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BEIJING REVIEW

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A CHINESE WEEKLY OF
NEWS AND VIEWS

Proposal for New Five-Year Plan

Premier Zhao's Explanations



30 Years of Xinjiang's
Autonomy



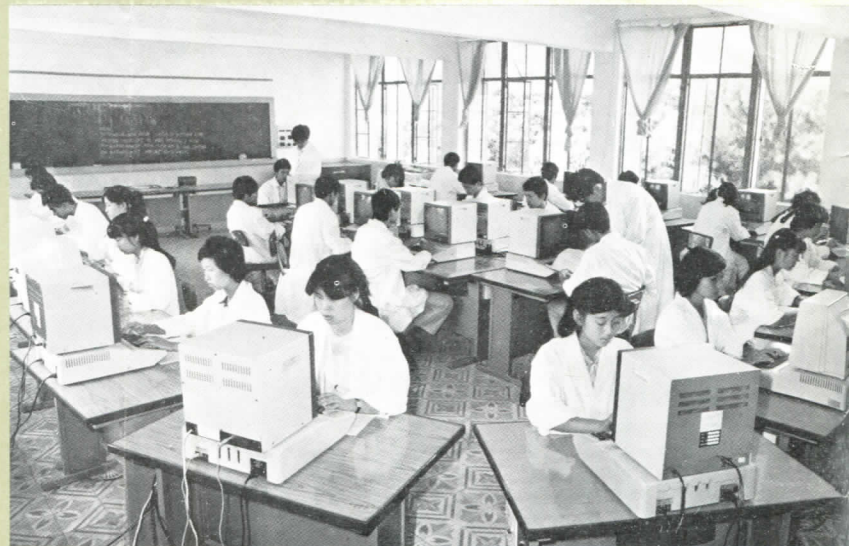
SPOTLIGHT

Vocational Education in China

Students of the Jingsong Vocational Middle School in Beijing practising their cooking skills.



Twenty - eight vocational schools have opened in Shashi city, Hubei Province, in the past four years. Here, students of the class for kindergarten teachers are having a music lesson.



Students of the Xiamen Vocational Middle School attending a computer class.



A teacher of an art class in Qingdao tutoring a student in sketch.



Students of the Shanghai Commercial School listen to a shop manager introducing how to receive the customers.

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COVER: Students of the Kashi No. 1
Primary School in Xinjiang attending
class.

Photo by Xu Xiangjun

HIGHLIGHTS OF THE WEEK

Proposal for the 7th Five-Year Plan Adopted

Full text of the proposal of the Central Committee of the Chinese Communist Party for the Seventh Five-Year Plan for national economic and social development adopted at the national conference of the Communist Party of China on September 23 (centrefold).

Explanatory Notes on the 7th Five-Year Plan

Premier Zhao Ziyang's explanation of the proposal for the Seventh Five-Year Plan made at the national conference of the Communist Party of China on September 18 (centrefold).

Xinjiang: Vistas for Development

Since its founding 30 years ago, the Xinjiang Uygur Autonomous Region has undergone notable changes in economic and other fields, showing the first signs of the region's prosperity. Plans for Xinjiang's future development have been worked out, and it is expected that through the efforts of all the region's ethnic groups the plans' goals can be fulfilled. (p. 13).

North and South Korea Exchange Visits

Last month, a divided Korea exchanged visits of performers and members of separated families, marking the first official contact between residents above and below the 38th Parallel in 40 years. The visits are also, observers note, a significant development towards peaceful reunification of Korea (p. 10).

China Calls for Stronger UN Role

Chinese Foreign Minister Wu Xueqian, speaking to counterparts from other nations at a UN Security Council meeting, called on the permanent members of the council to fulfil their special responsibilities in maintaining international peace and security (p. 16).

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Exercising Regional National Autonomy

by **AN ZHIGUO**
Political Editor

The Xinjiang Uygur Autonomous Region in northwest China and the Tibet Autonomous Region in southwest China celebrated the 30th and 20th anniversaries of their founding on October 1 and September 1 respectively. Since their establishment, these two regions have made significant progress in various fields. Many minority leaders have matured, the people of all nationalities have been united, and industry, agriculture, livestock breeding and literature and education in these regions have developed rapidly (for details see articles in this and previous issues). All these achievements have proved that the policy of the regional autonomy for minority nationalities conforms to China's reality.

There are 55 minority nationalities in China. The Chinese Communist Party has always maintained that all nationalities, large and small, are equal and has practised the policy of equality, unity and common prosperity for all the nationalities.

After the founding of the People's Republic in 1949, China formulated the regional national autonomy policy in areas where minority peoples lived in compact communities. The policy was based on China's historical situation, the relations between various ethnic groups and the distribution of minority peoples. This regional national autonomy policy was once included in the Common Programme of the Chinese People's Political Consultative Conference,

which at one time functioned as a provisional constitution. The same policy was later written into the Constitution of the People's Republic of China. Last year, the Law on Regional Autonomy for the Minority Nationalities of the People's Republic of China was adopted at the Second Session of the Sixth National People's Congress, marking a new stage in the implementation of the policy of regional national autonomy.

It is based on China's reality that the country practises national

The policy of regional autonomy, which is based on China's specific circumstances, proves to be a success as Tibet and Xinjiang celebrate their anniversaries.

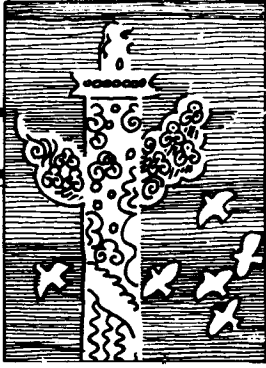
regional autonomy rather than establishes a federation composed of many national states. China has been a unified country under a centralized leadership since the Qin Dynasty (221-206BC). Although for many years in the past China had experienced several unifications and divisions and had not completely rid itself of feudal separatist rule, national unification was, after all, the main trend.

After centuries, the Chinese minorities now live in compact

communities, over scattered areas and are economically interdependent. Such being the case, separate national states would obviously be inappropriate.

To practise national regional autonomy, it is necessary to continue implementing the country's general principles, policies and plans in the autonomous areas: it is also necessary to guarantee autonomy for the regional governments, and give consideration to the characters of and differences between the various minority nationalities. While keeping to the Constitution and other laws of the People's Republic of China, flexible policies and measures can be introduced to speed up the construction of these autonomous areas.

Take Tibet as an example. Located on the "Roof of the World," the Tibet Autonomous Region had long been isolated from other parts of the country. Its production was growing slowly, and its commodity economy, education, and science and technology were all underdeveloped. In order to improve the situation, Tibet's regional government, following the directives of the central authorities, has since 1980 changed the practice of copying the measures used in the hinterland and introduced some special policies. The regional government has since promoted a family management system for agriculture and livestock breeding, while also emphasizing market regulation of agricultural and animal by-products, and developing the private and collective economies in industrial and commercial enterprises. As a result,



Tibet's relations of production are now more suited to the development of local productive forces and the economy in the region has grown apace.

In general the economy and culture in the areas populated by minority peoples are relatively backward — an inequality left over from history. To solve this problem, the central government has in the last 30 years rendered national autonomous areas financial and material help and has subsidized Xinjiang with 14.136 billion yuan and Tibet with 8 billion yuan. Xinjiang has a population of 13 million and Tibet, close to 2 million. In addition, these two regions have since 1980 been exempt from agricultural taxes, and industrial and commercial consolidated taxes for private and collective national handicraft industries. This assistance undoubtedly helps boost the economic development of the two regions.

Today China has 116 autonomous areas, including five autonomous regions, 31 autonomous prefectures and 80 autonomous counties. These regions cover a total area of 6.1 million square kilometres, making up 60 percent of the country's total territory, and have a total population of 120 million, of which 50 million are minority peoples. According to the law, chairmen and vice-chairmen of the standing committees of the people's congresses of these autonomous areas, and heads of the autonomous regions, prefectures and counties must be citizens of the nationalities concerned.

LETTERS

About Rose Smith

I was touched to hear of Rose Smith's death (*Beijing Review* No. 32, 1985). I visited her in October 1983 and was amazed at her vitality and keen senses. She was working at home for a few hours every day even then and spoke to me of her appreciation of the care she was given: a lovely home in a courtyard with roses, pictures inside of Rose with Zhou Enlai and other friends she was privileged to know. If she has a tomb, I hope that I can visit it when and if I next see Beijing.

I like articles on life in various parts of China (with maps) and political assessments which bring an up-to-date picture. The pictures in colour of art objects, news of excavations such as at Xian, and the peasant paintings all are of interest. Also, as one of your contributor says, we only usually get accounts of Sino-Soviet Union affairs based on the China-US-USSR triangular political condition, so we would like to hear of other interaction, such as culture and trade. Also new writers and poets of China would be of interest.

As a traveller to China in 1973 and 1983, I have been very pleased to keep in touch with your marvellous country through *Beijing Review*.

M. Brueton
Cardiff, UK

Comments and Suggestions

I am interested in articles about culture and science, politics, economics and sometimes other subjects such as sports. Now I would like to criticize you especially on football. I've read *Beijing Review* almost a year, but haven't found

any detailed articles on Chinese football.

In fact, I am very interested in your reports on progress and development on all fronts in China. Because of the numerous good articles published by your magazine people understand that the Chinese people have made a lot of progress in many areas, such as technology, industrialization and politics, etc. I wholeheartedly support the Chinese leadership. They have worked hard towards world peace, co-operation and friendship. I have never been to China, but your tourist articles on natural beauty spots touch me.

Khledj Kouider
W. Ain-Defla, Algeria

Beijing Review gives me a chance to learn more about Chinese politics, economics and culture. As far as I am concerned all the articles are very important, especially the ones on education in China, as I specialize in this subject. I like these articles because they give us helpful ideas for our own educational reform.

This magazine is rich in its stories on social, political, cultural, technological concerns, medicine, and domestic and international trade. I feel, however, that the material often lacks profundity and range. You need to go deeper and look more carefully at the issues. But of course I still like all the reports very much.

I hope you'll publish a special feature on education — one that would involve pre-school, primary school, middle school and college, as well as art education and the state's educational policies.

Victorie M.S
Morelos, Mexico

China Seeks Mild Growth in 1986-90

After many years of often tortuous development, China is now in a position to do better than merely feeding and clothing its huge population.

"The economy will gradually shift from meeting people's needs to improving their livelihood," said Premier Zhao Ziyang, while explaining the Party Central Committee proposal for drafting the Seventh Five-Year Plan (1986-90) at the national Party conference last week. By the turn of the century, the Chinese people will begin living a relatively well-to-do life, Zhao said.

In order to achieve the predicted goal, Zhao said, China must unflinchingly double the 1980 total industrial and agricultural output value and gross national product by 1990, raise urban and rural residents' annual consumption power by an average of between 4 and 5 percent, and improve people's housing and other facets of their living conditions. (For the full text of the proposal and Zhao's explanation see centrefold in this issue.)

Premier Zhao suggested the Seventh Five-Year Plan be carried out in two steps. The first step, he said, requires controlling consumer demands and holding down runaway economic growth, excessive spending on fixed assets and mounting consumption funds. A gradual approach to solving existing problems will produce better results than if an attempt was made to find the answers to these problems in a mere six months, the premier said. By allowing two years for the country to adjust, Zhao said, China will avoid losses and dislocations that might other-

wise be caused by a "sudden slam on the brakes."

In the second step, taken in the last three of the next five years, China will increase investment in capital construction as far as conditions permit, as preparation for the economic rejuvenation expected in the 1990s.

According to the Party Central Committee proposal, over the next five years top priority will be given to restructuring the economic system. "Only by eliminating the flaws in the management systems that are hindering the development of the productive forces, and by gradually replacing them with more vigorous systems, can we ensure the steady growth of the economy in the next five, ten, twenty years and beyond," the Central Committee stressed in its proposal.

Much has been achieved in the past few years to invigorate the economy by delegating more decision-making power to the country's various factories and enterprises. The task now is to tighten up indirect control of macro-economic operations, or as Zhao said, "to give a greater regulating role to economic levers and to improve economic legislation and supervision."

The premier said there are two ways to cope with future problems. First, the country must enhance enterprises' economic efficiency and second, it must increase their ability to earn more foreign exchange through export.

Poor product quality and high raw material consumption constitute a serious weakness of the Chinese economy, Zhao said.

However, it is precisely in these areas where the enormous potential for future development lies. Technological reform is indispensable to solving these problems but, said the Chinese premier, "it is even more urgent and more practical to raise operational and management skills."

The shortage of foreign exchange is yet another problem that will continue to plague the Chinese economy. "The fulfilment of the Seventh Five-Year Plan," Zhao said, "hinges on whether China can earn more hard currency and strike a balance of payments." He suggested establishing "export production systems," and giving full play to the special economic zones, the 14 open coastal cities and the three delta areas recently opened to foreign investment. Tourism and export of services, Zhao said, are also potential tools for accumulating foreign income. "We should learn both how to earn foreign exchange and how to use it effectively, so that the limited amount we have will be used effectively and will yield satisfactory economic returns," he said.

