first words he uttered when the shuttle landed were in Chinese: "Xie xie da jia de guan xin he ai hu" (Thank you for your care).

Later Wang told reporters that he is proud of his Chinese roots. "I think I have brought credit to the Chinese," he added.

At a July 10 meeting jointly sponsored by the China Astronautics Society and Beijing University, Wang was made an honorary member of the society.

Wang told several hundred young space enthusiasts at the meeting that the earth is beautiful from the shuttle window, so beautiful that he does not know how to describe it in Chinese. Wang showed slides he took from space of the snow-covered Himalayas, the mouth of the Changjiang (Yangtze) River near his childhood home and green Hainan Island. He also advised the youth, "Don't miss any chance if you are invited for space travel."



Ye Fei, vice-chairman of the Standing Committee of China's National People's Congress and chairman of the NPC Overseas Chinese Committee, and Li Xueh, minister of the Astronautics Industry, both met and entertained Wang and his party. The editorial board of the *China Encyclopaedia* presented Wang a copy of the article about his achievements that will appear in the *Aviation and Spaceflight* volume.

During his stay in Beijing, Wang also held academic discussions with Chinese specialists and visited aerospace institutions. Addressing China's efforts towards space exploration, Wang said Chinese scientists have worked hard to probe into a wide range of fields and have constructed a comprehensive system for scientific research in space on their own. "It is amazing," he added. "The scientists are very admirable."

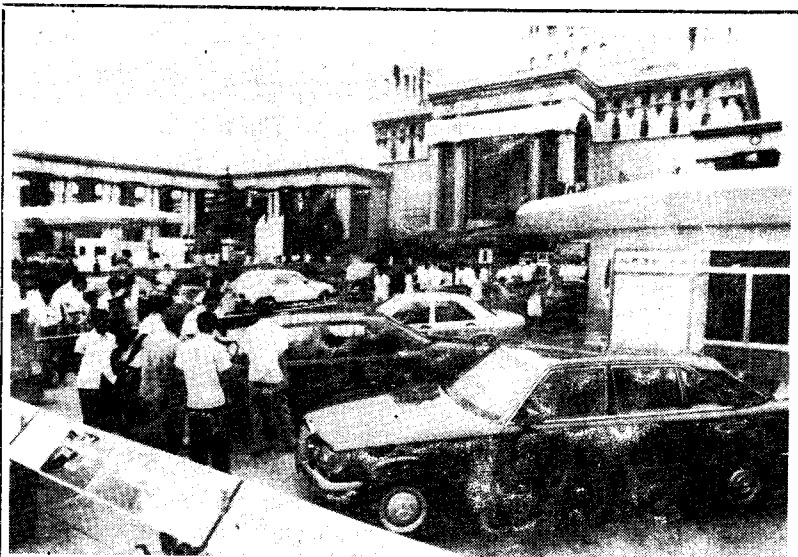
About co-operation and exchanges between China and the United States in space, Wang said he believes there will be more exchanges and contacts, and he said he is willing to work towards that goal.

Wang and his party left Beijing on July 10 for Xian, Guilin and Hangzhou. He also visited his Shanghai relatives, whom he had not seen for more than 30 years, and his grandmother's grave in Suzhou.

## China Diversifies Its Language Craze

The Beijing People's Broadcasting Station will begin radio Russian lessons on August 19, a move described by station officials as a step towards broadening foreign language education.

The lessons will be first public Russian programme in China since the early 1960s,



### China's First International Auto Exhibition

China hosted its first international automobile exhibition in the Shanghai Exhibition Centre from July 3-10. The show featured sedans, limousines, lorries and motorcycles from 22 countries including the Federal Republic of Germany, Italy, Britain, the United States and Japan. The China Automobile General Corporation also displayed its products.

when Sino-Soviet relations deteriorated. Russian becomes the fourth foreign language programme to be aired on Chinese radio and television. English, Japanese and French lessons have been broadcast since the early 1970s.

"The Soviet Union is China's largest neighbour, and Russian is one of the languages used in the United Nations. We have no reason to ignore Russian," said Zhang Dazhen, deputy director of the public education department of the station. He said the programme will help those who learnt Russian in the 1950s review while introducing a new language to the younger generation.

Zhang said China's modernization drive could be assisted by Russian speakers. "At present, we are short of such people compared with those who have mastered English and Japanese," he said. Now that China has

opened its door to countries all over the world, foreign language education should become more widespread, he said.

According to China Central TV Station (CCTV), a German language TV programme is now in preparation. Due to the lack of trained staff, however, the programme will not go on the air soon, said a CCTV official. It is expected to begin in two years, he said.

**Language Craze:** China has been a country which pays great attention to foreign language education. Over the past half century, however, foreign languages have been treated as barometers of the international political weather rather than as communication tools.

During World War II, in many areas occupied by Japanese troops, especially in the northeast (Heilongjiang, Jilin and Liaoning provinces), the invaders made Japanese a compulsory course

in the schools. Meanwhile, English grew popular in the areas ruled by the Kuomintang and even in the liberated areas controlled by the Communists. When Japan surrendered in 1945, the Japanese language withdrew with the defeated troops and English prevailed in the climate of alliance with the United States and Britain.

But English lost its favoured status during the early 1950s when the US army was China's enemy in the Korean War. Meanwhile, the Soviet Union became an ally of young China, and Russian took its place as the primary foreign language in China's classrooms and the only foreign language used in radio broadcasts. "During that time, I had to give up my English teaching, so I turned to studying Russian," said one university professor who had once studied in the United States.

When Sino-Soviet relations became worse in the 1960s, the domination of Russian soon faded. But English was not restored until 1972, when Shanghai and Beijing radio stations began broadcasting English programmes.

Only in the past few years, following the adoption of the open policy, has foreign language education really caught on. But it caught on in a big way. "When the English TV programme was first broadcast, the line of customers wanting textbooks was as long as 1 kilometre down Beijing's Wangfujing Street," recalled Xu Xiongxiang, who works with CCTV's education department. The station now broadcasts five foreign language programmes in English, Japanese and French, totalling 6 hours a week (excluding rebroadcast time), he said.

"Follow Me," a British Broadcasting Corporation (BBC) English teaching programme aired by CCTV, is the most popular among

Chinese viewers. Now, Xu said, his department is collaborating with the BBC to produce a popular science programme entitled "Follow Through."

Meanwhile, "English on Sunday," aired by the Central People's Radio Broadcasting Station, has been welcomed by its audience. Providing an introduction to the culture, history and literature of the English-speaking world, the half-hour programme has been described as "a good teacher and helpful friend" of the English students.

Although Chinese linguists admit that it is difficult to separate a language from its home country, they argue that foreign languages should be studied regardless of the political relations with the native countries.

**Why not study Chinese?** Among the flood of foreign language students, there are an estimated 50 million who are learning English. Most of them say they are learning English so they will be able to communicate with people from other countries. But not everyone is certain that is the best route to communication.

"Why can't we communicate with each other in Chinese?" asked Wang Jun, a postgraduate student at the Beijing Aeronautical Engineering Institute, during an English speech competition this April.

Wang answered his own question, noting that China is relatively backward now. "The most advanced techniques are first described in English, not in Chinese," he said.

He said that Chinese learn other languages today, but someday, when China becomes stronger and more prosperous, people in other countries will study Chinese.

Wang's conclusion was applauded by the participants, and he was awarded second place in the competition.

## China & the World

### China Establishes Ties With Republic of Bolivia

The People's Republic of China and the Republic of Bolivia established full diplomatic relations on July 9, the Foreign Ministry announced in Beijing.

### Trinidad and Tobago Leader Visits China

Trinidad and Tobago Prime Minister George Michael Chambers arrived in Beijing on July 13 for an official goodwill visit to China.

### Xinjiang Moslems Leave On Mecca Pilgrimage

More than 2,100 Moslems, from the Xinjiang Uygur Autonomous Region will go to Mecca between July 10 and August 5. The number is the largest in Xinjiang's history. Last year, only 330 people went.

### 600 Firms Open Beijing Branches

More than 600 offices of companies, factories, and banks from foreign countries, Hongkong and Macao have opened in Beijing. One-third of the branch offices belong to Japanese enterprises. The rest consist mainly of firms from the United States, Western Europe, Hongkong and Macao.



## Zimbabwe

### Mugabe's Victory Provides Mandate

**The landslide victory of the Zimbabwe African National Union-Patriotic Front in the national election on July 6 reflected massive support for the policies pursued by Prime Minister Robert Mugabe's government.**

by CHEN YIFEI and LI YI

ZIMBABWE'S first general election since achieving independence in 1980 resulted in a landslide victory for the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) led by Prime Minister Robert Mugabe. ZANU-PF won 63 of the 80 parliament seats reserved for blacks. In the pre-independence 1980 election it won 57 seats. The Zimbabwe African People's Union (ZAPU), led by Joshua Nkomo, captured 15 seats, all from Matabeleland, north and south. The Zimbabwe African National Union led by Ndabaningi Sithole, which was not represented in the previous parliament, captured one seat.

The general election was reportedly conducted "in a peaceful and orderly manner."

The election results provide Mugabe with a solid mandate to continue his policies. By the margin of victory, it is apparent the people are pleased with the economic achievements and other victories scored under the Mugabe government.

At the same time, the election reflected the weakened position of ZAPU, the main opposition party. It won only 15 seats in the two western provinces which constitute

its power base, but ZAPU had held 20 seats in the last parliament.

Mugabe was unhappy with the victory of former Prime Minister Ian Smith's Conservative Alliance of Zimbabwe in the battle for the

## Vienna

### OPEC Sticks by Price Structure

**Although reduced world demand for oil has caused petroleum prices to fall, OPEC ministers meeting in Vienna agreed to keep the present structure after three days of talks.**

by XIN ZONG

FACED with slumping oil prices resulting from the glut of oil on world markets, oil ministers of the 13 members of the Organization of Petroleum Exporting Countries (OPEC) met July 5-7 in Vienna to chart a plan of action. Despite the most critical challenge in 25 years, they agreed to maintain the present price structure based on US\$28 per barrel.

The decline in oil prices is attributable to several factors.

First, the once-rapid increase in

20 white seats. Smith, regarded as a white supremacist by many blacks, took 15 of the 20 seats, defeating more moderate candidates in the process.

An angry Mugabe accused white voters of spurning "the hands of reconciliation" extended to them by the government.

Political analysts in Harare said that a proper settlement of contradictions between the ruling and opposition parties will have a great impact on the process of peace, unity and progress in the country promised by ZANU-PF in its election manifesto.

world demand for oil has tapered off in recent years. The development of energy substitutes; the popularization of energy-saving measures by consumers, especially in the industrialized countries; and a slowdown in economic growth have put the brakes on oil demand.

Second, there has been a continued increase in oil production by non-OPEC producers. Output by non-OPEC producers is expected to rise by 600,000 barrels per day this year, while OPEC output has fallen to a 20-year low of 14.5 million barrels per day, only about 30 percent of the

world's total output. In 1977, however, OPEC's oil accounted for more than 50 percent of the world's total. OPEC's oil income dropped to US\$155 billion last year from the peak of US\$282 billion in 1980. And while the West's oil demand rose slightly from 45.7 million barrels per day in 1982 to 46.5 million barrels in 1985, non-OPEC met most of the increased demand.