In its proposal for the country's economic development during the Seventh Five-Year Plan period, the Party suggested the following six guidelines:

— Relying on correct state policies and scientific progress to improve farming conditions and pave the way for smooth agricultural development;

— Producing more consumer goods and building more houses;

— Pooling financial, material and technical resources to build

key projects in energy supply, transportation, telecommunications and the raw and semi-finished material industries;

— Speeding up the development of the service trades and professions so that they tally with the growth of the industrial and agricultural sectors;

— Stepping up technical improvement and the expansion of existing enterprises and equipping all economic sectors with advanced technology; and

— Correctly handling the relationship between economic regions in east, central and west China, taking advantage of their material assets and intellectual resources and fostering economic ties that help economically knit the regions together, while allowing each to retain its distinctive character.

The Seventh Five-Year Plan will promote peaceful development and involve China's billion people in reforming the economic structure and striving for socialist modernization. The successful fulfilment of the plan, says the Party Central Committee proposal, "will enable China to move a step closer to becoming a strong and prosperous nation with well-off and happy people, while at the same time allowing them to contribute to world peace and stability."

Better Lives for Chinese People

With the completion of China's Sixth Five-Year Plan, people are beginning to take stock of the great changes that have taken place in their lives and finding that they are doing much better than they were only a few years ago.

In the 1980 Chinese workers earned an average of 762 yuan, and this is expected to rise to 1,143 yuan this year. Taking price rises into account, the figure represents

a 25.7 percent increase. Average per-capita income topped 608 yuan in 1984, and is expected to rise to around 820 yuan this year, an 86.6 percent increase over 1980, according to the State Statistical Bureau.

People are eating much better. Instead of the thin rice gruel and pickles most Beijing residents ate for breakfast five years ago, they now have soy-bean milk and deep-fried cakes, or milk and bread. The Chinese now have more eggs, milk, beef and poultry.

According to official statistics, non-staple foodstuffs now account for 81 percent of China's retail food sales, up from 76.5 percent five years ago. Supplies of grain, pork and fish have risen by up to 100 percent since 1980. Stocks of edible oils, mutton, beef, eggs, poultry and liquor have doubled, while those of canned foods, powdered milk products and children's foods have tripled.

People have begun dressing more stylishly, with brightly coloured polyester shirts, and skirts and dresses replacing plain white shirts as favoured summer wear. The thin, light silks and satins which were worn by only the most affluent in the past have now found their way into the closets of most ordinary Chinese. Drab cotton-padded winter overcoats have also given way to colourful down-filled clothing and woollen coats.

Sales of synthetic fibres, woollen fabrics, silk and satin have increased by 110 to 170 percent since 1980, while supplies of cotton have risen only 14.7 percent. Sales of Western-style suits and down-filled clothing have risen at least ten-fold, a State Statistical Bureau official said.

Leather shoes, once regarded as luxuries, are now nearly universal.

All this has created a new problem, especially for the young — how to dispose of clothing that still

is quite serviceable but not in fashion. "We are reluctant to throw things away, but we don't want to wear them either. Those old clothes are getting to be quite a burden on me," said one young woman in Beijing.

The trend towards greater consumption is led by sales of durable goods. A few years ago, most Chinese struggled to buy bicycles, sewing machines, wristwatches and radios. But those are now relatively common, and people now set their sights on colour TVs, electric fans, washing machines, tape recorders, refrigerators and cameras. Over the past five years, sales of washing machines and refrigerators have increased nearly 50 times over. Purchases of TV sets and many other major products have risen five-fold to 20-fold.

More significantly, per-capita living space in China's cities last year was 6.32 square metres, up 27.4 percent over the 4.96 square metres recorded in 1980.

While rejoicing over their gains, most Chinese are well aware that their nation still lags far behind the developed countries and they will have to work even harder to attain a high standard of living. The coming year will see the beginning of the Seventh Five-Year Plan and the entire nation will be working for its success.

No Meddling in Population Policy

A Foreign Ministry spokesman criticized the US International Development Agency on September 27 for attacking China's population policy and withholding its pledged contribution to the UN Fund, for Population Activities (UNFPA).

The spokesman asked the US authorities concerned to respect facts and correct their erroneous

News in Brief

Recently 58 healthy senior citizens over 80 years old were chosen as model retirees in Shanghai. One is Professor Su Buqing, a world-famous mathematician who is now honorary president of Fudan University.

Shanghai today leads the nation in the number of senior citizens. Of its population of 11 million, 1.4 million are above 60 years old.

With fishponds expanded to 4,500 hectares in its suburban areas, Beijing will be able to supply its residents with an estimated total of 15 million kg of fish this year, up 30 percent over 1984.

Monthly fish supplies to the Beijing urban markets now stand at 2.5 million kg, but this month the municipal government has supplied an additional 5 million kg to meet the needs of holiday-makers during the National Day celebrations.

The State Council has dispatched 28 inspection teams to examine and supervise tax payments, pricing and other economic activities of 3,000 large enterprises and nearly 400,000 small and medium-sized ones across China.

China's first college of urban and rural construction and environmental protection was opened recently in Suzhou, Jiangsu Province. The college features five departments in city planning and environmental engineering, and management.

practice, and expressed "strong dissatisfaction" with the US agency's move.

The agency issued a statement on September 25, "distorting China's population policy and falsely accusing China of practising forced abortion," the spokesman said. The agency has decided to withhold US\$10 million of its pledged contribution of US\$46 million to the United Nations fund this year. The first instalment of US\$36 million was made in March.

The spokesman said: "It is the sovereign right of each country to work out and implement its own population policy in the light of its concrete conditions. China has a large population, and its social and economic development requires a planned control of its population growth, which is also conducive to the prosperity and stability of the world.

"By pursuing its family planning programme, China has always followed the principle of voluntary participation under state guidance and opposed all coercive means in the work of family planning."

The US statement has wantonly interfered in China's internal affairs and obviously violated the important principle that "the formulation of policies is the sovereign right of each nation," the spokesman said.

The principle was unanimously confirmed at the international conference on population held in Mexico in 1984.

"The US statement is absolutely unacceptable to the Chinese side," he said.

A spokesman for China's Family Planning Commission expressed indignation at the US agency's announcement.

He described the move as a direct attack on China's family planning policy, and as representing an intolerable interference in China's internal affairs.

The spokesman stressed that the co-operation between the UNFPA and China was conducted entirely within the framework of the UN body's world population activities programme. "Not a single UN dollar from the UNFPA assistance to China has been spent on induced abortions," the spokesman said.

Chinese Provide \$200,000 to Mexico

The Chinese government will provide US\$200,000 in cash, in addition to the US\$50,000 given earlier by the Chinese Red Cross Society, to help Mexico recover from the two earthquakes that struck Mexico City.

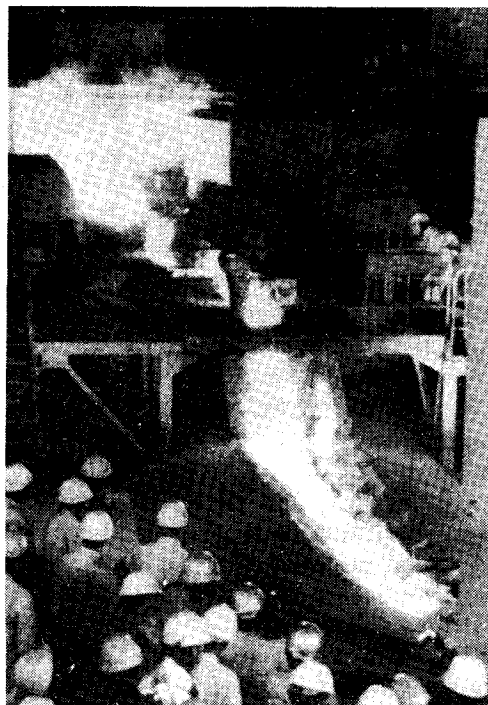
The action was taken in response to a September 24 UN resolution calling for all states to help Mexico in its relief and reconstruction efforts.

Spanish Prime Minister Felipe Gonzalez recently flew to Mexico City to deliver 12 tons of medical supplies and equipment, while Yugoslavia has donated US\$670,000 worth of medicine, blood and medical instruments for the victims.

Mexican President Miguel de la Madrid Hurtado has appealed for support from Mexico's creditors as rescue workers, digging against hope, looked for survivors of the massive quakes.

Up to September 23, Mexico had received 1,250 tons of material from various countries, a Mexico official said.

Twin quakes striking within 36 hours of each other late September killed at least 3,400 people, while another 2,000 are still buried in debris and probably dead.



Baoshan Furnace Begins Operation

The Baoshan Steel Plant in Shanghai put its first blast furnace into operation on September 15. As China's largest imported project, the furnace yielded more than 1,000 tons of up-to-standard molten iron in its first 24 hours of production, achieving the state target 14 days ahead of schedule. Output is now growing by 300-400 tons each day.

13.8m Yuan Donated to African People

A nationwide fund-raising campaign launched by the Red Cross Society of China six months ago has grossed more than 13.87 million yuan for drought-stricken Africa.

Shandong, Jiangsu, Sichuan and Liaoning provinces and Beijing and Shanghai municipalities each collected more than 1 million yuan during the campaign with Shan-

dong topping the list at 3.7 million yuan.

The campaign began with fund-raising actions in more than 100 cities and towns. The Ministry of Culture organized a benefit variety show in Beijing. Sports competitions were also sponsored to raise fund for the Africans, and more than 1,000 hospitals across the land handed over earnings from their service to the appeal.

Test Well Unveils Rich Oil Deposits

A test well recently drilled where the Zhujiang (Pearl) River empties into the South China Sea has hit oil of commercial value, the China National Offshore Oil Corporation (CNOOC) announced this week.

The well is estimated to be able to produce 13,370 barrels of oil and 280,000 cubic metres of gas a day.

The well was drilled by Agip

Ltd. of Italy in co-operation with Chevron Orient Inc. and Texaco Orient Petroleum Company of the United States.

The oil-bearing structure covers an area of 3,189 square kilometres. Four test wells have been sunk in the area.

The crude from the well is said to be of good quality. The new finding further shows that the Zhujiang River Estuary is a promising oil and gas area.

China & the World

Sino-Soviet Talks

The seventh round of consultations between the special envoys of China and the Soviet Union will begin in Beijing on October 4.

The talks will continue earlier discussions on normalization of Sino-Soviet relations, a Foreign Ministry spokesman said.

No Change in Sino-Viet Ties

The Chinese Foreign Ministry spokesman also ruled out any connection between Viet Nam's participation in the coming fourth Asia-Pacific international trade fair in Beijing and the relations between China and Viet Nam.

The exhibition is an international economic activity co-sponsored by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the China Council for the Promotion of International Trade, the spokesman said. In accordance with ESCAP rules, all members are entitled to participate, including Viet Nam, he added.

Leaders to Visit China

Four foreign leaders will visit China in October. They are President of Madagascar Didier Ratsiraka; Pakistan Prime Minister Moham-mad Khan Junejo; Romanian President and Communist Party General Secretary Nicolae Ceausescu; and George Bush, Vice-President of the United States.

Korea

Visits Aid North-South Relations

On September 20 North and South Korean Red Cross units started the exchange visits that are the first official contacts between people from the divided peninsula in 40 years.

by **LIU ZHENGXUE** and
FENG ZHIYUAN

CHAIRMAN of the Red Cross Society of the Democratic People's Republic of Korea Son Song Pil and his counterpart in the South Korean Red Cross, Kim Sang Hyup, each led a 151-member team on a four-day visit to Pyongyang and Seoul. Each delegation consisted of 50 performers, 50 members of divided families, 30 journalists and a 20-person support group. While in Seoul, the troupe of North Korean artists received a warm reception after its performance from a 3,000-member audience that included South Korean politicians.

On September 21 and 22, some family members who had not seen each other since the country was sliced along the 38th Parallel in 1945 held emotional reunions.

Delegation leaders, Son Song Pil and Kim Sang Hyup, spoke highly of the arrangements. In his statement in Seoul, Son Song Pil pointed out that this visit would contribute to the reunification of the split nation. In Pyongyang, South Korean Kim Sang Hyup also expressed his hope that the short visit would promote a constructive dialogue between the North and South Korea.

The North and South Korean Red Cross began their dialogue in 1971. From August 29, 1972, to July 13, 1973, the two groups held

seven rounds of talks in Pyongyang and Seoul and reached five agreements. Afterwards, however, their talks stalled for 12 years. In September of last year when South Korea was inundated with violent flooding, North Korea provided relief goods, which resulted in the resumption of contact between the two relief agencies. After the eighth set of formal talks between the Red Cross representatives in Seoul in August and three working talks later this year, the two sides finally reached an agreement whereby they would exchange song and dance troupes and groups of divided family members. The just-

completed visits were a success because in their talks the two sides were sincere, considered what was best for both, compromised and sought a common ground where differences would be reduced.