This means that OPEC is losing its power to determine oil prices. The past months have seen repeated oil price cuts by non-OPEC producers such as Britain, Norway, Egypt, Mexico and the Soviet Union. Such cuts have put pressure on OPEC to either reduce prices or risk losing more customers.

Third, the OPEC countries have sustained great losses as a result of the lowered oil exports to industrialized countries. To

work their way out, some OPEC countries have gone out on their own, ignoring OPEC's production quotas and pricing system.

It was in the midst of these problems that the OPEC oil ministers met in Vienna to seek a solution. After the meeting, Indonesian Mining and Energy Minister Subroto, who chaired the meeting, told reporters that the 13 ministers agreed that "direct and indirect discounts ought to be discontinued and previous commitments to offer discounts are to be phased out as soon as possible." He also said that OPEC's executive committee will crack down on members who do not abide by OPEC price and production quota regulations.

Although the OPEC ministers decided to stick by the present price structure, they agreed to meet again July 22 in Geneva to iron out their internal differences.

the meeting added that a basic agreement on goods supplies has already been reached, and CMEA is now negotiating its implementation.

Polish leader General Wojciech Jaruzelski, who chaired the meeting, said in his closing address that Comecon has done much to co-ordinate its activities and its member states might still be able to enhance their economic integration.

The Soviet Union also stressed scientific and technological integration within the CMEA. Tikhonov said emphasis must be placed on co-operation to speed technical development and find principles for common action to resolve key issues in the field by the end of the century.

The CMEA is now working on a draft development programme for the next 15-20 years which reportedly stresses electronics, automation, nuclear power, new materials application and biological engineering.

Fuel and raw material problems have always been a thorn in the CMEA's side, especially since the Soviet Union has apparently failed to meet its oil output quotas and thus will not be able to increase shipments to its allies.

Another important issue is the establishment of relations between the CMEA and the European Economic Community (EEC). Negotiations between the two organizations began as early as 1977, but broke off in 1980. The Declaration on Safeguarding World Peace and Economic Co-operation passed at the Moscow economic summit in June last year said the CMEA is willing to sign agreements with the EEC to further their economic and trade relations.

Jaruzelski told Italian Prime Minister Bettino Craxi, who visited

## Comecon

# Meeting Plans Five-Year Links

**The 40th meeting of the Council for Mutual Economic Assistance ended with pledges to continue implementing the decisions made at Moscow economic summit in June last year.**

by TANG XIUZHE

THE Council for Mutual Economic Assistance (CMEA) held its 40th regular annual summit conference from June 25-27 in Warsaw to co-ordinate development plans of its member states for 1986-90 and adopt a co-operation programme for the rational use of their resources.

A multilateral agreement was also signed on developing and

organizing flexible engineering and production systems, along with another accord on using natural gas to fuel transport.

But the main aim of the session was to bring the CMEA members' Five-Year Plans into line and strengthen their economic integration. Soviet Premier Nikolai Tikhonov, who led Moscow's delegation to the talks, said the task has gone into its final stage.

The communique published after

Warsaw in late May, that the CMEA is willing to set up more formal trade relations with Western Europe. CMEA-EEC ties were also discussed later, when Craxi met Soviet Party chief Mikhail Gorbachev in Moscow. Both leaders said they believed that co-operation between the two European economic giants will be beneficial to the region as a whole.

On June 14, the CMEA sent a letter to the European Executive Committee, suggesting the estab-

lishment of full relations with the EEC. The communique of the Warsaw meeting repeated the proposal.

The EEC summit meeting which ended on June 29 showed interest in the issue. It is reported that the EEC's members unanimously approved moves towards better relations with the CMEA, but hoped that talks between the two organizations will not affect the independent development of bilateral relations between the organizations' member states.

below 5 percent; while Michigan, with its auto industry in trouble, suffers a high rate of 11 percent.

Youth unemployment is a chronic problem in some Western countries. Youth unemployment averages more than 60 percent in total unemployment of the West and is as high as 84 percent in some nations. According to statistics, two out of every 13 young British people up 16 years old cannot find jobs. In the United States, one out of every eight young people is jobless. The growth of youth unemployment has resulted in many social problems. It is reported that many young people turn to crime due to their hopeless situation.

In analysing the unemployment crisis, some observers believe the slow development of the iron and steel, chemical, oil, machinery and shipbuilding industries since the oil crisis is to blame. Others hold that the crisis is resulted from the technological revolution in the workplace.

Yet, many economists string together a whole series of factors when assessing the situation: They cite the confused economic order, the unreasonable world economic structure, the unbalanced speed of economic development, a lack of capability to maintain production growth, reduced investment and narrowing markets. They predict that unemployment will grow even worse.

So, the war against unemployment has become the major emphasis of Western governments as they formulate and implement economic policies. Meanwhile, they realize that the crisis cannot be solved by any single nation.

**CORRECTION:** The second sentence in the story "New Cabinet Sworn In" in No. 24 should read, "The Democratic Party took 126 . . ." The next sentence should read, "The Communist Party . . . got 12 seats."

## Western Countries

# Unemployment Crisis Continues

**While the economic picture is brightening, the West still faces severe unemployment problems. Putting people back to work has become the primary goal of leaders in formulating and implementing their economic policies.**

by YUAN JINLIN

**D**ESPITE widespread economic recovery, many Western industrial countries are still plagued with severe unemployment — 34 million in the West are without jobs and unemployment stands at 8.3 percent. The jobless rate reached new record highs in many Western nations in 1984.

The European Community (EC) suffered the worst unemployment. According to statistics issued by an EC committee last March, the jobless rate among EC members rose to 12 percent in March 1985, up from 10.4 percent last September. More than 14 million workers were out of work. In just two months between December 1984 and January 1985, about 600,000 were added

to the ranks of the unemployed. Federal Germany, Denmark and Luxembourg saw their unemployment figures jump the highest. By the end of last March, some 3.34 million people in Britain were without jobs, the most in the nation's history. Despite a recent drop, Britain still has 3.17 million unemployed workers. The Netherlands has one of highest unemployment rates of the EC members, 18 percent. More than two-thirds of the unemployed will not find jobs within six months.

The United States' unemployment rate stands at 7.4 percent. And among blacks it remains as high as 16 percent. Joblessness in the United States is uneven due to the varied situation in different parts of the country. For example, Massachusetts, with its booming high-tech industry, has a rate

Western governments should work out a common strategy to maintain economic growth and increase the size of the labour

market. Unfortunately, there is little hope that the Western nations will co-operate to develop such a strategy.

## Zambia

### 'Green Revolution' Takes Root

**In order to change its single-product economy and boost agricultural production, the Zambian government started a "green revolution" five years ago. The results so far are promising.**

by MA SHIKUN and  
BAO SHISHAO

ZAMBIA'S "green revolution," which began in 1980, has now spread throughout the country and is beginning to realize its primary goals: achieving self-sufficiency in grain, providing more raw materials for industry and improving living standards.

Until the movement started, Zambia's economic situation had changed little since it won its independence in October 1964. About 95 percent of the country's foreign exchange earnings came from copper exports. But that over-exploited resource can only be mined for another 15 years at present production levels, experts say. An alternative to this single-product economy was urgently needed. And the solution was the "green revolution."

Agriculture was long the neglected stepchild of the Zambian economy. Grain supplies could not meet domestic demand, and failing crops forced increasing numbers of farmers to leave the land. About 48 percent of Zambian population now live in cities — the third highest rural population ratio in Africa.

In spite of this, however, the country has great agricultural potential. Only one-sixth of its arable land has been cultivated — land fertile enough to yield three crops a year if rainfall is sufficient. Its clearly-defined dry and rainy seasons also allow corn and cotton to be dried on the stalk before gathering, reducing harvest and storage costs.

To better exploit these natural advantages, the government has greatly increased its investment in agriculture from 15.4 percent and 7.8 percent in the first and second five-year plans to 30 percent from 1979-83. Cash input still remains steady at that level.

Second, the purchasing prices have been at least doubled for products including corn, wheat, rice, soybeans, cotton, tobacco and peanuts.

Third, private farming is encouraged with low-interest loans and reduced farm tool and fertilizer prices. The government has even awarded foreign exchange to the bosses of 20,000 large- and middle-sized private farms. As a result, per-hectare yields on private farms are now double that of state owned farms.

After five years of effort, the "green revolution" appears to have

taken root. Although Zambia's industry has stagnated and both foreign exchange earnings and gross national product have decreased, agricultural output has been rising. In 1984, although some parts of the country suffered from drought, agricultural production grew by 9.5 percent. Another good harvest has been recorded this year: corn purchases reached 680,000 tons, up 77 percent over 1980, and other cash crops gave similar gains. Cotton production increased 1.3 times, while sunflowers and soybeans were up 1.4 times and 2.1 times. This not only allows farmers to meet Zambia's domestic demand, but also permits some exports — sales that will earn the country more badly needed foreign exchange and reduce its dangerous dependence on copper.

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#### International Studies

(A Quarterly in Chinese)

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China's Foreign Relations: a Chronicle

# Economic Reform Brings Better Life

*China's ongoing economic reform has accelerated production and improved living standards. The following article cites a host of facts and figures to demonstrate the changes that occurred during the period 1978-84. — Ed.*

by LI CHENGRUI

**A**GROWING national economy is the foundation for a better life. China's economy entered a new period of development in 1978 with the adoption of domestic economic reforms and the open policy. The changes which began that year have paved the way for a higher standard of living in China.

Chart 1 provides a general picture of the national economy over the last six years. It shows that in the period 1978-84 the total

The writer is an adviser to the State Statistical Bureau.

product of society, the total value of industrial and agricultural output and the national income all grew faster than at any time during the previous 26 years from 1953 to 1978. The annual growth rate of the total industrial and agricultural output value surpassed the 7.2 percent rate prescribed at the 12th Party Congress held in 1982 as needed to realize the goal of quadrupling output by the turn of the century.

## Production More Balanced

Acting on the policy of readjusting, restructuring, consolidating and improving the national economy, the state has made necessary adjustments in the production set-up while striving to quicken the development of production. To stop the long-standing trend of undue emphasis on developing heavy industry to the neglect of other sectors of the economy, the state has decided to slow the growth of

heavy industry and do everything possible to invigorate agriculture and light industry. The plan is to increase the output of foodstuffs, garments and other consumer goods so as to lay a solid foundation for improving the standard of living.

Table 2 and Chart 1 indicate that agriculture and light industry have both, indeed, grown faster over the past six years while heavy industry has slowed down. This remarkable achievement is attributable, first of all, to the rural economic reform and the introduction of the contract system based on the collective economy. It is also the result of the priority the state has given to boosting light industry by ensuring the supplies of energy and raw materials and transportation. With agriculture and light industry growing more rapidly, the economy has taken on a new, more-balanced look.

This can be seen clearly in Ta-

Table 1: **Increases in TPS and national income**

	Absolute value (in terms of price of the year, billion yuan)		Average annual growth rate (in terms of comparable prices)	
	1978	1984	1979-84	1953-78
Total product of society	684.6	1283.5	9.0%	7.9%
Of this:				
Gross industrial & agricultural output value	563.4	1079.6	9.0%	8.2%
Net social output value (national income)	301.0	548.5	8.1%	6.0%

Table 2: **Growth rates of agriculture, light industry and heavy industry**

	Absolute value (in terms of price of the year, billion yuan)		Average annual growth rate (in terms of comparable prices)	
	1978	1984	1979-84	1953-78
Agriculture	156.7	375.4	9.4%	3.2%
Light industry	175.3	333.5	11.7%	9.1%
Heavy industry	231.4	370.7	6.6%	13.6%

ble 3, which reveals a steady rise in agriculture's share of the nation's total industrial and agricultural output value. Over the previous three years, light industry's share of the total industrial output value has equalled and surpassed heavy industry's share. In fact, heavy industry seemed to be falling behind. Considering the fact that heavy industry and the increased output of coal, oil, chemicals, machinery and other capital goods are, in the long run, essential to developing the national economy and improving living standards, the state adopted measures in 1982 to accelerate the growth of heavy industry. As a result, in 1984 light industry grew by 13.9 percent while heavy industry developed at a proper rate of 14.2 percent.

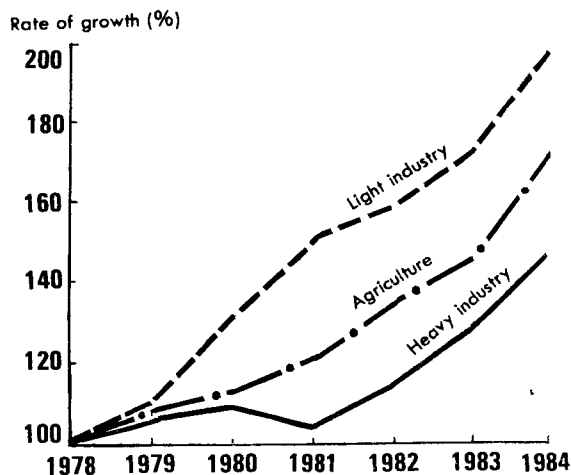
### Readjusting the Distribution System

Over the last few years the state has also readjusted the way the national income is distributed. This is designed to remedy a long-standing problem: The rate of accumulation was too high and the rate of

consumption was a bit too low; and accumulation funds used for expanding production were too high, while those for non-productive purposes were too low. Accordingly, the state substantially raised the purchasing prices for farm and sideline products, and increased appropriations for wages, welfare and bonuses while properly curtailing investment in capital construction. In capital construction, the portion of investment in residential quarters, schools, hospitals and other public facilities has been increased. The results of these adjustments are evident in Table 4 and Chart 2.

Both the table and chart show that the percentage of consumption funds has grown while the percentage of accumulation funds has diminished. The portion of the accumulation funds for non-productive purposes has shown a

Chart 1: Growth rates for agriculture, light industry and heavy industry



marked increase and the portion for productive forces has dropped. The table also shows that the rate of accumulation substantially decreased between 1978 and 1981 before stabilizing and rising slightly in the ensuing three years.

Because the people's lives had been neglected for so long, there were too many things to do all at once. As the first step, the state

Table 3: Percentages of agriculture, light industry and heavy industry (%)

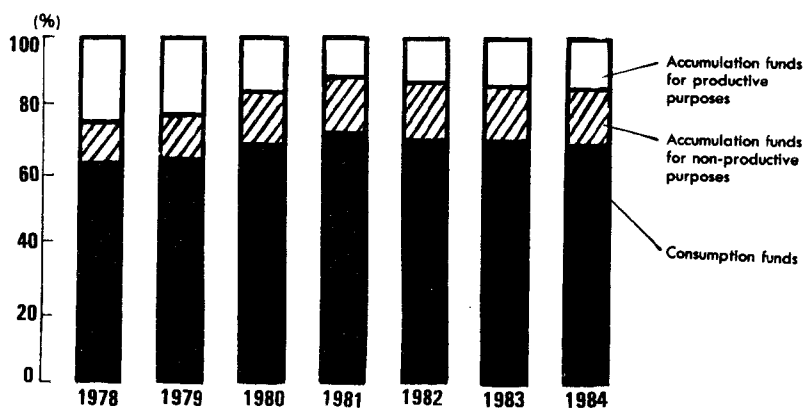
		1978	1981	1984
Percentage in total industrial and agricultural output value	Agriculture	27.8	32.5	34.8
	Industry	72.2	67.5	65.2
Percentage in total industrial output value	Light industry	43.1	51.5	47.4
	Heavy industry	56.9	48.5	52.6

Table 4: Consumption and accumulation in the national income

	Absolute value (billion yuan)			Percentage		
	1978	1981	1984	1978	1981	1984
National income	297.5	388.7	554.2	100.0	100.0	100.0
Consumption funds	188.8	278.1	381.5	63.5	71.5	68.8
Accumulation funds	108.7	110.6	172.7	36.5	28.5	31.2
Of these:						
Accumulation funds for non-productive purposes	30.7	58.8	72.4	10.3	15.2	13.1
Accumulation funds for productive purposes	78.0	51.8	100.3	26.2	15.5	18.1



Chart 2: Ratio between consumption and accumulation in national income



increased purchase prices for farm products and raised wages, bonuses and welfare funds so as to increase the incomes of peasants and workers. In the meantime, the state reduced investment in capital construction. During the 1978-81 period, national income grew at an average of 30.4 billion yuan annually, 98 percent of which was used to increase consumption funds as a temporary measure to counter the long years of neglect. But once the national economy was restored and began to grow and the people's livelihood began to improve, the state was in a position to pay equal attention to accumulation and consumption. In the 1981-84 period, for example, the rate of accumulation grew slightly. The growth rate for the national income over these years averaged 55.2 billion yuan annually, of which 62.5 percent was used for consumption and 37.5 percent was used for accumulation. In this way the state gave due consideration to both the

economy's long-term and immediate needs, thereby building a foundation for steady improvement in the standard of living.

### Income and Expenses

The State Statistical Bureau conducted sample surveys of incomes and consumption in both urban and rural areas. Bureau surveyors interviewed 12,050 families in 82 cities and 31,435 peasant families in 600 counties across the country. Each family recorded its income and expenses with the help of bureau statisticians. The statistics were then collected and processed by computer. The findings of both surveys are shown in Table 5.

The table indicates that both incomes and expenses rose quickly in the period 1978-84, with peasant incomes outpacing the growth of worker incomes. This was due to the rapid development in agriculture and the higher purchasing prices for farm and sideline prod-

ucts. The emergence of peasant-run enterprises was another reason for the jump in peasant earnings. The betterment of peasant living standards and the narrowing gap between peasants and workers are of political and economic significance for China, where 80 percent of the 1 billion people live in rural areas.

The conspicuous growth in worker income and consumption came in the wake of expanded industrial production, improved labour productivity and increased wages, bonuses and job opportunities. The increase in worker income was, for the most part, a reflection of increased production. But in 1984 worker wages outpaced labour productivity, and some government offices and factories began issuing unwarranted bonuses, cash subsidies or consumer goods. Government measures have since been adopted to curb these unhealthy tendencies.

### Changing Face of Consumption

Tables 6-A and 6-B reflect the ever-changing consumption mix among urban and rural residents.

For worker families, expenditures for rent, cooking fuel and medical care remain very small and have declined slightly. Food expenses remain more or less the same, and spending on clothing and consumer goods has increased. There has been a general improvement in the quality of the food they eat, the clothes they wear and the products they use.

Table 5: Worker and peasant family income and consumption

	Per-family member average amount	Absolute value (in terms of price of the year, yuan)		1979-84 average annual growth rate (in terms of comparable prices)
		1978	1984	
Worker family	Income	316.0	607.6	8.2%
	Expenses	311.2	559.4	7.0%
Peasant family	Income	133.6	355.3	15.0%
	Expenses	116.1	273.8	13.2%

**Table 6-A: Makeup of annual expenses for average worker family**

	Absolute value (yuan, price of the year)		Percentages	
	1978	1984	1978	1984
Total expenses	311.16	559.44	100.00	100.00
I. Commodity expenses	279.60	514.32	89.86	91.93
Of these:				
1) Food	178.92	324.24	57.50	57.97
2) Clothing	42.24	86.88	13.58	15.53
3) Fuel	8.40	9.24	2.70	1.66
4) Medicine	3.12	3.36	1.00	0.60
5) Articles for daily use	26.16	50.64	8.41	9.06
6) Items for recreational purposes and books and newspapers	16.08	30.48	5.17	5.44
II. Other expenses	31.56	45.12	10.14	8.07
Of these:				
1) Rent	6.00	7.80	1.93	1.38
2) Electricity and water	4.20	6.24	1.35	1.11
3) Transportation and postal services	5.20	8.28	1.67	1.47
4) Tuition and cultural and re- creational activities	4.68	6.60	1.50	1.19

**Table 6-B: Makeup of annual expenses for average peasant family**

	Absolute value (yuan, price of the year)		Percentages	
	1978	1984	1978	1984
Total expenses	116.06	273.80	100.0	100.0
I. Expenses on consumer goods	112.90	267.27	97.3	97.6
1) Food	78.59	161.52	67.7	59.0
2) Clothing	14.74	28.33	12.7	10.4
3) Fuel	8.28	15.04	7.1	5.5
4) Rent	3.67	32.12	3.2	11.7
5) Articles for daily use, medicine and others	7.62	30.26	6.6	11.0
II. Expenses on cultural life and services	3.16	6.53	2.7	2.4

Great changes have taken place in the consumption mix among peasants over the last few years. Spending on housing, medical care and articles for daily use has increased dramatically. In fact, a housing construction boom has swept the rural areas. The total floor space built over the past six

years averaged 5.5 square metres per peasant. The food bill now accounts for a smaller portion of the budget, but the actual amount of cash spent on food increased. Very few peasant families today cannot afford cooking oil and meat when treating guests. Peasants are spending more money on clothing,

though, like food, the percentage of the total income spent on clothes has decreased. Now that most peasants have no problem feeding and clothing themselves, they have begun to seek a higher living standard. Money spent on commodities accounted for 58.6 percent of the average peasants' total expenses in

1984, as against 39.7 percent in 1978. This reflects the transformation of the Chinese countryside from a self-sufficient or semi-self-sufficient economy into a commodity economy.

The changing consumption mix for both urban and rural dwellers is characterized by a marked growth in the purchase of durable consumer goods. Tables 7-A and 7-B show the quantities of such

durables owned by city and rural people.

Both tables reflect the growing number of durable consumer goods purchased and owned by the Chinese. Although rural residents still have fewer durables than people in cities, purchases are rapidly on the rise. The fact that there are more than 170 million families in the countryside and the demand for consumer goods is very high

among city dwellers indicates the huge potential of the Chinese market. Like people everywhere, the Chinese sock away part of their income in the bank to prepare for the future. Table 8, compiled with data provided by the People's Bank of China, shows the development of savings deposits from 1978 to 1984.