The Red Cross from the north and south have since decided to hold a set of tenth talks in order to discuss the realization of complete and free interaction between separated families and relatives.

At the same time the north-south economic talks are also achieving gradual progress. In these discussions the two sides have agreed to set up a joint economic commission at the vice-premier level in order to further economic co-operation. In addition, the parliamentary talks between the two are showing signs of progress, adding to the sparks of hope for future co-operation between the two parts. All these are favourable to realizing the national desire of the Korean people and are welcomed by the world.

An emotional reunion between relatives at the North and South Korean family meetings held in Seoul in September.



Explanation of the Proposal for the Seventh Five-Year Plan

— Made at the National Conference of the Communist Party
Of China

September 18, 1985

Zhao Ziyang

Comrades,

I fully agree with the opening speech delivered by Comrade Yaobang. On behalf of the Central Committee of the Party I will now explain a few points regarding the Draft Proposal of the Central Committee of the Communist Party of China for the Seventh Five-Year Plan for National Economic and Social Development.

1. Nature and characteristics of the document.

This document was drawn up after a year of deliberation under the direction of the Secretariat of the Central Committee and the State Council. It is not the Seventh Five-Year Plan itself but a set of proposals for the plan. The main contents of the document are as follows. First, the guiding ideology for our economic programme during the period of the Seventh Five-Year Plan and its objectives. Second, the basic strategy and major policy measures for economic and social development. And third, suggestions for economic structural reform and steps for its implementation. The guiding ideology, the development strategy, the principles and policies and the suggestions for reform are based on conditions in China and an analysis of the international situation. They represent the culmination of our experience in socialist construction, especially since the Third Plenary Session of the Eleventh Central Committee, and embody the decision on reform of the economic structure made by the Third Plenary Session of the Twelfth Central Committee. The drafting was done by seeking truth from facts and taking into account the requirements for building socialism with

Chinese characteristics. Instead of listing a whole series of quotas, the proposal deals with only a few major ones that have immediate bearing on the overall situation and the orientation of economic and social development. One of the document's distinct features is its emphasis on development strategy and on principles and policies, which represents an important new approach to planning. It allows us to concentrate our attention on essential contradictions in economic work and on key problems in economic development. We should take a similar approach to working out the Seventh Five-Year Plan and other medium- and long-term plans. Once the proposal is adopted by the conference, the State Council will use it as the basis for drafting the Seventh Five-Year Plan, which will be submitted to the Fourth Session of the Sixth National People's Congress next spring for deliberation and approval. The plan will then go into effect.

2. Current economic situation.

A correct assessment of the current economic situation provides the basis for formulating plans for economic and social development. It is not good either to overestimate our achievements or to underestimate them. The general principle should be to seek truth from facts and make accurate assessments. While fully affirming the achievements, the proposal also points out the major economic problems.

The proposal states that the task of bringing about a fundamental improvement in the country's financial and economic situation has largely been accomplished. This conclusion is based on the fact

that our national economy has begun to develop in a steady, stable and balanced way. The balance of agriculture, light industry and heavy industry and the ratio of accumulation to consumption have improved after several years' efforts. Agricultural production has picked up speed and is forging ahead; light industrial production, which used to be far from meeting the people's needs, is expanding day by day; and the output of energy, formerly at a standstill, has entered a period of steady growth. Fresh progress has been made in all fields of endeavour and the living standards of both urban and rural residents have markedly improved. The principal basis for our favourable assessment of the economic situation is the steady, stable and balanced development of the major economic sectors and the appropriate rate of growth. In the past few years, the general situation has been steadily improving. We expect that the annual growth rate of the gross value of industrial and agricultural production will average 10 percent throughout the period of the Sixth Five-Year Plan. In the process of preparing for the Seventh Five-Year Plan, we examined the economic growth rate from various aspects, and calculated it from different points of view, and we believe that this vigorous growth will continue. The gross value of industrial and agricultural production is expected to increase at an average annual rate of 7 percent and that of the gross national product at an even higher annual rate. A sustained 7 or 8 or even 10 percent growth rate over such a long time is rare in the economic development of any country. A similar situation has occurred only in a few countries and regions during the "economic take-off" stage. This demonstrates the increasing vitality of our economy. Things have changed dramatically since the end of 1980, when we set about further readjusting the economy and rectifying the serious disproportions in the development of the various economic sectors. Our economic work in the past was primarily geared to meeting the people's needs for food and clothing, whereas now the consumption pattern and the production set-up have changed markedly. This is an important stage in China's economic development. From here on, the economy will gradually shift from meeting people's basic needs to enhancing the quality of their lives, so that by the end of this century the Chinese people will achieve a relatively comfortable standard of living. Although this is a gradual process, it is increasingly apparent and we should be fully aware of it.

With the growth of the economy, the steady decrease in state revenues, which produced huge deficits in 1979 and 1980, has been reversed. Both state revenues and expenditures have increased by a wide margin in recent years while remaining

basically in balance. Although there were deficits in the last two years, they were small and are likely to be eliminated this year. Ours is a developing country undergoing large-scale construction. A small deficit does not matter much and should not be taken as the primary indicator of how the country is faring financially and economically. State revenues this year are expected to reach 170 billion yuan, and if extra-budgetary funds collected by local authorities, departments and enterprises are included, they will total more than 300 billion yuan, or almost double the amount in 1980. This shows that China's economy is definitely stronger.

To say we have generally brought about a fundamental improvement in the country's financial and economic situation does not mean that there are no more problems. In the fourth quarter of last year, a number of problems arose, such as an excessive rate of growth of industrial production, excessive investment in fixed assets, overexpansion of credit and consumption funds, sharp increases in some commodity prices and a drop in state foreign currency reserves. Thanks to the measures that have been taken and are being taken by the Central Committee and the State Council, these problems are gradually being solved. We should be sober-minded and realistic in our work and conscientious about accomplishing new tasks and tackling new problems, and consolidate and develop both the current favourable economic situation and the political situation of stability and unity.

3. Tasks in the period of the Seventh Five-Year Plan. There are three main tasks in the period of the Seventh Five-Year Plan. First, to create a sound economic and social environment for the smooth progress of the structural reform, thereby laying the groundwork for a new economic structure. Second, to speed up the construction of key projects, the technological transformation and intellectual development, in order to provide the material and technological conditions necessary for continued economic and social development in the 1990s. And third, to continue to improve the people's living standards. The first task is the most important. The significance of reform is not confined to immediate interests. What is more important is to lay a solid foundation for sustained and stable economic development in the next decade and the first half of the next century. Without reform no such development will be possible. In essence, reform serves economic construction. For now and for some time to come, construction should be designed to advance reform. The pursuit of excessively high growth rates will strain all economic sectors and impede the progress of reform. To create a favourable economic

environment for reform, we must refrain from pursuing excessively high growth rates and from expanding the scale of construction in disregard of the country's strength. Nevertheless, we must maintain an appropriate rate of development by undertaking key projects and stepping up the construction of industrial and agricultural infrastructure, so as to provide the basis for further development and, as production increases, to keep raising people's real incomes.

The period of the Seventh Five-Year Plan can be divided into two stages. In the first two years, the emphasis will be on controlling social demand in general to solve the problems of overly rapid growth rates, excessive investment in fixed assets and sharp increases in consumption funds. We will make minor changes, while maintaining the same general scale of investment in fixed assets as in 1985, to improve investment patterns and step up the construction of key projects. A gradual solution of existing problems over two years or so will produce better results than concentrating our efforts in the second half of this year. This would help to avoid the dislocations that might result from slamming on the brakes too suddenly. However, the drawback is that people may not pay much attention to this effort and these problems may even run out of control. Leading comrades at various levels must pay special attention to this possibility. In the last three years of the Seventh Five-Year Plan period, investment in construction will be increased according to the circumstances prevailing then. But the general scale of construction still needs to be kept under control. This is an important lesson we have learnt over the years. Reform will, by and large, be conducted in these two stages, which is a sounder and more positive approach.

4. General reform of the economic structure.

The period of the Seventh Five-Year Plan is a crucial one for general reform of the country's economic structure. We must give the reform top priority if we want to lay the foundation, over the next five years and beyond, for a vigorous socialist economic structure with Chinese characteristics.

The restructuring of the national economy with focus on the cities is a tremendous, complicated task of social systems engineering. A new economic structure should serve to develop a planned commodity economy based on public ownership. To this end, we must do the following three things. First, further invigorate enterprises, especially state-owned large and medium-sized ones, and make them socialist commodity manufacturers and dealers that are relatively independent in management and responsible for their own profit and loss. Second, fur-

ther expand the planned socialist commodity market and gradually improve the marketing system. And third, gradually relax the state's direct control over the economic operation of enterprises in favour of indirect controls, in the form of economic, legal and, if necessary, administrative means. All three things must be well co-ordinated.

The restructuring of the economy must be undertaken resolutely and systematically. In the past few years much has been done to relax controls. Hence, the task confronting us now is, while improving microeconomic operations and mechanisms, to exercise more effective indirect control over macroeconomic operations. Or, in other words, to give a greater regulating role to economic levers and to improve economic legislation and supervision. We should be aware that more effective indirect macroeconomic control constitutes an important aspect of reform. Compared with flexible microeconomic control, or with direct microeconomic control, it is much more complicated and difficult, and we are not very experienced at it. Only when we make a success of indirect macroeconomic control can we co-ordinate it with the reforms that are under way and only then can the conditions be created for greater flexibility with regard to enterprises, making them more responsive to the market. In the first two years of the Seventh Five-Year Plan period, reform should focus on strengthening and improving indirect macroeconomic control, while stabilizing the economy. In addition to taking measures necessary for price reform, we should make greater use of interest rates, tax rates, exchange rates and other economic levers. We should lose no time in formulating economic laws and regulations, establishing and consolidating economic supervision and improving economic information. We must also strengthen banking, taxation, auditing, statistical work, quality testing, industrial and commercial administration, notarization and other functions. At the same time, we should continue to implement and improve the regulations of the State Council on expanding the decision-making authority of enterprises, and we should do all we can to revitalize large and medium-sized enterprises that are important to the national economy. On the one hand, we should encourage enterprises to make the most of their existing potential, continue to implement the system of economic responsibility and stimulate the initiative of dealers and manufacturers. On the other hand, we should try to reduce regulating taxes on enterprises by varying degrees, cut back on intermediate management in companies at the bureau level and below, and forbid the indiscriminate imposition of quotas on them and collection of revenue from them. We must lighten the burden of large and medium-sized

state-owned enterprises in order to increase their ability to develop on their own. We must prevent a situation from developing in which the more work these key enterprises do the more difficult things become for them. Instead, they should be increasingly invigorated. Herein lies our hope for future economic development. While expanding the socialist commodity market in the last three years of the Seventh Five-Year Plan period, we should continue exercising more effective indirect control, complete the reform of the pricing system and the system of price controls for means of production, improve the tax system and reform the system of banking, so as to create a favourable environment for enterprises. Our reforms will be constantly improved in the process. It is essential to encourage experimentation and innovation within the guidelines set for reform. Here it must be pointed out that the extent to which we relax direct microeconomic controls and the measures we take for that purpose must be suited to the state's ability to exercise more effective indirect control and co-ordinated with such control.

5. Two keys to the problems in production and construction during the period of the Seventh Five-Year Plan. During this period, a host of problems will arise in the process of creating a favourable environment for reforms, preparing for sustained future development and raising people's living standards. There are two keys to solving these problems, namely, to enhance the economic efficiency of enterprises and to increase their ability to earn more foreign exchange through exports.

Poor product quality and high consumption of raw materials are the fatal weaknesses of our economy, but for that very reason we have enormous potential for future development. We must tap that potential to expand the country's financial resources, increase the ability of enterprises to develop on their own, and improve the living standards of workers and other employees. We must spare no efforts to improve product quality and reduce the consumption of raw materials, so as to upgrade enterprises' operations. Our enterprises are backward in technology and even more so in management. Therefore, technological transformation should be conducted during the period of the Seventh Five-Year Plan. However, it is even more urgent and of more practical significance to raise operational and management skills. During this period, we must try, through reform, to tighten overall quality control and labour discipline, train workers and staff members so as to increase their professional competence and upgrade the operations of enterprises in every respect. All this

must be done if we are to shift the focus of work of enterprises to the improvement of economic efficiency. We should impress on all workers and cadres that improving product quality and reducing the consumption of raw materials are the most practical ways to fulfil the Seventh Five-Year Plan.