The table reveals remarkable increases in savings deposits over the

**Table 7-A: Number of durable consumer goods owned by worker families,**

	Number of commodities owned by each 100 families	
	1980 (year-end)	1984 (year-end)
Bicycles	126.77	162.67
Wristwatches	223.89	282.95
Radios	84.90	103.11
Sewing machines	65.57	77.52
Black-and-white TV sets	32.29	79.98
Colour TV sets	—	5.38
Electric fans	21.86	66.41
Washing machines	—	40.13
Cassette tape-recorders	5.45	34.17
Cameras	2.84	8.92
Refrigerators	—	3.22

**Table 7-B: Number of durable consumer goods owned by peasant families**

	Number of durables owned by each 100 families		
	1978 (year-end)	1980 (year-end)	1984 (year-end)
Bicycles	30.73	36.87	74.48
Clocks and wristwatches	51.75	68.53	151.54
Of these:			
Wristwatches	27.42	37.58	109.44
Sewing machines	19.80	23.31	42.57
Radios	17.44	33.54	61.13
TV sets	—	0.39	7.24

**Table 8: Growth rates of savings deposits by residents**

	Absolute value (billion yuan)		Average annual growth rate (%)	
	1978	1984	1979-84	1953-78
Total volume of bank savings deposits	21.06	121.47	33.9	13.1
Of these:				
Bank savings of urban dwellers	15.49	77.66	30.8	11.8
Bank savings of peasants	5.57	43.81	41.0	28.8

past six years, particularly those held by peasants. The reason for this rapid increase was, apart from increased incomes, a shortage of readily available consumer goods. Though people had more money, often the goods they wanted just were not in the store. The government is working to solve this problem.

### Class Polarization?

China's socialist system opened the road to prosperity for all the people. But, in the past, the prevailing egalitarianist tendency made it impossible for anyone to prosper first.

Since the end of 1978 the government has been encouraging people to earn wealth by hard work so as to set an example for others. This policy has already borne tangible results, especially in the countryside. But will this cause class polarization? This question can be answered with the facts and figures shown in Tables 9-A and 9-B, which, based on the aforementioned State Statistical Bureau sample surveys, compare urban and rural resident incomes in 1977 and 1984.

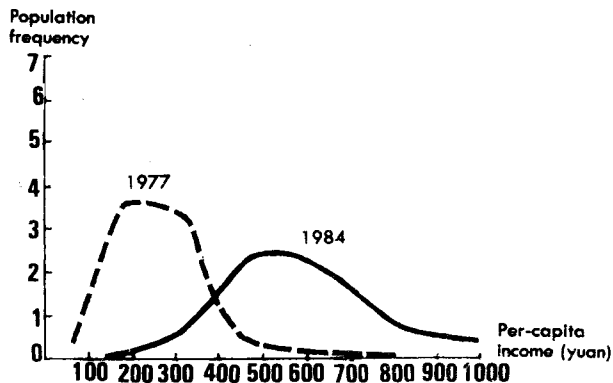
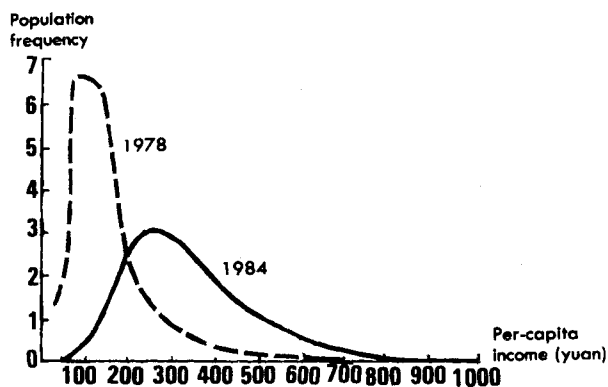
According to Table 9-A and chart 3, the percentage of high-income peasant families increased

while that of low-income families diminished considerably, and more and more peasants were moving into the middle-high-income brackets. Indeed, in today's Chinese countryside, the poor are becoming rich and the rich are becoming richer. Nevertheless, Table 9-A indicates that 5.1 percent of the peasant families in 1984 were still living in poverty, defined by an annual per-capita income of below 150 yuan. (In 1978, 68.38 percent earned less than 150 yuan.) With this situation in mind, the government has adopted more flexible policies in destitute areas, such as allowing private business activi-

**Table 9-A: An analysis of peasant family incomes**

Annual income per family member	1978		1984	
	Percentage in terms of population	Percentage of total income represented	Percentage in terms of population	Percentage of total income represented
Total	100.00	100.00	100.00	100.00
Below 60 yuan	8.69	3.29	} 0.89	0.19
Below 80 yuan	26.68	16.58		
Below 100 yuan	33.01	31.50	4.19	1.53
Below 150 yuan	17.40	22.40	10.14	5.04
Below 200 yuan	12.62	22.36	30.68	21.58
Below 300 yuan	} 1.60	3.87	24.73	23.98
Below 400 yuan			13.60	16.94
Below 500 yuan			12.58	21.38
Below 800 yuan			1.99	4.96
Above 1,000 yuan			1.20	4.40

Chart 3: Distribution of peasant income Chart 4: Distribution of worker income



ties and a free market in farm and sideline products. Poor families in these areas are mitigated or exempted from agricultural taxes and are given financial and technical assistance.

Table 9-B and chart 4, likewise, shows that the percentage of high-income city families is on the rise while the percentage of low-income families is dropping. But families with per-member annual incomes below 240 yuan—mostly those with too many children and those who are unable to work—still make up 2.2 percent. (In 1977, 65.03 percent made less than 240 yuan.) The government and trade unions have formulated measures

to help these families by arranging jobs for them to increase their incomes and by issuing cost-of-living allowances.

Chart 5 describes the distribution of income via the Lorenz curve and the Gini coefficient, economic tools used to visually and numerically chart the equality or inequality within a society. The closer the curve is to the diagonal line, which represents absolute

Chart 5: Lorenz curve for the distribution of resident family income (1984)

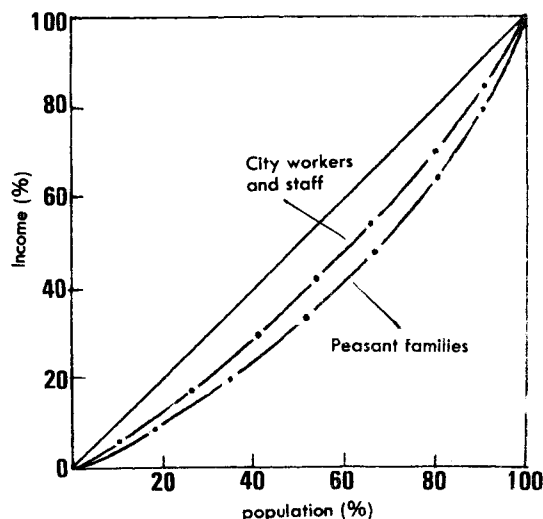


Table 9-B: An analysis of worker and staff family income

Annual income per family member	1977		1984	
	Percentage in terms of population	Percentage of total income represented	Percentage in terms of population	Percentage of total income represented
Total	100.00	100.00	100.00	100.00
Below 120 yuan	1.76	0.70	} 2.21	0.98
Below 180 yuan	42.67	30.95		
Below 240 yuan	20.60	17.96		
Below 300 yuan	19.99	25.63	4.09	2.27
Below 360 yuan	8.50	12.28	8.70	5.68
Below 420 yuan	2.91	5.05	12.79	9.56
Below 480 yuan	2.76	5.38	28.21	25.29
Below 600 yuan	} 0.81	2.05	21.66	23.53
Below 720 yuan			11.58	14.87
Below 840 yuan			5.76	8.54
Above 960 yuan			5.00	9.28

equality, the more equal the society. Likewise, the closer the gini coefficient, which is a numerical representation of the curve, is to 0, the more equal the society.

In 1984 the gini coefficient for Chinese peasants was 0.264, slightly higher (representing slightly more inequality) than the 1978 figure of 0.237. This change reflects the fact that some peasants have

been able to increase their incomes through hard work after the introduction of the rural economic reform in 1978. But the gini coefficient has not risen dramatically, a sign that peasant incomes are still more equal than those of most societies elsewhere in the world.

The 1984 gini coefficient for China's worker families was 0.168, one of the lowest figures in the world. The reason why worker

families are more equal than peasant families lies in the centralized state-fixed wage system, which contains only small differences between wage grades.

In fact, the gini coefficient for worker families in 1984 was smaller than the 1977 figure of 0.185, a reflection of the emphasis placed in recent years on raising the wages of low-income workers. □

## Students Find Alternate Paths to Success

by **WU NAITAO**  
Our Correspondent

**C**HINA'S college graduates are considered the "lucky ones," as diploma is seen as a guarantee of success in the eyes of many Chinese.

Yet those who fail to pass the college entrance exam and can't attend a university don't have to give up on the dream. Millions in China earn their college diplomas in different settings in sparetime schools or by studying on their own.

In fact, there are 25 million self-taught youths in China, and their success stories are an inspiration to those with a thirst for knowledge.

### From Foundry Worker to Associate Professor

Wan Li, 35, never earned a junior middle school diploma, much less a college degree. Two years ago he was a foundry worker in the Changsha Valve Factory in central China. Yet today he is an associate professor in Xiangtan Teachers Training College, where he applies his research into Chinese medical history.

When Wan was a schoolboy of 15, he came down with acute jaun-

dice hepatitis. One day a neighbour brought him two packs of pasty medicinal herbs and applied them to his wrists. The next day two blisters the size of eggs appeared on his wrists. When pierced with a needle, yellowish liquid

squirted out. Wan continued to take several doses of the medicinal herbs. And when he returned to the hospital 10 days later for a checkup, doctors found his liver functions to be normal and the hepatitis gone. The miraculous power

Wan Li (left).



of the traditional medicine fascinated the boy. He began to study the medical literature and later even cured his niece of an acute kidney infection with medicinal herbs.

During his studies, Wan found that research on the history of traditional Chinese medicine was very weak. Several key works were even compiled by foreigners. In a letter to a friend, he wrote, "We should make efforts to study the history of traditional Chinese medicine so that this precious legacy of China will continue to develop. Even if I am not able to compile a big book on this topic, I would like to contribute to such an effort."

Over the following decade, Wan studied nearly a thousand books and jotted down notes amounting to 300,000 characters. During a year devoted to studying the medicinal history of the Song Dynasty (960-1279), he read all 496 volumes of the *History of the Song Dynasty* and studied more than 100 unorthodox histories and local chronicles of the dynasty.

In the course of his study, Wan borrowed books, bought books and even copied books by hand. The bookstore manager knew him well and would notify him when relevant titles arrived.

But Wan didn't do all his studying alone.

Peng Yanxiao, a professor of Chinese language at Xiangtan University, got to know the young foundry worker and took an instant liking to him. One night the professor invited Wan to his home and they talked until the wee hours of morning. They talked about Wan's course of study and Peng determined that he had a good foundation of study. The professor began to coach him in literature, history and philosophy, laying an even better foundation for Wan's future study. The professor

even helped Wan revise his writings on traditional medicine.

Wan began to write his study findings as articles and started sending them to experts in the field. He once wrote a letter to a professor specializing in medical history to discuss his views. The professor wrote back and the two men ended up exchanging 70 letters over the following two years. Sometimes Wan received a reply as long as 15 pages. From these letters, the eager student received guidance, gained research information and came to know more about the literature.

Wan finally achieved prominent success in 1981. That year he wrote 15 academic papers, 12 of which were printed in medical journals. His works caught the attention of the medical world. School officials and professors at Xiangtan Teachers Training College went to Changsha with an eye towards recruiting him. And on the recommendation of these professors, Wan — despite his lack of formal education — was invited to teach in the college. It was not long before he was promoted to associate professor.

Since 1982 Wan has published more than 20 papers and has taken part in four national academic meetings. After reading Wan's papers, Song Daren, a professor noted for his study of the history of traditional Chinese medicine, wrote a letter of congratulations to the college. Wrote Song, "A young researcher with such a good foundation and wide knowledge deserves recognition as a promising figure in medical circles."

### **Computer Expert Li Huiqin**

Fashionably dressed Li Huiqin has just turned 27. She not only has earned a master's degree, but has also made her mark in computer science at an age when many are still attending school.

But despite Li's achievements,

she didn't have a regular college education. When she graduated from high school 10 years ago during the "cultural revolution," she, like almost every young person in her generation, went to the countryside to do farm work. A year later, this still somewhat childish young woman was elected a team leader because she had worked hard and displayed a determination to charge forward.

During her three years in the countryside, Li vowed to change the backward conditions she encountered. Although she exhausted herself by hard work from dawn till dusk, she found she could achieve very little. She became convinced that science, not sweat, was the way to defeat poverty.

Born into an intellectual family, Li had cultivated good study habits since childhood. In addition to her stubborn determination to succeed, she developed a plan to study English and higher mathematics for two hours before going to bed, even though she was usually exhausted after a full day of manual labour.

In 1977 she enrolled in an advanced computer course at the Wuhan Institute of Hydropower Engineering. This was her turning point. She studied hard, earning an A average in the seven-month course, and she was then admitted as a candidate for a master's degree, because of her excellent English and her profound knowledge of computers.

Li met her husband at the institute. He, too, was studying computer science. Soon after marrying, they had a child, and Li contemplated her options. She asked herself, "after so many years of hard study shall I take a rest and lead a comfortable family life?" But when she tried the peaceful home life she found her mind was bored and she was unhappy. She couldn't stand the mental stagnation.

Hard study had become a part

of her life. To devote more time to her studies and research Li sent the five-month-old baby to live with her mother-in-law. The baby's cry as they parted brought tears to Li's eyes.

When talking with other young people who are studying on their own, Li said, "My search and struggle for a career has cost me some personal happiness; but it is also in my career that I find my greatest happiness."

Li began researching ways of processing information in Chinese characters on computers while still working on her master's degree, and she continues the research today. The Academy of Power Science where she now works, gives her all kinds of help, both materially and in manpower. An experienced research assistant is assigned to her group and she is assured sufficient funds and equipment.

In April last year, Li scored a major success in designing an advanced system for using Chinese characters in computers, and her work was acclaimed by experts in the field.

### **Economist Cheng Baoquan**

On June 20, 1984, the chairman of an economics academic seminar held in Brighton, England, announced to the delegates that the next paper would be read by a 24-year-old Chinese economist, the author of *Quality Economics*. The chairman told the assembly that the Chinese government had conferred the title "expert of quality economics" on the young man and that the title was deserved.

The man receiving all the acclaim was Cheng Baoquan. And it was all the more remarkable because he received his education by studying on his own.

Born into a peasant family, Cheng went back to his hometown in Hubei Province to do farm work

right after finishing junior middle school. Later he enrolled in a school of finance and trade and developed a great interest in economic theory. During a summer vacation, Cheng made a survey of a couple of factories. In the factories he saw goods piled up in warehouses because the factories had paid attention only to quantity, not to quality. The waste reminded him of an event that happened several years earlier.

Cheng's hometown had built a reservoir with a storage capacity of more than 100 million cubic metres. The huge project had taken 40,000 peasants four winters and four springs to complete. But alas, due to the poor quality of construction, the peasants had to tunnel through the dam to reinforce it from within. The 40,000 peasants worked another six months just to fix what they could have done right the first time. Cheng was struck by the wasted effort.

He came to understand that the question of quality was more than an economic problem, but also a social problem that impacts the nation and people's lives. Cheng decided it was a problem deserving study, so he put his love of astronomy and his vast astronomical records on the shelf and began to focus on the role of quality in economics.

Cheng became an accountant after graduating from the school of finance and trade. Beginning in 1979, he started using his spare time to study books on philosophy, ancient history, history of economic ideology, natural sciences and business management. At the same time he started researching quality economics and in 1981 finished a 500,000-character draft of *Quality Economics*.

With his draft in hand, Cheng strolled into the Institute of Industrial Economics in Beijing and announced that he wanted some-

one to examine his work. He was introduced to noted economist Sun Yefang.

At that time, Sun was recuperating at home from a liver cancer operation. Nevertheless, the economist welcomed Cheng with great warmth. He spent days on his sick bed reading the draft and offered many suggestions on how the young author could revise the work. Said Sun, "I'm old. My poor health doesn't permit me to do what I want to do, but I'm really glad to see during my late years a self-taught young man who has developed such an important theory. In him, I have seen the hope of our motherland."

The economist also offered to help Cheng publish his book. But first he asked Cheng to study more factories so as to more fully elaborate his theory. Sadly, Sun died before the book was published, and Cheng never had the satisfaction of sharing his published book with his mentor.

While Cheng was revising his draft, economists at the State Council's Economic Research Centre and at the Chinese Academy of Social Sciences gave him lots of guidance. Zhang Zhuoyuan, director of the Institute of Financial and Trade Economics, wrote a preface for the book.

Part of the book's fourth chapter, a section concerning how economic efficiency of an enterprise can be evaluated by 10 simple calculations, was submitted by the State Economic Commission to the 1984 Brighton meeting as an academic paper. Before long, Cheng was invited to the meeting. His paper had been chosen from more than 300 academic papers from more than 50 countries.

Recently, with the encouragement of the Hubei provincial government, Cheng went to a factory in the province to establish an experimental base to test his quality economics. □



# Wuhan Rebounds With Economic Innovation

*This is the second part of the special report on Wuhan. The first part appeared in our last issue. — Ed.*

For the giant river port, improving transport facilities is as important as stimulating commodity circulation. This is not only because Wuhan's transport network is outdated, its transport management system is also irrational, which makes the full use of its existing roads and harbours impossible. Part of the problem was the system's fragmentation: Rail transport was under the care of the Ministry of Railways, air transport was managed by the General Administration of Civil Aviation of China (CAAC), and water and highway transport was handled by the Ministry of Communications. This situation was not conducive to unified planning, and in fact often created enormous bottlenecks in ports and rail yards.

### Improving Transportation

Following the reform, the city authorities established a special committee to co-ordinate transport management. As a result, the network's efficiency has been improved and commodity circulation speeded up.

The Changjiang River is the third largest in the world, and is second only to the Amazon in terms of navigation capacity. For years, however, it could only be used by vessels owned by the Ministry of Communications. Local fleets were strictly forbidden to sail its waters until very recently. Last year, though, the Wuhan Port Authorities opened all its harbours to both locally admini-

stered state fleets and collectively owned fleets, as well as individually owned vessels.

There are now 805 shipping companies and 150,000 individually owned boats and ships operating in and around Wuhan. In the first quarter of this year, ports under the Changjiang River Navigation Administration accommodated 56 percent more ships than in the corresponding period in 1984.

On July 20 last year, communications departments from Wuhan, Chongqing and Nanjing joined to found the General Changjiang River Through Transport Company. The Wuhan-based company represents a giant breakthrough in management procedures: A trans-provincial and inter-departmental alliance combining water, railway, highway and air transport.

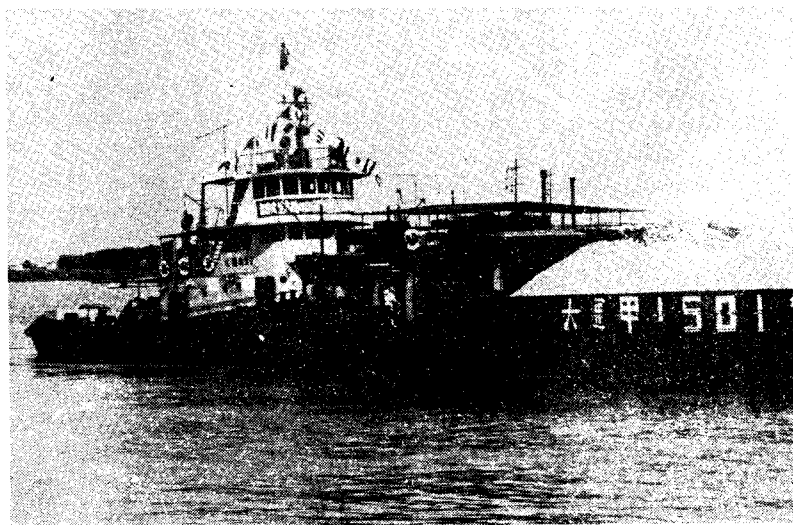
Last year, railways carried 53.6

percent of Wuhan's freight. Shipping accounted for 34.7 percent; highways, 9.4 percent; and air, 0.0047 percent. Last September, the Wuhan Civil Aviation Company was established and it is China's first local air company. Jointly operated by the city and local air force units, it mainly handles freight. In its first six months of operation, it opened seven domestic lines and made more than 100 flights.

As the city opens up, state transport departments have also made corresponding changes. In the past year Wuhan has launched 19 scheduled bus routes to six neighbouring provinces and 12 cities. Most of the passengers using the new services are former peasants who have now become highly mobile business agents.

The best way to improve transport was to establish a unified, modern communications network and improve existing

A Datong cargo ship loaded with mining ore anchors at Wuhan port.





Professor Li Conghuai with prizes he was awarded for his urban reform suggestions

facilities, said Xu Zhigang, a member of the new Wuhan Transport Management Committee.

In the Seventh Five-Year Plan period starting next year, he added, Wuhan will build a river transport centre, an international airport, a new railway station and a new highway bridge over the Changjiang River.

### **Second-Generation Industrialist**

Encouraged by the wave of reform sweeping China, 65-year-old Lu Guowei moved last July to re-establish a shipping company in Wuhan. Lu Zuofu, his father, was a well-known industrialist who had founded the massive Minsheng Co. in the days before liberation.

Lu Guowei, in founding the Datong Industrial Co. Ltd., was following in the steps of his father. The younger Lu's leap into business was interpreted by observers in China and abroad as a sign that reform had truly taken hold and it was "OK" to be a businessman in China once again.

Navigation on the Changjiang is the mainstay of the new Datong Co., as it was with the Minsheng Co. But Datong also has industrial, mining, trade and tourism branches. Datong, a collective enterprise, is partially financed by the state. But the company's officials, who make their own business decisions, assume responsibility for profits and losses. The company is composed of a navigation department, a trade department, a tourism department, a development department and a business office. Of the 15 department heads, 11 are professional engineers, accountants and economists. Most are one-time officials of Minsheng Co.