We will further open to the outside world during the period of the plan. As a developing country, China will suffer shortages of foreign exchange for a long time. Our ties with the world market depend on our ability to earn foreign exchange. Opening to the outside world should not be confined to import; there must be export, too. The volume of imports is determined by that of exports. More exports make more imports possible. This is where the second key to the fulfilment of the Seventh Five-Year Plan comes in: To earn more foreign exchange in order to strike a balance of payments. We must work out a development strategy and systematic policies and measures for foreign trade and exports. We should establish a production network for exports, make full use of the special economic zones, open cities and regions along the coast so that they will lead the interior in turning out major export commodities, and we should increase our appeal to the world market by broadening the variety of export products. While increasing the volume of exports, we should also try to earn more foreign exchange by other means, through tourism and export of labour. As our ability to meet international payments grows, we should use more foreign investment, including loans on preferential terms and commercial loans, to make up for the shortage of domestic funds for investment. We should learn both how to earn foreign exchange and how to use it effectively, so that our limited amount of it will be put to best use and yield satisfactory economic returns. This is a new subject for us to study.

Raising economic efficiency and increasing foreign exchange earnings are related. Therefore, the enterprises should begin by improving their performance, so that they can keep upgrading and updating their products and speed up development through domestic and international competition, and so that their products will stand the test of the domestic and international marketplaces. This is the only way we can find a firm footing.

6. The need to build the "two civilizations" simultaneously. The Seventh Five-Year Plan should be a programme for building a socialist material and spiritual civilization simultaneously. To this end, we must do the following: First, steadfastly adhere to the four cardinal principles and oppose corruption by bourgeois liberalism and by capitalist, feudal and other decadent ideologies. Second, continue to im-

prove the socialist legal system, punish according to law offenders who have seriously damaged the socialist economy and public order and jeopardized the people's interests, and prohibit and curb all improper activities that undermine standards of social conduct. And third, step up and improve political and ideological work and unceasingly encourage the people throughout the country to cherish lofty ideals and moral integrity, to become better educated and to observe discipline. In addressing problems in the ideological sphere, we must always rely on persuasion and education and not repeat past "left" mistakes. In the economic sphere, we should promote good professional ethics and urge enterprises to earn people's trust by conducting themselves honourably in commercial transactions and factory management, by serving the people, by observing discipline and obeying the law, by achieving prosperity through industrious work, and by resisting unethical and unsound business practices. Leading Party and govern-

ment departments as well as leading cadres at all levels must firmly carry out the policy of building the "two civilizations" simultaneously and take care to make a success of socialist spiritual civilization in order to expedite material civilization.

Comrades, the period of the Seventh Five-Year Plan is one of paramount importance. Successfully accomplishing the tasks for these five years is vital to consolidating and developing the excellent situation that has evolved since the Third Plenary Session of the Eleventh Party Central Committee, to ensuring economic invigoration and prosperity in the 1990s and to achieving our magnificent goal by the end of the century. The Central Committee of the Party hopes that all Party members and the people of all our nationalities will unite more closely and work hard, with a pioneering spirit of reform and innovation and with full confidence in success, to accelerate China's programme of socialist modernization. □

Proposal of the Central Committee of the Chinese Communist Party for the Seventh Five-Year Plan for National Economic And Social Development

— Adopted at the National Conference of the Communist Party of China

September 23, 1985

1. In its drive for socialist modernization, the People's Republic of China will enter the period of the Seventh Five-Year Plan (1986-90), having fulfilled or exceeded the Sixth Five-Year Plan (1981-85). If we have five more years of success, working in the light of the general requirement of building socialism with Chinese characteristics and the general principle of revitalizing China's domestic economy and opening to the outside world, that success will consolidate and advance the current favourable economic and political situation and ensure that the economy will continue to grow and flourish in the 1990s. We will then have taken a firm step forward on the road to national prosperity and a comfortable, happy life for the people. It is the hope of the Central Committee that all Party members and the people of all nationalities in the country will enthusiastically embark on the great Seventh Five-Year Plan in the pioneering spirit of reform and innovation.

2. Conditions are favourable for China's economic and social development during the period of the Seventh Five-Year Plan. Under the guidance of the Marxist line pursued since the Third Plenary Session of the Party's Eleventh Central Committee and through the arduous efforts of the entire Party and the people of all our nationalities, we have consolidated and developed a political situation characterized by stability, unity and vitality and ushered in the most vigorous period of economic development since the founding of the People's Republic in 1949. Since 1980, the year before implementa-

tion of the Sixth Five-Year Plan, China's economy has undergone profound changes.

In 1980 China's agriculture was still in a fairly difficult situation. We had to import a large quantity of agricultural staples including grain and cotton. Since 1981, however, agriculture has been growing rapidly, at an average annual rate of 10 percent, with the output of farm and sideline products increasing by a wide margin. China has become self-sufficient in grain and more than self-sufficient in cotton, as far as the people's present habits of food and dress are concerned. The all-round growth of agriculture has been an extremely important factor stimulating China's economic and social development.

Inspiring changes have taken place in energy production, which was at a standstill in 1980. In the past two or three years, the output of both crude oil and coal increased at an average annual rate of more than 8 percent, and that of electricity rose correspondingly. The constant growth in energy production has been another important factor stimulating China's economic and social development.

In 1980 our light industrial production fell far short of the people's daily needs, providing few commodities for the market. Over the past five years, however, it has registered an average annual growth rate of more than 10 percent, with an increasing number of varieties and designs. The domestic market is thriving, a situation seldom seen

since the founding of New China. Heavy industry, with its new orientation, has been growing steadily, and light and heavy industries are developing in better proportion.

State revenue was declining in 1980 and there was a huge deficit. Beginning in 1982, the downward trend was reversed and a basic balance was struck between revenue and expenditure. The 1985 state revenue is expected to exceed 170 billion yuan, and if the extra-budgetary funds of local authorities, departments and enterprises are included, it should total more than 300 billion yuan, nearly twice as much as the 1980 figure.

In 1980, there were large numbers of people in cities and towns waiting for employment, and a host of problems in the people's daily life were crying for immediate solution. Over the past five years more than 30 million people have been employed in cities and towns. Adjusted for price rises, the income of workers and other employees has increased by about 50 percent, which represents an average increase of 20 percent per-capita. The average net income of the peasants has increased by 80 percent. Living standards of urban and rural residents have improved to an extent unprecedented since the founding of the People's Republic.

In short, we have basically accomplished the task of fundamentally improving China's financial and economic situation. The national economy is now developing steadily and proportionately and enjoys the prospect of a virtuous circle. Proceeding from this foundation, we are fully justified in expecting still greater successes in the reforms and in all fields of production and construction in the period of the Seventh Five-Year Plan. However, we must also recognize that we are relatively backward in terms of the material and technological conditions for economic and social development. Our agriculture, which is the foundation, is also weak, and the problem of food and clothing for peasants in some areas has yet to be solved. Energy, transport, telecommunications and raw and semi-finished materials are still in short supply. Intellectual development and personnel training are far from meeting the needs of economic construction. Economic performance is not improving fast enough, production technology is slow to progress and economic management and administration still remain at a low level. The industrial structure and product mix are irrational, and there are other problems in our economic work. Especially since the last quarter of 1984, industrial production has grown at an excessively high rate, investment in

fixed assets as well as credit and consumption have soared, prices of some commodities have skyrocketed, the state foreign exchange reserve has declined and certain new unstable factors have appeared in the economy. Therefore, we should fully appreciate not only the current favourable economic situation, but also the difficulties and problems facing us, so that the Seventh Five-Year Plan will be formulated on a realistic and scientific basis.

3. A comprehensive analysis and scientific estimate of the country's present economic and social conditions indicates that our economic and social development during the period of the Seventh Five-Year Plan should be guided by the following four basic principles:

— Give priority to reform and make sure that reform and development are adapted to and promote each other. Basically, reform is in the service of development. At present, however, development should be planned in such a way as to facilitate reform. The period of the Seventh Five-Year Plan will be a crucial one for comprehensive reform of our management systems for the economy, science and technology, and education. Only by swiftly eliminating the defects in the management systems that hinder the development of the productive forces, and by gradually establishing systems that are vital and vigorous, can we ensure a steady growth of the economy in the next five, ten, twenty years or beyond. To ensure smooth reform, we have to fix a rational rate of economic growth and guard against blind competition and pursuit of increased output and output value. This will prevent strains and dislocations in the economy and create a favourable environment for reform. The orientation of reform must be maintained and the steps taken must be steady. All measures for reform must be mutually reinforcing, benefiting both micro-flexibility and macro-control, so as to ensure the stabilization and development of the entire economy.

— Keep a basic balance between supply and demand in general, so as to maintain an appropriate ratio of accumulation to consumption. The heart of the matter is that while meeting people's daily needs according to the financial capability of the state, we must also set aside a reasonable amount for investment in fixed assets and try to maintain a balance within state finance, credits, materials and foreign exchange and a general balance among them. This is the fundamental condition for ensuring correct proportions among different branches of the economy, stable economic activities and the smooth progress of structural reform. In view of the present over-extended scale of construction, the amount

of investment in fixed assets for 1986 and 1987 will remain roughly the same as for 1985. In the last three years of the plan it may be increased according to circumstances. Assuming that the overall scale of investment in fixed assets is under control, we must concentrate financial and material resources on the development of basic industries such as energy, transport, telecommunications and raw and semi-finished materials and of the infrastructure. We must avoid trying to do everything at once with no sense of priorities. This is the only way to provide the strength needed for long-term economic development and create favourable conditions for further opening China to the rest of the world.

— Give top priority to improving economic results and also especially product quality, and correctly handle the relationship between quality and quantity and between economic results and growth rates. Inferior quality, high material consumption and poor economic results have chronically plagued our production and construction and are far from being eradicated. Only when this situation is drastically changed will it be possible to make full and effective use of all resources, creating greater wealth with less input, so we can meet the varied needs of the people better and increase exports. It is essential to enhance quality control and technical control, enforce strict labour and financial discipline, perfect the systems of supervision, and greatly improve the skills of workers in all enterprises and, at the same time, to update technology by adopting advanced techniques and equipment. We must do all this to raise product quality and economic results to a new level. It is the fundamental way of accelerating China's progress towards modernization.

— Redouble our efforts to build a socialist civilization that is advanced culturally and ideologically as well as materially. Under no circumstances should we forget that the four modernizations we are striving for are of a socialist nature. All the policies we have adopted for reform, for opening to the outside world and for revitalizing our economy are aimed at building socialism with Chinese characteristics. To build a civilization that is materially advanced and to ensure its proper orientation, we must at the same time promote cultural and ideological progress, step up ideological and political work and encourage the people throughout the country to become persons of lofty ideals and moral integrity, well educated and self-disciplined.

4. On the basis of China's present level of economic development and with the aim of attaining

the magnificent goal set by the Twelfth Party Congress, the Central Committee proposes the following major objectives for economic and social development during the period of the Seventh Five-Year Plan: to make the total value of industrial and agricultural output and the gross national product of 1990 at least double those of 1980, to raise the average annual per-capita consumption level of both urban and rural residents by four or five percent, and to further improve the quality of people's life and their environmental and housing conditions. To reach these objectives we must lay a foundation for a new type of socialist economic structure with Chinese characteristics, energetically promote scientific and technological progress and intellectual development, and constantly improve economic results. All spheres of endeavour and all reforms should be geared to these major objectives, which will in turn determine the specific objectives to be worked out for each of them.

Fulfillment of these objectives will substantially increase China's economic strength. By 1990 the total value of industrial and agricultural output will probably reach 1,600 billion yuan, and the gross national product is likely to be 1,100 billion yuan. For the next five years China's total revenue will amount to 900 billion yuan, an increase of more than 40 percent over the period of the Sixth Five-Year Plan. The fixed assets of state-owned enterprises will grow by 500 billion yuan, a 60 percent increase over the earlier period. In terms of consumption levels, with the growth of production the Chinese people will move steadily from having adequate food and clothing to being fairly well-off.

5. The objectives proposed by the Central Committee are optimistic, but not over-ambitious. It is estimated that the average annual growth rate of China's total industrial and agricultural output value during the Sixth Five-Year Plan period will exceed 10 percent, which is higher than the 7.2 percent required for quadrupling output value by the end of the century. The economic growth rate projected for the Seventh Five-Year Plan period will average higher than 7 percent for GNP annually and nearly 7 percent for the total value of industrial and agricultural output, of which the total output value of agriculture will be 6 percent and that of industry 7 percent. It is correct and even essential to set these moderate growth rates to gradually reduce the current excessive growth rates. This will help eliminate certain instabilities in the present economic situation and promote smooth, comprehensive reform of the economic structure. It will also encourage the quarters concerned to focus more attention on improving product quality and

economic results, thus laying a more solid foundation for the attainment of the grand goal set by the Twelfth Party Congress.

6. To achieve the objectives of the Seventh Five-Year Plan, we will have to make a realistic assessment of the needs and, in the light of the new situation and new tasks, make a series of correct policy decisions regarding the strategic pattern and major principles of economic development, science, education and culture, foreign trade and technological exchange, the economic structure and means of regulation and the people's welfare and social security. In mapping out the Seventh Five-Year Plan, we must not only set correct targets for production and construction, but also give full attention to the study and formulation of policies, which will become an important, integral part of the plan.