Soon after Datong's founding, business began booming: The company now owns three fleets, with a total transport capacity of 11,700 tons of cargo, said Zhang Huagui, a company adviser.

"In the first several months after its founding, the navigation department lost money," said Zhang. "But, beginning from March this year, the situation has turned in favour of the company, and become better and better."

In order to ease Wuhan's shortage of transportation, Datong purchased 200 buses and cars. Already 100 Toyota buses and taxis are out on the streets providing service.

According to Ding Chuánzhi, manager of the economic affairs department, the company was able to issue stock and obtain loans to get started. Initial investors included the Industrial and Commercial Bank of China, the China Finance and Trust Corporation, the China International Trust and Investment Corporation and the People's Insurance Company of China. In addition, the local government allocated 50,000 yuan to help the company get going. Ding said Datong's stock attracted two kinds of investors — finan-

cially powerful companies and less well-heeled individuals.

Datong has established branch offices in Shanghai, Nanjing, Nantong, Yichang, Chongqing and Chengdu. In addition, the company has an affiliate in Hongkong named the Datong Industrial and Development Co., Ltd. of Hongkong.

General Manager Lu thanked the provincial and city governments for their support. They have been especially helpful in granting Datong preferential treatment as regards foreign currency, said Lu.

Datong's founding has sparked interest in Hongkong, Macao and throughout Southeast Asia. A number of overseas business groups have expressed interest in working with the new company. Datong, with its wealth of knowledge, technology and business connections with foreign enterprises, should be an aid to the development of Wuhan and central China as a whole. Datong's officials are now studying the viability of several large projects that could be imported from abroad.

Lu said the company, like its predecessor, Minsheng, will work to accumulate wealth for the state. The fixed assets of the company belong to the collective, he said, but the lion's share of its earning will be used to expand production.

### **Inviting Bids**

The on-going reforms have had a big impact on industrial production. The improved results can be traced to the implementation of the Provisional Regulations on Greater Decision-Making Powers for State-Owned Industrial Enterprises (see issue No. 25, 1984, *Beijing Review*) issued by the State Council in May 1984.

Since Wuhan opened to the outside world, thousands of products made in other parts of

China have poured into the Wuhan market. Many local people worried that Wuhan products would get lost amidst the strong competitions. But that has not been the case. The competition has stimulated local enterprises, pushing them to produce better goods than in the past. The Wuhan Washing Machine Factory, for example, has flourished in the new competitive atmosphere.

During the three years beginning in 1980, the factory failed to turn a profit because its Hehua (Lotus) brand washing machines were of poor quality and high cost. In October 1982, the factory, with the help of the economic and management department of Wuhan University, carried out an investigation of its production process with an eye towards improving quality and cutting costs. They discovered that 67 percent of the cost of a washing machine went into buying parts and fittings produced by other factories. Only by cutting those costs and making sure that the purchased parts are of high quality would they be able to become more competitive. To achieve those goals, the factory instituted a bid system for its parts purchasing.

Bidding is a common practice in international trade, but it is new to most enterprises in China. In the past, a factory had no choice but to buy parts from designated factories within the same trade department. There was little incentive for the parts producers to keep costs down or to maintain high standards.

When it implemented the bidding system the factory received support from city authorities, but some former parts suppliers tried to resist the change. The factory called for bids three times. In the first two biddings, eight enterprises from Zhejiang, Jiangsu and Guangdong Provinces were awarded contracts to manufacture 14 kinds of spare parts.

The third offering attracted 349 bidders from all over the country. As a result, the factory improved its economic results considerably. Compared with 1982, the factory has reduced the cost of a washing machine by 10 percent while doubling its output. Profits in 1984 were eight times higher than in 1982. At a nationwide washing machines sales exhibition in Beijing, the factory's Hehua brand was the best seller.

Following the washing machine company's lead, some 35 Wuhan enterprises implemented the bidding system by the end of 1984. As for the old part-supplying enterprises, public bidding has forced them to shape up. Some enterprises have begun to improve their products and cut their costs. Other enterprises have turned to producing new goods to meet the needs of society.

The market has become the major influence in Wuhan's manufacturing sector. No longer do factories turn out products mandated by higher authorities with no regard for the customer demand. To meet the new situa-

tion, enterprise leaders keep an eye on the market and their competition. They use creative financing and economic precepts to keep their enterprises running efficiently.

Despite the influx of competition, Wuhan-made products did very well in 1984. Some 60 percent of the total sales volume at last autumn's Wuhan trade fair came from Wuhan-produced goods.

### **Talented Managers**

Last October Wuhan became the site of an unusual experiment. For the first time since liberation, a foreign manager was put in charge of a Chinese factory. Retired West German engineer Werner Gerich brought his years of management experience to the Wuhan Diesel Engine Factory and promised to shake things up.

The city government granted Gerich powers similar to those of a Chinese director, so he moved quickly to restructure the factory's production and management systems. He stressed product quality and established strict work rules. At first almost all the

**Factory director Werner Gerich discusses product quality with two Wuhan Diesel Engine Factory workers.**



workers complained that Gerich was too tough, but they soon saw that he played by the same rules.

Six months passed and his efforts began to pay off — production during the first five months of 1985 increased 47.8 percent over the corresponding period last year; and 95 percent of the products passed quality control inspections, a dramatic rise from the 60 percent of the past.

To reward Gerich's special contribution, the city government this May named him an honorary resident of Wuhan. West German Chancellor Helmut Kohl sent him a telegram of congratulations.

Despite the progress, Gerich is still not satisfied with the factory. During an interview at his apartment, he told me he wants to introduce new diesel engines, which will require about five years' work. He said the factory's workers still perform poorly, have a bad sense of discipline and disregard product quality. "Quality is the first of all the problems remaining in the factory. There will be no reputation for the factory if its product quality is poor," he said.

In addition to the Gerich experiment, factories all over Wuhan have found new ways to introduce fresh management ideas. A number of factories are choosing their directors and managers through democratic elections. Rather than letting the authorities simply choose a director, the workers, who know the abilities of the people in the factory, nominate candidates for the director's job. The nominees make speeches outlining their plans for the factory and answer questions posed by the workers. Based on what they have seen and heard, the workers then elect a director.

Such personnel reforms were first undertaken by small and medium-sized enterprises that had run into financial troubles. But it

was soon obvious that this system of electing directors was producing able managers. The 50 enterprises that held democratic elections were losing a total of 360,000 yuan a month prior to the reform. But the loss became a profit of 650,000 yuan the first month after the elections. By the second month, the combined profits reached 1.07 million yuan.

To date, more than 2,000 Wuhan enterprises have replaced directors or managers assigned by authorities with those chosen through elections or through recruitment drives.

### **Think Tank Provides Guidance**

Leaders in Wuhan pay special attention to promoting the most talented people. Wuhan, which has a heavy concentration of intellectuals, is home to more than 100,000 engineers, technicians, professors and teachers.

With the huge pool of talent to tap, a 100-member think tank was established last May to help advise the city government. At present, there are eight specialized groups which discuss policy options. The complete group reviews the recommendations of the subcommittees.

Professor Li Conghuai, vice-president of the economic management college at Wuhan University, is a member of the think tank. Li was the first to suggest that Wuhan should focus on enlivening economic interflow and transportation in the current urban reform.

Li resides on the campus of Wuhan University, some distance from downtown. While talking with me in his study, he said he has long believed that the major role of large cities is to develop the service trades and other non-industrial enterprises.

Li said he is now contemplating Wuhan's next reform step, espe-

cially ways the city might build its financial base. Li compared industrial enterprises to the cell and funding to the blood. The cell cannot survive without blood, he said, so China should establish several financial centres. The developed financial system built in the capitalist world should not be dismissed as a unique product of capitalism, he said. Rather, it should be seen as a result of an advanced commodity economy. China has, in the past, made terrible mistakes in using money, he said. He added that China should study the capitalist financial markets and borrow the useful ideas while dismissing the side effects.

Li's ideas are, in fact, echoed in Wuhan's next urban reform plan. Emphasis will be placed on building a socialist financial system, with the people's bank as the axis and specialized banks working cooperatively. Credit funds will be increased by various means, including the issuance of bonds. These funds will be used to finance urban economic development projects.

### **New Task**

With the switch from mandatory plans and administrative edicts to market forces as the key player in the economy, Wuhan authorities must use administrative and legal measures to ensure the sound development of the commodity economy.

Unhealthy tendencies — such as speculating, profiteering and arbitrary price rises — have arisen. A recent city investigation revealed that enterprises had short-changed the municipal government some 48 million yuan in unpaid taxes, misrepresented quotas and undelivered profits. The scope of the problem has prompted city officials to search out ways to strengthen the tax system so as to eliminate cheaters. □

## A Plan for Better Education

from "SHIJIE JINGJI"  
(World Economy)

**Q**IAN XUESEN, a distinguished Chinese scientist, recently wrote an article advocating advances in China's educational system. He pointed out that if China is to catch up with the level of the advanced countries in the middle of the 21st century, it must put great efforts into raising the nation's educational standards. He predicted that by the mid-21st century everybody will be able to attain higher education. In this wake, differences between rural and urban areas, agriculture and industry, and manual and mental labour will be eliminated, Qian wrote.

At present China still has more than 200 million illiterates and semi-literates. Therefore China must work hard to achieve its educational goals.

Qian said the work can be divided into two stages: First, all cadres should be college graduates by the year 2000; second, all labourers should have access to higher education within 30-50 years after 2000.

Qian also worked out a blueprint for China's education in the coming 15 years. By the year 2000, he said, there should be 120 million pupils enrolled in primary school; each year the nation's primary schools will enrol and graduate about 20 million pupils. Half of the graduates (10 million) will go on to three-year vocational schools and the other half will enter junior middle school. Six million junior middle school graduates will go on to three-year secondary technical schools and 4

million will enter senior middle school. Around 3 million of middle school graduates will study at two-year colleges and 1 million of them will enrol in regular 4-year universities. All told, China will need 22 million teachers and

## Crisis in the Film Industry

from "ZHONGGUO  
QINGNIAN BAO"  
(China Youth News)

**A**N investigation made by China Film Distribution Corporation in Beijing, Tianjin, Shanghai, Shenyang, Nanjing and five other cities indicates that television is pulling viewers away from the nation's movie theatres, bringing about the downfall of the film industry.

According to the survey, the number of movie-goers fell 20-30 percent in the first quarter of 1985 as compared to the same period last year. Meanwhile, film distributors saw their revenue plunge 35 percent.

The survey also revealed some of the reasons for the movie woes. First, television has begun to challenge the film industry. During the first quarter of 1985, China's Central Television (CCTV) and local stations aired a number of foreign and Hongkong TV serials. The Chinese TV serial "Four Generations Under One Roof," adapted from the novel by Lao She, drew millions of viewers.

A Shanghai cinema drew only eight viewers for a showing of the Chinese film "Yamaha Fishstand" when "Shanghai City," a Hongkong TV serial, was being aired. The Daguanming Cinema, the top

an annual education allocation of 100 billion yuan, 11 times greater than today's level of funding. These figures do not even take adult education into account.

Obviously, wrote Qian, education funding will become as important as budgeting for capital construction.

movie theatre in Shanghai, canceled its 9 pm showing of the French film "Las Des As" to avoid going head to head with the Hongkong series.