Strategic Pattern and Major Principles of Economic Development

7. In light of the objective requirements of China's economic growth, we must accomplish the following three tasks in relation to the overall pattern of economic development during the period of the Seventh Five-Year Plan and perhaps beyond. First, we must further rationalize the set-up of production so as to modernize the economy and keep pace with the people's increasing demand for goods and their changing consumption patterns. Second, we must shift the emphasis of development to the technological transformation, renovation and expansion of existing enterprises, and have them expand reproduction chiefly by intensive means. Third, we must establish correct relationships among different regions in terms of economic development and help to rationalize geographical distribution of the regional economies. Only by accomplishing these overall tasks, while constantly improving the economic performance of enterprises, can we truly raise the labour productivity and general economic efficiency of the entire community, thus providing a more reliable guarantee for the continued improvement of people's living standards. For this reason, we must faithfully adhere to the following six principles.

8. The first principle is to further improve working conditions and promote steady, all-round development in agriculture through policy and science. Agricultural growth remains the foundation for the development of China's economy as a

whole. We must pay full attention to its strategic importance. In accordance with the principle of all-round development of farming, forestry, animal husbandry, sideline production and fishery and combined operation of agriculture, industry, commerce and transport, we should further readjust the set-up of rural production and gradually specialize, commercialize and modernize agriculture, in order better to meet social needs. During the period of the Seventh Five-Year Plan we must not neglect grain production, but rather adopt effective policies and measures to steadily increase it. In areas that are suitable for growing grain we must try to raise per-unit yield, increase variety and improve quality. On this basis, we should grow various cash crops in the light of market demand and natural conditions and, at the same time, speed up the development of forestry, animal husbandry, and cultivation of fresh-water and marine products, thus increasing their proportion in agriculture as a whole. In the suburban areas of large and medium-sized cities emphasis should be put on expanding the production of vegetables, poultry, eggs, milk and other kinds of non-staple food to supply the daily wants of urban residents. We should systematically transfer surplus labour in the rural areas from growing crop to other lines of work and, in accordance with local conditions, develop rural industry, transport and communications, building and mining industries, commerce and all kinds of service trades.

9. Developing town and township enterprises is the essential way to revitalize China's rural economy. This development requires enthusiastic support, rational planning, correct guidance and improved management. Generally speaking, the development of town and township enterprises should be based on and serve agriculture, with emphasis on processing farm produce and on such related services as storage, packing, transport, supply and marketing. Where possible, small-scale mining, hydroelectric power and building materials industries should be developed, as long as state regulations are observed and natural resources protected. In the light of actual needs and their own potential, economically developed rural areas may direct their processing industries towards large industry and export. In developing town and township enterprises, local authorities should rely mainly on their own funds, act within their capabilities, make steady progress and avoid acting blindly. Town and township enterprises should do all they can to improve management and product quality, update production technology, increase economic efficiency and make sure that they do not pollute the environment.

10. To revitalize the rural economy, we must adopt the following policies and measures:

1) Continue to improve such modes of management as the contracted responsibility system that is based on the household and links remuneration to output and, encourage the peasants to engage in various forms of co-operation and joint operations on a household basis and on a voluntary and mutually beneficial basis.

2) Under the guidance of state planning, increase the role of market forces in regulating agricultural production and further relax controls on and readjust the prices of farm and sideline products in order to rationalize the set-up of production and the growth of the commodity economy in the rural areas.

3) Make it a principle that anyone who invests in or manages an enterprise will receive the benefit of it. This will encourage the peasants to run town and township enterprises, undertake agricultural infrastructural projects and provide commodity storage and transport facilities, thus promoting the development of commodity production and export centres for farm, sideline, local and special products.

4) Speed up the technological transformation of agriculture, intensify intellectual development in the countryside and vigorously spread the use of agricultural science and technology. This will help to raise the technological level of agricultural production and to improve product quality and economic results.

5) Increase state investment in agriculture, especially for water conservancy projects, farmland capital construction, cultivation and importation of fine strains, supplies of chemical fertilizers, farm chemicals, farm machinery and plastics used in agriculture, speeding up afforestation and soil conservation projects to improve the ecological environment.

6) End the irrational setting of quotas so as to lighten the burden on peasants.

11. The second principle is to expand the production of consumer goods and residential construction. During the period of the Seventh Five-Year Plan, consumption patterns of both urban and rural residents will become diversified, with greater emphasis on better nutrition and improved clothing and housing. The demand for medium- and high-grade, manufactured goods, including durable goods, will increase considerably. To keep pace with this development, we must greatly increase brand-name and

high-quality products, turn out new products and open up new branches of production, while continuing to do a good job of producing daily necessities. We should give priority to the food, garment and durable consumer goods industries so that they can promote the expanded manufacture of consumer goods as a whole.

12. To ensure rapid growth of the consumer goods industry, we must continue to give it priority in procurement of loans, access to foreign exchange, the use of energy, raw and semi-finished materials and transport services. Price differences must gradually widen between ordinary products and brand-name, high-quality and new products, in order to encourage greater variety, better quality and the manufacture of new products. The product mix of heavy industry should be further readjusted to provide more and better raw and semi-finished materials for the manufacture of consumer goods. To ensure processing enterprises a stable source of raw and semi-finished materials, they should establish direct links with the producers of these materials through co-ordinated or joint operation with them. This practice should be widely encouraged.

13. We should commercialize housing in the cities and towns and speed up the growth of residential construction industry, making it a pillar of the national economy. For a long time, China has pursued a policy of centralized construction and allocation of housing in cities and towns, collecting very low rents. This policy has not only hampered the solution of the housing problem but has also imposed an increasing financial burden on the state, thus weakening the construction industry and causing the purchasing power of urban residents to be lopsidedly concentrated on durable consumer goods. We should formulate a set of well-considered methods as soon as possible to gradually commercialize housing.

14. The third principle is to muster the necessary financial, material and technical resources to carry out, with due attention to quality and efficiency, a number of key projects in the energy, transport, telecommunications and raw and semi-finished materials industries. In China today there still exists a huge gap between supply and demand for energy and raw and semi-finished materials. And transport and telecommunications are extremely backward. Only when this state of affairs is gradually changed will it be possible to ensure balanced and continuous economic growth.

15. The energy industry should focus on increasing electric power. We should actively develop

thermal and hydropower resources and systematically build nuclear power stations in selected areas, so as to increase the country's total annual output of electricity to 550 billion kwh by 1990. We should also boost the country's annual coal output to 1 billion tons by 1990. In addition, we should redouble our efforts to prospect for and develop oil and gas resources and to improve, renovate and expand old oil fields so as to bring the country's annual output of crude oil to 150 million tons by the same year. To accelerate the development of the energy industry, we must increase state investment in that sector so it constitutes a larger proportion of the total. The barriers between different departments, trades and regions must be broken down to encourage all quarters to expand the energy industry. Energy prices should be gradually raised so as to rationalize the pricing system. Conservation should be emphasized as well as exploitation, with a view to saving 100 million tons of standard coal in five years.

16. We must give priority to the development of transport and telecommunications. We should continue railway construction, step up the development of road, water and air transport, improve networks and promote the modernization of transport and the rational co-ordination of its different forms, to increase efficiency and improve quality. We must try to increase the volume of freight handled annually so that by 1990 it is 30 percent greater than in 1985. We should also improve passenger transport. To accelerate the development of transport, we should make automobile manufacturing a key industry and strive for substantial growth in this sector, while also developing the locomotive, aircraft and shipbuilding industries. In telecommunications, we should concentrate on increasing the capacity for local and long-distance calls in large and medium-sized cities, especially in the coastal cities opening to the outside world. At the same time, we must also develop modern means of telecommunications, including communications and broadcasting satellites. To speed up the growth of transport and telecommunications, the state should increase investments in these industries, focusing on major projects and infrastructural projects. The construction of local roads, railways, inland waterways and communications projects should be carried out mainly by local people and authorities with funds raised by themselves, the state providing whatever assistance is necessary. In accordance with actual needs and objective possibilities, we should allow local authorities and departments to undertake air transport.

17. With regard to the raw and semi-finished

materials industries, we should turn out more products that are now in short supply, raise technological levels and increase the variety and quality of products. In the iron and steel industry, we should lay stress on the renovation, expansion and technological transformation of key enterprises. Our goal is to produce 44 million tons of rolled steel in 1990, with a larger proportion of those types, including alloy and low-alloy steels, which are most effective in modern industry. In the non-ferrous metal industry we should adopt new technologies, continue to renovate and expand major production bases and build new ones. In the chemical industry, we should step up the construction of mines and the production of basic chemicals, open up new branches of production and increase the output of compound chemical fertilizers, other farm chemicals and refined chemical products. In the petrochemical and coal-chemical industries, we should adopt advanced techniques to achieve highly efficient production and intensive processing. To meet the needs of the booming construction we must greatly expand the production of cement, glass and other materials, and of new and synthetic materials and lumber substitutes in particular. Attention should be paid to the development and utilization of silicate and other non-metallic mineral resources. In every aspect of the raw and semi-finished materials industries, we must stress multiple applications.

18. We should carry out more geological surveys to meet the needs of expanded production and development in the energy, transport and raw and semi-finished materials industries. We should continue to prospect for new mineral deposits and apply advanced science and technology to accelerate both prospecting and the appraisal of resources. We should also accelerate the comprehensive survey, appraisal and exploitation of mineral resources and achieve greater social benefits and economic results in geological work. This will enable us to serve the key development projects better and to prepare the mineral resources and geological data required for the steady development of the economy in the 1990s and the early years of the next century.

19. The fourth principle is to accelerate the development of the tertiary industry that serves production and meets people's everyday needs and to gradually bring tertiary industry in step with primary and secondary industries. The rise of tertiary industry is an inevitable trend resulting from the further division of labour and from the continual growth of labour productivity. It is one of the important marks of a modern economy. For a long time China has been very backward in its tertiary industry, with poor means of transport, in-

adequate information facilities, slow service before and after the production process and underdeveloped commercial and financial services and technological consultancy services. As a result, funds have been used inefficiently, productivity has remained low, and life has been made difficult for the people. The development of tertiary industry must be accelerated and its proportion of the national economy expanded. This is both a strategic measure designed to create a new pattern of economic development and an essential reform in developing a commodity economy.

20. The key to launching tertiary industry, particularly that which directly serves the people, lies in further relaxing restrictions and vigorously developing the collective and individual sectors of the economy. With the exception of wholesale stores and large and medium-sized retail stores, existing state commercial enterprises can gradually be transformed into collective enterprises. Some small stores may contract with, or be leased to, individuals for management. The state should increase investment in tertiary industry, mainly for the construction of key projects and large facilities. Local authorities should also increase their investment in this industry, as appropriate. Service trades in rural areas and small towns should be run mainly with funds raised by the peasants. It is essential to accelerate the training of personnel for tertiary industry and to raise their level of competence.

21. The fifth principle is to accelerate the expansion, renovation and technological transformation of existing enterprises and to equip all sectors of the economy with advanced technology. Renovation, expansion and technological transformation of existing enterprises, carried out in accordance with available resources, are essential means of speeding up the modernization of the economy. Technological transformation should focus on the large and medium-sized enterprises that have a vital bearing on the overall economy, on those key enterprises that will serve as examples and leaders in technological progress in their fields and on those that produce commodities for export. Since the machine-building and electronics industries are responsible for equipping the other sectors of the economy, they should be the first to update their technology. In particular, we should make it possible for key enterprises to achieve faster technological progress. The national defence industry, with its vast material and technological resources, should do all it can to develop and manufacture technologically advanced products for civilian use, provided it fulfils its tasks in the manufacture of and research on weaponry and equipment. The old

industrial cities and bases are expected to make greater advances in technological transformation and to take full advantage of their huge potential in terms of economic results. Enterprises should focus on improving the quality and properties of products, increasing variety and lowering the consumption of energy and raw materials, and they should not seek solely to expand capacity. By 1990, the quality and properties of a considerable proportion of the products of all trades should have reached the level of those of advanced countries in the late 1970s and early 1980s, and a number of important products should be up to international standards.

22. We should draw up a scientific, realistic plan for all trades, combining technological transformation with realignment of trades, reorganization of enterprises and formulation of technological policies. Barriers between departments, between regions and between the military and the civilian sectors must be removed. We should, where necessary, reorganize enterprises and urge them to combine in association according to the principle of co-ordination among specialized departments and on a rational and economical basis, so as to achieve an appropriate mix of large, medium and small enterprises. All trades should formulate realistic policies for technological development and for the introduction of technical equipment in light of progress abroad and specific conditions at home. We should make it a policy to spread the standardization of technology.

23. The way to accelerate the technological transformation of existing enterprises is to tap their potential for technological renovation and the exploration of new technologies and to create favourable external conditions for progress. During the period of the Seventh Five-Year Plan, we should earmark a larger proportion of total investment for technological transformation and increase the rate of depreciation in selected trades. Funds used for depreciation should largely be put at the disposal of the enterprises. Preferential treatment should be given to enterprises in matters of taxation, pricing and credit so as to encourage them to upgrade their products and trial-produce new ones. Trades that make only small profits should be given the financial assistance necessary for their technological transformation. Products that are of poor quality, production methods that are energy-inefficient or environmentally polluting, backward techniques and outdated equipment must be eliminated within a given time limit.