Another reason for the sluggish performance of films is the decline in quality. In 1984 six films attracted more than 1 million movie-goers in Beijing, but none have fared that well in the first half of this year. Chongqing theatres screened five Chinese films that attracted more than 500,000 viewers each in 1984, but only one has done that well in the past six months of this year. A cinema in Tianjin sold only one ticket for a screening of the Chinese film "A General and an Orphan."

China has placed strict censorship on foreign films, while television stations import many TV serials from foreign countries and Hongkong. If Chinese film studios don't produce some good movies soon, some cinemas may be turned into cold drink shops.



# Students Name Novel Favourites

from "NANFANG RIBAO"  
(Nanfong Daily)

**G**UANGZHOU Teachers College recently conducted a survey among 191 senior middle school students (16-year-old) and junior middle school students (13-year-old) on what kind of novels they like to read. Here are the results:

1. Detective stories are favoured for after-class reading. Some 39 percent of the senior middle school students and 35 percent of the junior middle school students ranked detective stories first or second.

2. Fifty-seven percent of the junior middle school students are interested in fairy tales and legends like "Ali Baba," while senior middle school students prefer novels

about their own generation.

3. Novels of historical themes and legends placed third and fourth. Both junior and senior middle school students like these novels, especially classical ones such as *Journey to the West*, *Romance of the Three Kingdoms* and *Outlaws of the Marsh*. These books describe brave heroes and martial arts fighters who are loved by Chinese readers both old and young. Teenagers are not satisfied to know only fragments of these stories; they want to read the full novels.

## Young Need Logic to See World

from "ZHONGGUO  
QINGNIAN BAO"  
(China Youth News)

**B**ECAUSE they live in a society still in the process of being transformed, young Chinese often find it easier to discard time-worn customs and lifestyles than to outgrow the lingering influence of old ways of thinking. Such influence still cast shadows over the philosophies of many young people.

**Stereotypes.** Some young people are accustomed to seeking answers from given conditions rather than from their own hypotheses. As a result, they tend to readily believe existing concepts, particularly those regarded as authoritative. To them, only these viewpoints are correct; those which contradict them are wrong. According to this way of thinking, people dare not raise questions based on reality — let alone challenge popular wisdom by thinking independently and breaking new ground.

**Imitation.** Intentionally or otherwise, some young people tend to accept old ways of thought, and

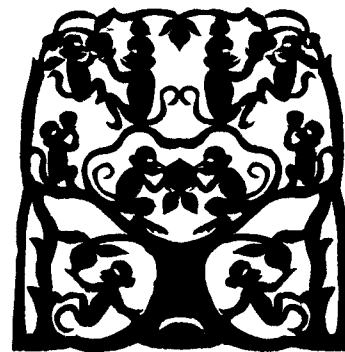
spare no effort to understand their conclusions and imitate them. They sometimes think on their own, but to regenerate and extend existing concepts rather than create new ones. This is obvious in China's schools. Many students work very hard to learn their text by rote, and regard high grades as the final goal of their studies.

**Inactivity.** Some young people are handicapped by inactive minds or an inadequate ability to think; others, if they think about something, are often too narrow-minded. Once they hit upon a ready conclusion, they go no further. When they do make progress in their studies, they quit midway because they are still looking for simple answers. They dare not make big leaps in logic or even change their minds; instead, they immerse themselves in formulas. Lacking flexibility, they often plunge headlong into a subject without giving it a second thought.

**Illogicality.** Traditional oriental thought was inclined to stress personal relations while neglecting the relationship between man and his works. To this day, very few people care to learn scientific ways of

thinking, much less use these laws and related skills consciously.

Some young people would give up strict, meticulous reasoning for illogical judgments based on intuition and personal feeling. Such illogical thinking — which is often rough, inconclusive and sometimes only symbolic — tends to result in perplexity, confusion and wasted effort when applied to scientific research and other demanding fields. This lack of logic is a disaster indeed for one's intellectual development. As Engels said, a nation cannot do without theoretical thinking if it wants to remain on the cutting edge of science. Therefore, it is important for the young to overcome drawbacks in their modes of thought.



### Import Cut Reports Clarified by Ministry

Some foreign newspapers and news agencies have recently alleged that China would stop importing consumer goods, and that this would make it difficult for other countries to do business with China. These statements are groundless, an official from the Ministry of Foreign Economic Relations and Trade said in Beijing. In the first half of this year China imported more consumer goods than it did in all of 1984, while purchases of motorcars and colour televisions almost equalled last year's total, the official added.

Consumer goods last year made up 20 percent of China's total imports. Imports of motorcars, colour televisions, refrigerators, washing machines and motorcycles were up 8, 4, 13, 14 and 9 times over 1983.

The principle guiding China's commodity and equipment imports is that they must benefit the national economy and the people's livelihood and promote and protect the domestic production. Generally, articles which can be produced in China and are sufficient to meet domestic demand will not be imported; things which can be made in China but cannot meet the needs of production and scientific research will be imported. While top priority is given to the import of advanced technology and equipment for the country's modernization programme and important materials urgently needed in production, restrictions will be imposed on the import of consumer goods, he said.

Limiting imports of consumer goods and some other commodities is a common foreign trade practice in many countries, the

official noted, but these restrictions do not constitute a total embargo. China practises a planned economy, and the import trade is part of its national economy. Therefore, imports of major commodities should be incorporated into state plans, and their amount determined by domestic requirements including China's foreign exchange revenues and expenditures. It is normal to restrict excessive purchases of some goods for a specific period of time and increase imports of other goods which are in greater demand, he said.

### 15% of Imports Don't Measure Up

Unscrupulous foreign traders have taken advantage of China's rush to import goods and technology by substituting used merchandise for new goods and inferior commodities for quality ones and shortchanging buyers by delivering less than the promised quantity.

China's import volume was up 37 percent in 1984. Of the 76,117 import shipments inspected by Chinese officials, 11,165, some 15 percent, were in some way deficient. During the first quarter of 1985, 12 percent (4,683 of the 40,387 shipments) were also found lacking or of inferior quality.

The Anshan Iron and Steel Co., for instance, imported a hydraulic press valued at US\$1.5 million from Japan. But following delivery, Anshan inspectors found that the equipment did not meet the stipulations of the contract and it was of inferior quality.

Complaints about short shipments have also cropped up. A Hainan Island company ordered 2,893 tons of wire rod from a Hongkong supplier in April 1984. But the company complained that the shipment was short 630 tons, about 21 percent.

Problems have also occurred in the importation of manufacturing equipment, rolled steel, chemical fertilizers, industrial chemicals, timber, hides and automobiles. Although China has filed claims and received compensation for some of the losses, the compensation has fallen short of the total loss.

The problems, say officials, are handicapping the further growth of imports.

### Corporation Seeks Power Investment

The Huaneng International Power Development Corporation, formed to attract investment and import equipment for China's power industry, was established last month.

Composed of three Chinese companies and two Hongkong firms, the corporation has registered capital of US\$100 million. The Chinese partners own 75 percent of the shares.

The first projects to be built with imported equipment include four thermal power plants, each equipped with two 350,000 kw generators. The plants will be constructed in Dalian, Nantong, Fuzhou and Shijiazhuang. Bid invitations have been sent to foreign firms, and about a dozen companies from Japan, the United States, Canada, the Federal Republic of Germany, Switzer-

land, Britain, France and Italy have expressed interest in supplying the necessary equipment.

The corporation will conduct business talks, sign contracts, import equipment and materials, and borrow funds from abroad. The corporation plans to construct power plants with a total capacity of 5 million kw during the Seventh Five-Year Plan period (1986-90).

## Equipment Import By Bid Invitation

Bids entered by 20 foreign firms for supplying equipment to Shanxi Province coal mines were recently opened. The Kato, Hino, Mitsubishi and Komatsu companies of Japan and Thyssen of the Federal Republic of Germany won the bidding. Over 40 more bids for equipment for the Karamay Oilfield in Xinjiang are now being evaluated by the International Tendering Company under the China National Technical Import Corporation.

Founded last December, the tendering company calls for bids with funds offered by foreign governments and international financial organizations. In the past six months, it has used funds from Japan, Denmark, Kuwait, the World Bank and other international financial organizations to purchase equipment and technology for 50 construction projects and the technical revamping of a number of old factories. The projects, valued at US\$2 billion, cover energy, communications and transportation, posts and telecommunications, light industry, agriculture and health.

Some of these projects have produced good economic results. For example, the Beijing-Qinhuangdao double-tracked railway line and the Yanzhou-Shijiusuo



A workshop at the China Nantong Rikio Co. Ltd.

railway built with loans from the Japanese government have facilitated coal export and eased the strain on railway transportation.

The company will also invite bids this year on telecommunications projects in Tianjin, Shanghai and Guangzhou; harbour expansion in Lianyungang, Qingdao and Qinhuangdao; and energy, communications and agricultural projects in other parts of the country.

The tenders give Chinese companies more choices on better equipment through international competition.

## A Profitable Joint Shoe Venture

The China Nantong Rikio Co. Ltd., a shoe factory funded by the China International Trust and Investment Corporation, the Nantong Light Industrial Bureau and Rikio Co. Ltd. of Japan, has earned profits of 2.4 million yuan since it went into operation two years ago.

The joint venture opened in February 1983, and gained a profit of 450,000 yuan in its first year. It netted 1.95 million yuan in 1984, recouping its total investment six months ahead of schedule. It is expected that it will earn 7.5 times its total investment in its 15-year co-operation period.

Made with technology imported from Japan, the new company's shoes were all resold to Japan, accounting for 25 percent of Rikio's sales in Japan last year. Advanced quality control systems helped the venture record a lower product-return ratio than any other Rikio factory outside of Japan.





## Rulers Kept Cool in Ancient Capital

The ruins reveal a city to rival the urban centres of ancient Greece and Rome: Extensive temples, huge palaces, numerous works of art — and air conditioned summer homes where court nobles of 2,500 years ago beat the searing heat of the north China plain.

Yongcheng, which was recently excavated following 10 years of research by archaeologists in Shaanxi Province, was built in 676 BC. Located west of present-day Xian, it was the capital of the state of Qin during the Spring and Autumn and Warring States periods (770-221 BC). It lost its position as leading city before Qin absorbed or conquered its neighbours to unify China in 221 BC. But it flourished for over a century after its eclipse, and helped develop the ideas and architecture that would be used in China's imperial cities for thousands of years to come.

Enclosed by the remains of city walls, the Yongcheng dig spreads over 32,000 square metres on both sides of a small tributary of the Weihe River. Among its most striking features is its main temple complex, at 7,000 square metres easily the largest and best-preserved of its era yet found. Built entirely of wood, the temple includes a front gate, main pavilion, ancestral worship hall and surrounding walls.

Also found nearly intact was the imperial mausoleum. Its five courtyards, ranked from south to north, cover nearly 22,000 square metres.

The palaces are lavishly decorated with over 60 engraved copper plaques, large numbers of statues depicting scenes from nature or the hunt, and thousands of elaborate glazed tile-ends fired in the

shapes of animals or human figures. These ceramic guardians helped create a pattern of royal architecture that would survive until the fall of the last Chinese dynasty in the early years of the 20th century.