24. The sixth principle is to handle correctly

the relationship between the eastern, central and western economic regions, fully exploiting their advantages and developing their lateral economic ties so as to gradually establish economic networks around large cities, at different levels, of varying dimensions and with distinctive characteristics. China's economy can be divided into three major geographic regions: eastern, central and western, and the objective tendency of development is to push from east to west. The guiding principle should be to integrate the growth of the eastern region with that of the central and western regions so that they all support each other and help to revitalize the economy as a whole, making the people prosper. Although there should be an order of priority in the economic development of various areas, that does not necessarily mean that development of one area must be postponed pending development of another. The eastern region should take the initiative and consider how to assist the central and western regions to develop. Absorbing money, technology and management expertise from the eastern region, the central and western regions on their part should better exploit their own advantages and in turn assist the eastern region, thus bringing about a more rational balance in the national economy.

25. During the period of the Seventh Five-Year Plan and through the 1990s, we should speed up the development of the eastern region. At the same time, we should concentrate on building the energy industry and the raw and semi-finished materials industries in the central region and lay the groundwork for the development of the western region. In the eastern region, we should introduce new methods and technology into conventional industries and develop new industries, such as knowledge- and technology-intensive industries and new industries manufacturing high-grade consumer goods. At the same time, we should make further efforts to introduce investment from abroad and establish lateral ties at home, taking active measures to enter the world market, so that the economy in the eastern region fans out in two directions. In the central region, we should emphasize the development of energy sources (electricity, coal and petroleum), iron, non-ferrous metals, phosphorus and building materials. At the same time, where conditions permit, we should develop knowledge- and technology-intensive enterprises and new industries. In the western region, we should concentrate on developing farming, forestry, animal husbandry and transport, exploring local resources, fostering processing industries and manufacturing products specially needed by the various minority nationalities. In both the central and western regions, we

should take advantage of the production capacity of the national defence industrial bases already located there and give them a bigger role to play.

26. It is very important to promote economic and cultural development in the areas inhabited by minority nationalities. We must take vigorous measures to help the old revolutionary base areas, outlying districts and other impoverished areas to eliminate their backwardness. During the Seventh Five-Year Plan period, the state and developed areas should continue to provide those places with financial, material and technological aid. We should adopt policies and measures that will encourage more specialists to work in the outlying and underdeveloped areas. But it is even more important to adopt more flexible policies and to train the local people and strengthen their capacities so that, with the help of the state, they will be able to develop their economy and culture largely through their own efforts.

27. As the productive forces grow, and particularly with the flourishing of the rural economy, increased urbanization and the emergence of new cities are inevitable. In the light of China's specific conditions we should draw up a rational plan for the structure and geographical distribution of urban development. We should take firm measures to prevent large cities from becoming overcrowded and focus on developing small and medium-sized cities and towns. However, with our vast territory, poor transport services and inadequate information facilities, the small and medium-sized cities should not be scattered over too wide an area. They should be built in different sizes, with distinctive features, around large cities and along main communication lines so as to form a rationally distributed network.

28. We should analyse land use and work out plans for the preservation of soil fertility in keeping with natural and economic laws. During the period of the Seventh Five-Year Plan we should link economic development with the harnessing of selected major rivers and with the comprehensive exploitation of regions. In the course of production and development, we should observe the relevant laws and regulations concerning protection of the environment and the ecological balance and pay serious attention to the protection and conservation of water, land, mineral and forest resources. We should exercise strict controls over the use of arable land for non-agricultural purposes. In particular, we should try to solve the problem of water resources in the northern areas. We should devote major efforts to planting grass and trees, so as to prevent soil erosion, and the erosion of land by sand

in certain regions. All these things should be embodied in plans for national economic and social development as elements of basic, long-term state policy.

Science, Education and Culture

29. During the period of the Seventh Five-Year Plan we shall face new situations and tasks in our scientific and technological work. Changes in the set-up of production and consumption patterns, progress in the technological transformation of existing enterprises, the launching of key construction projects and increases in both the quantity and variety of imported technology have given rise to a host of major problems in science and technology that demand urgent solution. The new technological revolution is bringing about profound changes in production, trade, consumption patterns and people's lives the world over. Unless we adopt proper measures to meet this stern challenge, certain advantages which China enjoys in terms of geographical location, natural resources, manpower and other things will diminish. Our weaknesses, such as poor information flow, backward technology, inadequate investment funds and shortage of trained personnel, will become increasingly prominent. And it will be even harder for us to catch up with the developed nations economically and technologically. We must fully recognize the decisive role of the modernization of science and technology in the modernization programme as a whole. We must continue to adhere to the principle that economic development depends on scientific and technological progress and that scientific and technological work must be geared to the needs of economic development. We must attach strategic importance to promoting scientific and technological progress, a task of overall and fundamental importance.

30. To meet the needs of the new situations and tasks, we must persist in the following endeavours in our strategy for scientific and technological development during the period of the Seventh Five-Year Plan, bearing in mind China's present technological capacity and economic conditions:

— Vigorously develop and put into wide use those scientific and technological inventions which can yield best and fastest returns, apply new technology to improving traditional industries, techniques and products and step up the diffusion of new

technology at home so as to raise the production and technological levels of the whole society.

— Concentrate on tackling key problems, especially vital technological problems arising from economic and social development and achieve results in major scientific and technological research projects.

— Work hard to open up areas of new technology, especially micro-electronics, information technology and new materials. At the same time, accelerate research and development in such new fields as genetic engineering, aerospace technology, nuclear energy, lasers and oceanographic engineering, so as to gradually create a number of new industries.

— Combine more effectively scientific and technological research at home with advanced technology introduced from abroad, and accelerate the mastery, application and further development of imported technology.

— Intensify research in applied and basic sciences, and prepare the necessary scientific and technological reserves for long-term development.

31. The key to success in these strategic endeavours is to do a good job in two aspects of our work. First, all departments in charge of the administration of scientific and technological undertakings, and all research institutes, institutions of higher learning and scientific and technological information centres should make full use of available knowledge and achievements, and of skilled personnel to help large numbers of enterprises, including rural ones, speed up their technological progress. Focusing on improving product quality and economic results, all enterprises should appreciate and encourage technical innovation by the masses of workers and other employees. During the Seventh Five-Year Plan period, we should undertake projects which require a shorter construction cycle and produce quicker returns with funds provided by the state, local governments or individual enterprises. Second, we should organize all sectors, concentrate financial and material resources, and undertake key scientific and technological projects, so as to solve pressing problems in production and construction. At the same time, in research and development in new technology, we should try to accomplish a great deal in a relatively short period. Integrated circuits have now become indispensable to modern industry and society. However, the development of the integrated circuit industry, which requires heavy investment, sophisticated technology, rapid retool-

ing and a large number of subsidiary industries, calls for concerted effort under unified planning by the state. In developing the computer industry, we must keep Chinese conditions in mind and give priority to the development of micro-computers and software, which have extensive applications.

32. We should continue deploying forces for research in both applied and basic sciences, try to organize them and properly arrange the research projects, emphasizing those with prospects for application or those we have been working on for years. We should further strengthen the research work of the Chinese Academy of Sciences and institutions of higher learning, increase their co-operation with each other and have them play a vital role in applied and basic research. Within the next five years, we should systematically modernize a number of key laboratories, improve their conditions for research work, and make them accessible to institutions of higher learning, research institutes and key enterprises throughout the country.

33. With regard to social sciences, we should strengthen the study of the basic principles of Marxism-Leninism and promote research on major theoretical and practical questions which is related to China's socialist modernization and serves to develop the country materially and culturally. During the period of the Seventh Five-Year Plan we should carry out in-depth studies of strategies for economic, scientific and technological and social development and of major problems of economic reform with the focus on cities, striving for high-quality results in a number of research projects. We should intensify studies in new branches of learning and frontier science and improve the system of research in the social sciences.

34. Economic construction, social development and scientific and technological progress all depend on the intellectual development of the Chinese nation, an increased number of trained personnel, and further growth of education based on economic development. During the period of the plan we must attach as much importance to education as we do to economic development and, orienting our work to the needs of modernization, the world and the future, strive to bring about a new situation in education.

35. Universal elementary education is a major foundation for and a mark of modern civilization. During the period of the plan we should gradually introduce nine-year compulsory education, while redoubling our efforts to eliminate illiteracy. In cities, developed areas in the coastal provinces and a few

developed interior areas, we should make junior middle school education universal and ensure its quality. In less developed towns and rural areas, we should give priority to making primary school education universal and, at the same time, prepare to make junior middle school education universal during the Eighth Five-Year Plan period. In economically backward areas, we should, as the economy grows, popularize elementary education in different forms and to varying degrees. We should do a good job of elementary education in the autonomous regions of the minority nationalities and in areas inhabited solely by them. While promoting nine-year compulsory education, we should work hard to develop pre-school education and special education for the physically and mentally handicapped.

36. Vocational and technical education has become a major component of a modern educational system. During the period of the Seventh Five-Year Plan we must reform the employment system in line with the principle of training people before they are given jobs and expand vocational and technical education. In this way we will make student enrolment in vocational and technical schools at the senior middle school level equal to that of regular senior middle schools in most areas. In the meantime, we must develop vocational and technical education and short-term training at the junior middle school level. A total of more than 8 million students are to be trained in polytechnic schools and vocational and technical schools within five years, an increase of 150 percent over the period of the Sixth Five-Year Plan. We should augment on-the-job training of cadres, workers and peasants to update their knowledge and improve their skills.

37. So far as higher education is concerned, we must fully tap the potential of existing universities and colleges and reinforce their ties with production and scientific research and other sectors of society. We must also encourage them to meet the needs of economic, scientific, technological and social development on their own initiative. We should continue to readjust the faculties and administrations of institutions of higher education, accelerate the growth of disciplines which we lack or are weak in, and support the expansion of new branches of learning and frontier disciplines. We should avoid over-specialization of disciplines and try to redefine them. During the period of the Seventh Five-Year Plan the institutions of higher education will turn out 2.6 million graduates through regular or special college courses, 70 percent more than in the years covered by the previous plan, and 200,000 through postgraduate courses, an increase

of more than 400 percent. While systematically sending more students to study abroad, we should make proper job arrangements for returned students, taking full advantage of their expertise. We should continue to expand adult higher education through such varied forms as radio, TV and correspondence and evening courses and to improve its quality. Within the five years we need to train two million specialized personnel with cultural, scientific and technological qualifications at or above the level of graduates from technical colleges. This would be a growth of 150 percent over the previous plan period.

38. We should further expand such cultural undertakings as the press, publishing, broadcasting, television, literature, art and physical culture. The press should faithfully publicize the line and the general and specific policies of the Party and, at the same time, satisfy people's demands for information, knowledge, entertainment and other things. In expanding all the cultural undertakings, we should be guided by the principle of serving socialism and the people, and we should correctly balance economic and social benefits, giving priority to the latter. All cultural undertakings, including those of literature and art, the cinema, TV, music, dance, drama, the fine arts and folk art, should produce more and better works, so as to enrich the cultural life of the people, increase their artistic appreciation, elevate them to a higher mental world and inspire them to dedicate themselves to the great cause of rejuvenating China. We should expand radio and TV coverage, improve printing techniques for newspapers and books and shorten publication cycles. We must raise our levels in all sports events still higher through mass sports activities, improving people's physical fitness. All libraries, museums, science and technology halls, art galleries, cultural halls, stations and centres, gymnasiums and stadiums should adapt their work to the needs of the new situation and tasks so as to better serve the people. We must conscientiously protect historical relics and step up our work on historical archives and records.

39. Party committees and governments at all levels should strengthen their leadership over scientific, technological, educational and cultural undertakings and find ways of overcoming the difficulties that arise as those undertakings expand. We should gradually increase outlays for education, scientific research and cultural projects. The rate of increase of educational appropriations by central and local governments should exceed the rate of increase of their regular revenues. The most important things at present are, first, to implement the

two decisions of the Central Committee on reforming the structure of scientific and technological management and educational management and, second, to explore reforms in cultural fields and further implement the policies regarding intellectuals. We must work harder to eliminate prejudice against knowledge and skilled people, to promote a social climate of respect for knowledge, teachers and other educated people and enable China's intellectuals to play an important role in the socialist modernization programme. We should continue to take effective measures to gradually enhance the competence, raise the social status and increase the material benefits of scientists, engineers, teachers and other specialized personnel and to provide them with better working, studying and living conditions.

Foreign Trade and Technological Exchange

40. It is China's basic national policy to open to the outside world. During the period of the Seventh Five-Year Plan we should further promote trade and technological exchange with all other countries, both developed and developing, in accordance with the principles of independence, equality and mutual benefit. Between 1985 and 1990 we should increase total imports and exports by 40 to 50 percent and, at the same time, use more foreign investment and introduce more advanced technology, so as to accelerate China's socialist modernization.