In the suburbs of Yongcheng are located 13 ducal tombs. The largest mausoleum in this underground necropolis is reached by a tunnel 240 metres long. Like its neighbours, it includes a tumulus housing the coffin and an adjoining pit containing life-size terra-cotta models of horses, wagons and oxen, as well as other objects needed to ease the departed ruler's passage to the spirit world.

Even with all these finds, the archaeologists were still surprised to discover that some of Yongcheng's buildings had been built with air conditioning. The summer homes of aristocrats were cooled by large cakes of ice made in a 190-cubic metre ice house west of the city.

## Model Provides Look at Han Life

A pottery model of a courtyard house complex discovered in a Shaanxi Province tomb has shed light on Han Dynasty (206 BC-220 AD) architecture, culture, economics and politics.

The model, unearthed in 1978, had been severely damaged by tomb robbers. Curators at the Mianxian County Museum in central Shaanxi took several years to piece together some 1,000 model fragments. The model depicts two courtyard houses. The main courtyard house has gates, walls

and a central room with two wings. In the second courtyard are servants' quarters and a stockyard. The entire model includes 19 buildings in all.

Architectural details are helpful in studying Han Dynasty building techniques. Three different types of doors are included in the model. There is a single hinged door that opens outward, double doors that open inward and doorless gates in the wall. The window frames are decorated with ornamental engravings. There are also several different types of staircases.

Though scholars have long speculated that the Han Dynasty was a flourishing period of history, there are few material relics and records to study the time. Most of the knowledge about Han life has been culled from the works of historians who came after the period. Artifacts such as the courtyard model give archaeologists a first-hand look at Han culture.

## Buddhist Relics Found in Shaanxi

An 8th century gold Buddhist box in the shape of coffin in a carved square stone pagoda has been unearthed in Lintong County, Shaanxi Province. With it were 70 burial objects, including murals, bronzes and gold and silver containers.

The box is 14 cm long, 7.4 cm at its widest and 4.5 cm at its narrowest. The surface is inlaid with precious stones and silver. The bottom is bronze. The box is within a silver outer box.

The box was found inside a one-metre high stone pagoda carv-

ed with Chinese angels and scenes from Buddhist stories. In front of the pagoda are three tri-colour pottery sacrificial plates and two painted vases, each holding a stone lotus flower.

Both sides of the vault are painted with murals depicting Buddhist monks in different postures.

The relics and murals are well preserved and vividly demonstrate the advanced status of Tang Dynasty (618-907) art.

Other objects found in the pagoda include tri-colour pottery animal figures, money trees, alms-bowls, saucers, bowls and a stone tablet inscribed with 500 characters that dates back 1,244 years.

The relics were unearthed three metres below the surface by peasants removing earth at the ruins of the Qingshan Temple 8 km northeast of Lintong County, famous for the terra-cotta soldiers, horses and chariots.

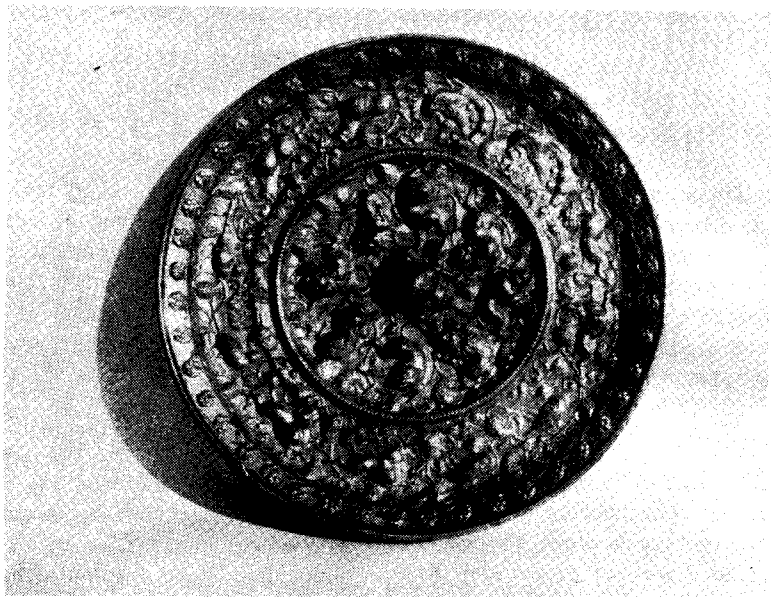
Archaeologists believe this new discovery will benefit research on Buddhist art and history, and culture of the Tang Dynasty.

## Early Man Traces Found in Qinghai

Chinese paleoanthropologists have discovered traces of ancient man dating back 30,000 years in the remote Qaidam Basin in Qinghai Province.

Archaeologists collected 123 stone scrapers, knives, drills and axes, some serrated, at a site near Xiaochaili Lake in the northwest province, scientists believe they were chipped by hunters with stone hammers 35,000 years ago. Other tools made of bone, horn and antler were also found.

Diggers also discovered much rotted vegetation in the layer



A bronze mirror from the early Tang Dynasty (618-907) was recently unearthed in Yiyang County, Henan Province. The mirror is 24.6 cm in diameter, 2 cm thick and weighs 3.4 kg. The reverse side depicts sea lions and other animals amid grape vines. The discovery was made in January by a peasant sinking foundations for a new house.

formed between 23,000 and 31,000 years ago and freshwater shells more than 38,000 years old.

Archaeologists believe the Qaidam Basin was not arid then as now, but had abundant rainfall, freshwater lakes and many plants and animals.

## Wedding Fees Strain Family Ties

Once it was the custom for a man to give his bride-to-be rich presents before they got married. The influence of this custom dies hard. Today, 60 percent of China's young men still expect their parents to pay for their wedding expenses. Some parents save every penny they can earn to prepare for their sons' marriage.

Financial dependence tends to strain the otherwise intimate relationship between the son and his parents, as it induces a love of

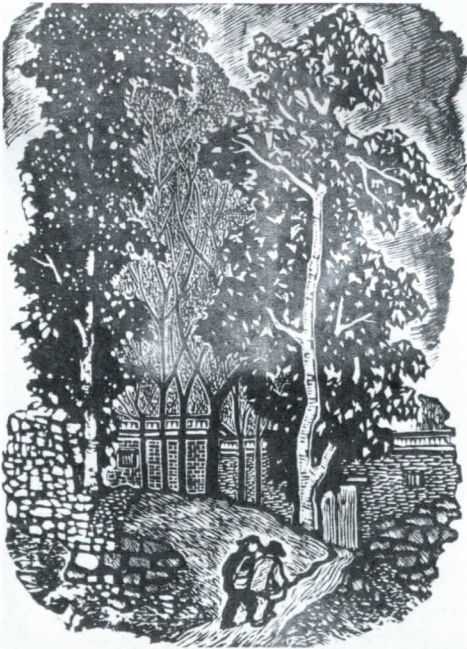
money rather than care for other people. As a result, a son loves his parents only when they are generous to him in terms of money. And if they are not, he treats them like strangers.

It goes without saying that lust for money inevitably leads people astray. It is necessary, therefore, to foster a sense of self-reliance among youngsters so they will feel it an honour to live with little or no financial help from their parents. This should be regarded an important social reform in ideology.



## ART PAGE

Returning Home After School.

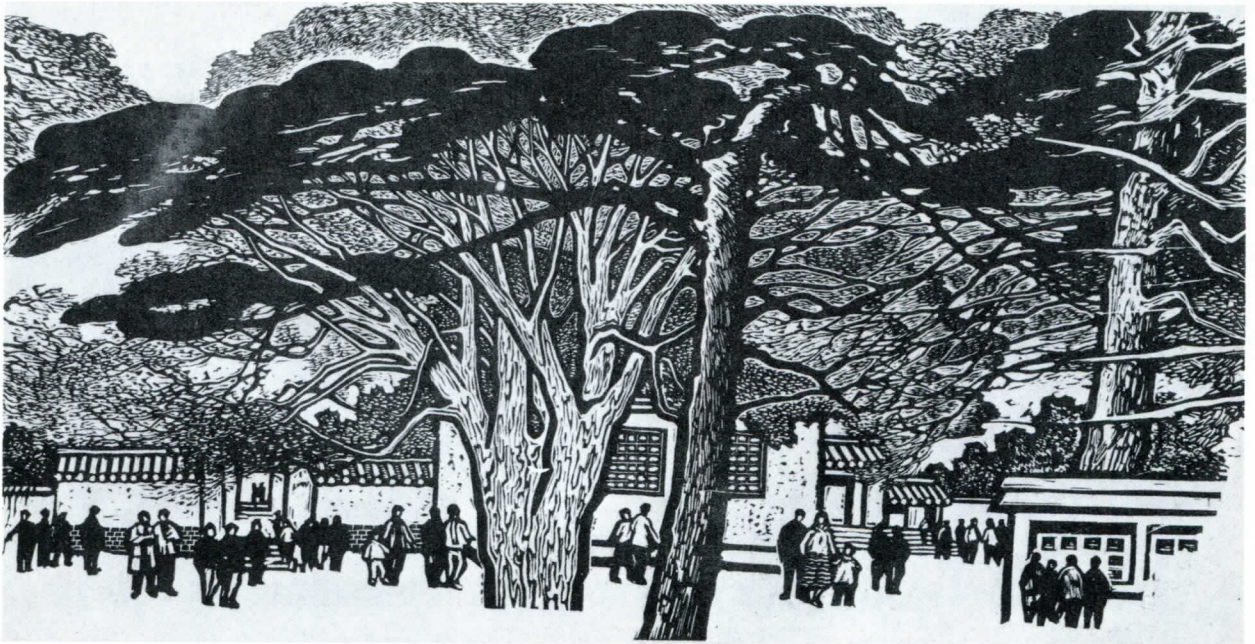


Trees.

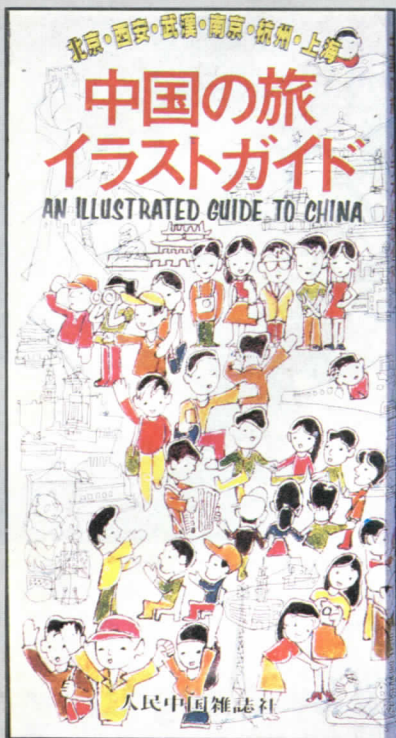
## Woodcuts by Wang Qi

Born in 1918 in Chongqing, Sichuan Province, Wang Qi teaches at the Central Academy of Fine Arts in Beijing.

A master of his craft, Wang uses various techniques to achieve strong blacks and whites. His works are celebrated for their unique style, clever composition and stark contrasts.



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