41. The key to implementing the open policy with an increased use of foreign funds and imported technology is to increase foreign exchange earnings through exports. To accomplish this, which is of paramount importance in our modernization programme, we must adopt strategies which meet the demands of the international market and correspond to China's domestic conditions. The strategies should cover the following three aspects: The mix of export commodities, the search for a bigger international market and the arrangements for the production of export commodities. In the long run, we must gradually bring about two changes in the mix of export commodities: Our main exports must change from primary products such as raw materials to finished products, and they must change from roughly processed products to finely processed products. During the period of the Seventh Five-Year Plan we should continue to increase exports of petroleum, coal, non-ferrous metals and farm,

sideline, native and special products. In particular, we should export more products of the traditional textile and other light industries as well as of the new and expanding food-processing industry, exploiting China's advantages in these areas. We should give an important place to the export of machine tools and electrical products so as to gradually make available a number of such products which are strongly competitive on the world market. We should enhance the trial-manufacture and development of export products and maintain a policy of quality first, working to improve quality, grading and packaging, and thus enhance our capacity to earn foreign exchange. Meanwhile, we should expand the export of technology. With respect to the search for a bigger international market, while continuing to consolidate and expand the existing market, we should also open up new markets, establish and expand trade ties with all other countries, and gradually build and improve a system of sales promotion and a service network abroad. Geographically, we should fully exploit the advantages of the coastal areas and certain others to establish centres for the production of various export commodities, thus steadily improving the production network. We should also step up technological co-operation, co-ordinated management and joint ventures between the coastal and interior areas so as to make use of the latter's rich natural resources. China has great potential for increasing the export of labour services and undertaking contracted projects for foreign countries. We must strengthen leadership over and unified planning for this endeavour and enable it to grow considerably during the period of the Seventh Five-Year Plan. At the same time, we should do more to expand tourism, international air and marine transport and similar undertakings to increase the amount of foreign exchange earned from sources other than trade.

42. To encourage exports and increase foreign exchange earnings we should adopt the following policies and measures. We should organize and expand the supply of export commodities. Except for a few major commodities vital to the national economy and the people's everyday life, whenever there are conflicts between export and domestic sales, priority should be given to the needs of exports. We should step up the construction of bases for the production of export commodities and, where conditions permit, set up export commodity processing zones with distinctive characteristics and ability to earn foreign exchange. We should improve the system whereby foreign exchange earnings are distributed. A fund should be established for an export development award. Economic awards should

be given to regions, departments and enterprises which have scored outstanding achievements in expanding exports and increasing foreign exchange earnings. It is particularly important for us to use such economic levers as pricing, exchange rates and customs duties to encourage the production of export commodities.

43. Maintaining the balance in foreign exchange is a difficult, long-term task. We must emphasize economic efficiency in the use of foreign exchange, which should promote domestic technological progress and enhance our ability to earn more foreign exchange. We should readjust the mix of import commodities in accordance with this principle, giving priority to computer software, advanced technologies and key equipment. It will be necessary for us to import certain means of production and consumer goods which are badly needed and in short supply on the domestic market. However, we should in no case support an excessive rate of production or over-extended scale of construction by importing raw materials with large sums of foreign exchange over a long period of time. Nor should we stimulate domestic consumption by importing too many high-grade consumer goods. We should make every effort to produce at home those goods that China can produce and refrain from blindly importing them, so as to protect and stimulate the development of the domestic industries. In assembly-line industries that use imported spare parts and accessories, we should reduce the proportion of imported components and gradually substitute ones of our own manufacture. We must see to it that the technologies introduced are mastered, applied and developed and that they gradually become standardized. In order to centralize guidance and control in this area, the state should draw up national plans and policies for the import and integration of technologies and should initiate a licence systems to avoid the duplication of imports and the lack of co-ordination between imported technology and domestic research and development.

44. We must, as far as possible, use foreign funds in diversified ways to accelerate economic development. We should work harder to strike an overall balance in the use of such funds, guide that use correctly and improve its economic efficiency. In using foreign loans on preferential terms, we should give priority to the construction of such infrastructural facilities as energy, transport and telecommunications. More foreign commercial loans should be used in the more highly developed areas and for those projects that bring high economic results, have strong potential for earning foreign ex-

change and produce goods that can be substituted for imports. In accordance with the principle of equality and mutual benefit, we should welcome foreign firms and traders that wish to engage in joint ventures or co-operative enterprises with us or to launch ventures exclusively with their own investment, especially those which require intensive technology and are mainly intended to earn foreign exchange through exports. We should further improve laws and regulation concerning foreign nationals and firms, strengthen infrastructure and increase efficiency, to make investment more attractive to foreigners.

45. The special economic zones, the coastal cities opening to the outside world, the Zhujiang (Pearl) River and Changjiang (Yangtse) River Deltas, the triangular area in southern Fujian Province, and the Liaodong and Jiaodong peninsulas have the exceptionally important tasks of expanding import and export trade, using foreign investment funds and importing technology. These areas should readjust their production set-up in accordance with export needs and make it possible for a greater number of competitive commodities to find a way onto the international market. We should continue to apply special policies and flexible measures in Guangdong and Fujian provinces. While constantly introducing advanced technologies from abroad, the special economic zones should gradually shift the emphasis of production to export goods so as to earn more foreign exchange for the state. In close co-ordination with local authorities and in accordance with the general requirements of national economic development and the principle of proceeding at all times from actual conditions, the relevant government departments should draw up development plans for the special economic zones, cities and areas opening to the outside world. They should systematically carry out construction and development in these places with selected key projects, and make it possible for them to play a more effective role as China's vanguard in opening to the outside.

46. We should redouble our efforts to introduce intellectual resources from abroad in different ways and through different channels. One effective way of doing that is to co-operate with foreign engineers and technicians in product development, technological design and project construction, and we should work hard at this. We should further emancipate our minds, make policies more flexible and solve practical problems so as to enable the highly skilled people invited from abroad to play their role more fully.

47. We must analyse our experience and further reform the management systems of foreign trade and foreign exchange. We should gradually improve the system of customs duties, the system of import and export licencing and the system of exchange rates. Under unified planning and policy and taking co-ordinated action in respect of foreign countries, the authorities at lower levels should be given more power to manage foreign trade, as economic levers are used more effectively and management improves. We should continue to practise unified management of the staple export and import commodities. Where conditions permit, enterprises can be given the power to undertake foreign trade directly. Where they do not, we should institute a system whereby foreign trade corporations act as agents or purchasers. We should exercise centralized control over the management of foreign exchange and foreign debts. Exchange rates should be readjusted rationally according to price fluctuations on both the domestic and world markets. In opening to the outside world, we must enforce discipline and oppose all acts that harm the interests of the state and the people. All illegal practices, including bribery, smuggling and obtaining large sums of foreign exchange without state authorization must be severely punished according to law.

Economic Structure and Means Of Regulation

48. To ensure the successful fulfilment of the Seventh Five-Year Plan and sustained and balanced economic growth beyond that period, the most important thing is for us to restructure the economy, prudently but steadfastly, in accordance with the decision of the Third Plenary Session of the Twelfth Central Committee and in the next five years or more to lay the foundation for a vigorous socialist economic structure with Chinese characteristics.

49. Building a new type of socialist economic structure depends primarily on successes in the following three related areas. First, further stimulating all enterprises, and especially the large and medium-sized ones owned by the whole people, so that they will work efficiently as socialist producers and distributors of commodities, each enjoying relative independence and full power of management and bearing complete responsibility for profits and losses. Second, further expanding the socialist planned commodity markets, and gradually improv-

ing the market network. And third, gradually reducing state management of enterprises from direct to indirect control, and supervising and regulating economic activity mainly by economic, statutory and, if necessary, administrative measures. Focusing on these three areas, we must introduce a series of mutually reinforcing reforms in the planning system, the pricing system, the fiscal system, the banking system and the labour and wage system so that these mechanisms will function together, integrating planning with market regulation, and micro-flexibility with macro-control. Accomplishing this will lead to a satisfactory handling of various economic relations, making it possible to harmonize the interests of the state, the collectives and individuals, to achieve greater uniformity in the speed, proportion and efficiency of economic development and to bring about self-sustained growth in our national economy as a whole.

50. Invigorating enterprises is the key element in the economic restructuring with its focus on the cities. We must implement the decision and regulations issued by the Central Committee and the State Council for expanding the decision-making power of enterprises and continue to adopt measures, both inside and outside enterprises, to enhance their vitality, especially that of the large and medium-sized ones. These measures should include the following: 1) Further streamline administration and delegate more power to lower levels. With the exception of certain departments and trades where conditions are somewhat unusual, ministries of the central government, the provinces and autonomous regions should no longer directly control enterprises. In the cities, we must also draw a clear distinction between the responsibilities and functions of government and those of enterprises, reduce the intermediate levels, and grant enterprises the managerial power to which they are entitled. 2) Gradually reduce regulation taxes on large and medium-sized enterprises, lighten irrational burdens on them and gradually improve management policies and the taxation system for collective and individual businesses to allow all enterprises to compete with each other on an equal footing. 3) Systematically reduce mandatory planning to give enterprises greater decision-making power over production, supply and marketing and over the use of manpower and financial and material resources. At the same time, improve microeconomic mechanisms to enable enterprises to shoulder full responsibility for their own management. 4) Exercise control over total social demands, maintain a balance between demand and supply and bring the pressure of market competition to bear upon enterprises, so as to encourage them to improve their management and

achieve better economic results. 5) See to it that all enterprises do their best to perfect various forms of the responsibility system. It is particularly important to reform the personnel system and promote to leading posts persons of ability and political integrity. Depending on specific conditions in each enterprise, this may be done through appointment after observation, democratic election, self-recommendation and recommendation, recruitment by advertisement and examination or through invitation. The responsibilities and power as well as rewards and penalties for such administrators as managers and factory directors must be clearly defined to give full scope to their initiative and pioneering spirit. Efforts should be made to strengthen democratic management, to encourage the workers and administrative staff to play their part as masters of the enterprises and to make best use of their intelligence and talent. 6) Turn some of the small state-owned enterprises over to collective or individual management, by contract or lease.

51. In order to invigorate enterprises, barriers between different departments and between regions must be broken down, and provinces, autonomous regions, cities of all sizes and all rural areas should open their doors to each other and expand their commodity markets, under the guidance of planning. We must not only continue to expand the consumer goods market, but also gradually reduce the varieties and quantities of means of production allocated by the state, so as to expand the market for them as well. To meet the needs of market expansion, we should gradually open up or expand the market of funds and of technology and encourage a rational flow of labour. Only by establishing an integrated network of markets under the guidance of state policies and plans and by improving market management can we enable competitive forces to play their role in selecting the superior and eliminating the inferior and allow economic levers to perform their regulatory function to fundamentally improve economic efficiency in enterprises and society as a whole. As the market network steadily improves, we must gradually reduce the scope of mandatory planning in favour of guidance planning, strive for an overall balance and shift the emphasis of planning to exercising indirect but more comprehensive macro-control through various economic policies and measures.

52. The key to the gradual establishment and perfection of the market system is reform of the pricing and price control systems. Except for a few major commodities whose prices should continue to be determined by the state, price controls on everyday consumer goods should be systematical-

ly relaxed and replaced by market regulation. As for major means of production, we should gradually reduce the proportion of goods whose prices are set by the state, increase the proportion of those whose prices are determined by the market, and steadily readjust planned prices so that the disparity between the planned and market prices will gradually diminish. The increase in production costs due to the rising prices of major means of production should be offset as much as possible by raising labour productivity, reducing consumption of energy and materials and making full use of enterprises' potential. We must strictly control the extent of price increases. The fees charged by certain major public utilities and service trades should remain under state control and should be readjusted in a planned way. Price controls in tertiary industry should in general be gradually relaxed. Through these reforms, we will establish a pricing system that combines uniformity and flexibility by controlling prices on a few commodities and services and allowing prices for most of them to float. Thus we will expand the regulatory role of prices as the most important and efficient economic lever in production, distribution and consumption. In reforming the pricing and price control systems, we must consider the capabilities of the state, the enterprises and the people and maintain the basic stability of overall price levels to avoid excessive social repercussions. This is a principle we must strictly observe. Industrial and commercial administration departments must enforce rigorous control over prices. All state-owned industrial and commercial enterprises, supply-and-marketing departments and co-operatives should accumulate enough materials and economic means to take an active part in regulating the market and in keeping prices stable through purchases and sales. This is indispensable to the smooth progress of price reform, and is an essential element in the planned commodity economy.

53. We must reform the fiscal and taxation systems as to ensure reliable and adequate revenues for the state, while keeping taxation fair and reasonable and encouraging competition. This will promote efficiency and steady economic development. By readjusting the overall scale and structure of revenues and expenditures, we must regulate and control the volume and pattern of social demand and achieve a balance between revenues and expenditures. After the past few years of reform, our taxation system has taken a new direction. We must make further improvements, introduce reasonable tax categories, readjust tax rates and encourage industrial enterprises and institutions to make the best possible use of favourable conditions to meet

the needs of society. We must distribute revenues rationally among the state, the collectives and individuals. The after-tax profits available to state-owned enterprises must be gradually increased to expand their capacity for transformation and development. With regard to tax categories, a distinction must be drawn among taxes which go to the central government, those which belong to local governments and those to be shared between the two. Likewise, expenditures which are to be made by the central government should be distinguished from those for which local governments are responsible, so that each will manage its own financial affairs. From now on, state budgetary funds will be invested primarily in the construction of infrastructure and non-profit projects. Investment funds of profit-making enterprises and institutions will mainly come from their own reserves or from joint investment, fund raising and bank loans. The government will guide the direction of investments by enterprises by subsidizing their interest payments, or by providing them with other financial assistance.

54. We must reform the monetary system to enable all banks to work as efficiently as possible in collecting and circulating necessary funds, guiding the flow of funds in desirable directions, promoting an increasingly efficient use of them and regulating overall social demand. The People's Bank of China, which serves as the country's central bank, is one of the most important macro-regulators of the national economy. Therefore it is necessary to strengthen its position and independence. The bank must exercise control over the total currency supply and volume of credit through an overall plan for credit, by monetary policy and the control of foreign exchange, as well as by such regulatory means as interest rates, foreign exchange rates and reserves. In this way it will be able not only to keep inflation under control, but also to promote well-co-ordinated economic growth and make the economic structure more rational. So far as business operations are concerned, all monetary institutions must come under the control of the People's Bank of China. The bank must also strengthen its supervision over the operations of institutions and exercise strict control over the specialized banks and other financial institutions in matters relating to credit and loans. In carrying out reform, these specialized banks should steadfastly but prudently develop into enterprises. There may be some overlap in their business operations. All banks must tighten their screening procedures for granting loans and strengthen accountability in such granting. So long as they abide by the plans and policies approved by the state, they have the right to issue

credit and loans independently. In doing so, however, they must assume responsibility for any risks involved. Governments at all levels should supervise and support banks everywhere in observing state monetary policies and ensure that their lawful rights are not infringed. Under the guidance and control of the People's Bank of China, they should employ all kinds of monetary tools to promote lateral circulation of funds and to gradually establish a market of funds.

55. As the state's role and methods in managing the economy change, the organizational structure of government departments responsible for economic management at all levels will be correspondingly readjusted and reformed. Departments in charge of overall management should be consolidated and strengthened. We must try to make their decision-making more scientific and to increase their ability to provide macro-control and regulation. We should appropriately expand the power of local governments to apply economic levers. It is necessary to make supervisory departments in charge of auditing, industrial and commercial administration, statistics, standardization and measurement more effective. We must establish more organs of economic supervision to handle economic legislation and adjudication. Departments for specialized economic management should shift from managing production in specific enterprises directly under their jurisdiction to managing a trade as a whole. They should map out development plans for an entire trade, conduct research in major economic and technical policies concerning that trade and organize information exchanges, technical research and the training of personnel. In accordance with this change in function, they must actively prepare for the gradual readjustment and streamlining of their organizations.

56. Comprehensive economic restructuring with focus on cities is a formidable and complicated problem of systems engineering. From now until the new economic structure takes shape, the entire process of reform should generally fall into the following three stages. First, after the extension of the decision-making power of enterprises and some reduction of direct controls over the past few years, we must spend a year or two reinforcing indirect macro-economic controls, while continuing to revitalize enterprises, especially large and medium-sized ones. To accelerate sound development of the reform, we should follow this up with such measures as the use of economic levers, better economic legislation and supervision and the establishment of information networks. Second, in order to develop the socialist commodity market, we must gradually reduce the

scope of mandatory planning, reform the price structure for means of production and the price control system, and further improve the taxation and financial systems. Third, we should gradually set up organizational structures that conform to the new systems, so as to resolve the question of the relationship between enterprises and government departments and of the barriers between different departments or regions, and with a view to the eventual separation of the functions of government from those of enterprises. Although each of these stages is distinct in emphasis, they are interrelated and overlap. By the time they are completed, our economic restructuring will have been basically completed.

57. Our experience in the reforms of the past few years shows that in future we must consider carefully what to discard and what to introduce, bearing in mind the following points: 1. We should greatly strengthen the state's indirect control over various economic activities and take corresponding measures to reduce its direct control over micro-economic activities. While continuing to invigorate enterprises, we should improve the systems and methods of indirect control. 2. In socialist economic management, a certain amount of administrative means will always be indispensable. But the essence of the reform should be to reduce the use of administrative means. It is for the sake of this future reduction and to ensure the orderly transition from the old structure to the new, that some administrative means must be reinforced for a certain period to ensure the orderly implementation of the reforms. 3. The deepening of the reforms and the growth of the economy demand that more guidelines for economic relations and activities be codified in the form of law, so that the law will become an important means of regulating them. Therefore, we must emphasize economic legislation and adjudication, make them conform to the requirement of the reform, and strive to establish a more comprehensive system of economic statutes. Then we will have laws addressing every aspect of economic activity and will be able to abide by them and enforce them strictly. 4. We must educate the cadres and the masses so that they fully recognize the difficulty and complexity of carrying out the reforms, are clearly aware of the problems and risks that may arise in the process, enhance their understanding of policy, legality and the overall interest, and are mentally prepared to confront the difficulties. In the long run, reforms will promote a vigorous growth in the productive forces and bring the people great material benefits. However, we cannot expect that every step in reform will bring immediate benefits to every person, because the beneficial results will only be obvious after the reform has been in effect for a certain

period. It is important to the success of the reform that we explain this to the people.

People's Welfare and Social Security

58. To constantly raise the level of the people's material and cultural life as production grows and to achieve prosperity for all members of the society are the basic purposes of all the policies of our Party and state in promoting the drive for socialist modernization. During the period of the Seventh Five-Year Plan, we must keep to the principle of distribution according to work, continue to encourage some areas, enterprises and individuals to become prosperous first, and overcome egalitarianism. At the same time, to ensure social stability and unity and to demonstrate the superiority of the socialist system, we should guard against wide discrepancies in income. We must make overall arrangements to employ the new labour force and create more job opportunities. By 1990 the average level of consumption for the country as a whole will increase by 25 percent over 1985, and the discrepancy between the consumption levels of urban and rural residents will be further narrowed.

59. While continuing to increase the production of daily necessities, during the Seventh Five-Year Plan period we should also try to increase supplies of meat, poultry, eggs, milk, aquatic products, fruit, convenience foods and soft drinks. In addition, we need to increase supplies of textile products, of medium- and high-grade clothing and accessories, and of TV sets, refrigerators, washing-machines, brand-name bicycles, and furniture. Meanwhile, we should mobilize all sectors to speed up the construction of residential housing in cities and the countryside. While producing more consumer goods, we must also establish many more commercial and service networks. Efforts should be made to set up and expand all kinds of everyday services and to develop cultural and recreational establishments. As labour productivity increases, a vacation system should gradually be introduced for all personnel.

60. Improving the environment should be made an important aspect of improving the people's living standards and quality of life. In the period of the plan we must step up the construction of public utilities, such as water, sewage systems, electricity, gas, central heating, roads, public transport and telephones to make life more comfortable for the people. We should do more to monitor and prevent or remedy such public hazards as air, water, soil and

noise pollution. We should improve the forecasting of natural disasters and take precautionary measures against them. Attention must be paid to environmental protection, and special efforts should be made to improve the environment in key cities and tourist areas. As part of sound city and town planning, we should develop land-scaping projects and gradually create a clean, green and comfortable environment for people to live and work in.

61. We must strictly control population growth, expand public health services and improve the people's health. During the period of the plan the number of persons entering the marrying and child-bearing years will reach a peak. We must place greater importance on family planning, carry it on unswervingly and try to reduce the average annual population growth rate to 12.5 per thousand within five years. We must improve health care for mothers and children and promote sound child rearing practices. We must expand the mass campaign to eradicate pests and communicable diseases, so as to improve public health in towns and villages. We must step up medical research. More health care facilities should be set up and the three-tiered health care organization in the urban and rural areas should be improved. We should train more health care personnel, strengthen our work in the prevention and treatment of disease and disseminate essential information on nutrition and health.

62. To meet the changing conditions that come with invigorating the domestic economy and opening to the outside world, we must try to establish new social insurance systems of various types with different services and rates. Various insurance systems should be gradually established for workers and staff in government departments, in state- or collectively owned enterprises, in Chinese-foreign joint ventures and in enterprises run solely with foreign investment, and in particular, for former workers waiting for new jobs. We should step up research into insurance systems for self-employed workers in urban and rural areas, introduce them on a trial basis and then popularize them gradually. This is an important condition for ensuring the smooth progress of the economic restructuring and its success, and it is also of vital importance for maintaining long-term social and political stability. The establishment or improvement of social security systems should be based on China's specific conditions, and the scope, services and rates of such systems must not exceed the financial capabilities of the state, enterprises or individuals. Social insurance funds should be provided by the state, enterprises and individuals, but mainly by enterprises and establishments with earnings. The old practice of having the

state cover all expenses should cease. Different standards of retirement pensions for workers and staff of enterprises and establishments will be determined according to their respective economic forms. While gradually establishing new social insurance systems, we must carry on our fine traditions of mutual help among relatives, friends and neighbours.

63. We must gradually perfect the social welfare system and do an even better job of giving preferential treatment to the families of martyrs and servicemen and of organizing social relief work. Governments at all levels should devise unified plans for all kinds of welfare projects and encourage enterprises and other establishments with earnings to undertake the collective welfare projects their employees need. We must increase the number of free or low-cost social welfare facilities such as children's centres, homes for the aged, health spas and sanatoriums. It is important to ensure the welfare of disabled veterans, provide pensions to the families of martyrs and give preferential treatment to the families of military personnel. Arrangements should be made with the help of all social quarters for the employment, education and welfare of the blind, deaf-mutes and other handicapped persons. Social relief funds must be set up to give financial aid to low-income families in urban and rural areas to meet their basic needs in food and clothing. Relief to the needy should consist not only of supplying their immediate wants but also of helping them to develop production and so better themselves through their own labour. All quarters should be mobilized to help the poor.

64. In social security work, socialized administration must be integrated with work unit administration, with emphasis on the former. Social security institutions should exercise overall control over social insurance, welfare and relief and co-ordinate them under an overall plan. Establishing a social security system is very complicated and must be co-ordinated with the restructuring of our economy. Therefore, during the period of the Seventh Five-Year Plan, the social security system can only emerge in embryonic form. However, as the economy grows, it can be gradually developed.

United and Work for the Advance of Socialist Modernization

65. The Central Committee of the Communist Party of China believes that the Seventh Five-Year

Plan will be a plan for peaceful development that will mobilize the entire nation for the reform of the economic structure and the drive for socialist modernization. Peace and development are the common desires and fundamental objectives of the people of all countries. China has always pursued a foreign policy of independence, opposing hegemonism and promoting world peace. The growth of China's economic strength means the growth of the world's forces for peace. The successful fulfilment of our Seventh Five-Year Plan will enable China to move a step closer to becoming a strong and prosperous nation with a rich and happy people, and at the same time to make new contributions to the maintenance of world peace and stability. We must rely on our people's wisdom, intelligence and united effort to guarantee the fulfilment of the plan. At the same time, we welcome and earnestly hope for greater co-operation with all peace-loving countries and people of the world.

66. The smooth implementation of the Seventh Five-Year Plan and the further development of national economic construction will create more favourable conditions for the peaceful reunification of our motherland. The Central Committee hopes that the people of all our nationalities, including our compatriots in Hongkong, Macao and Taiwan and Chinese nationals overseas — all the children of the Yellow Emperor who love their motherland — will make unremitting efforts to achieve China's reunification and rejuvenation.

67. Our goal is to make China a modern socialist country which is highly cultured and highly democratic. To keep to the socialist road, to uphold the dictatorship of the proletariat, to maintain the leadership of the Communist Party and to adhere to Marxism-Leninism and Mao Zedong Thought are the cardinal political principles from which there can be no deviation. In order to ensure the smooth progress and sound development of our socialist modernization drive, we must accomplish the following tasks, while always upholding the four cardinal principles: 1) Constantly invigorate the domestic economy, open further to the outside world and bring every positive factor into play to develop the productive forces. 2) Resolutely crack down on perpetrators of serious economic crimes and other criminals, ban all practices that corrupt social morals, oppose all actions that violate professional ethics and harm public interests and, by the co-ordinated efforts of all social quarters, ensure better public order and security and provide the proper social environment for the current reforms and construction. 3) Strengthen political and ideological work; educate the people thoroughly in patriotism, collectivism, socialism and communism;

encourage them to cherish lofty ideals and moral integrity, to become better educated and to observe discipline; oppose bourgeois liberalism; resist the corruption of capitalist, feudal and other decadent ideologies; and foster the spirit of dedication to the four modernizations to make the country prosperous and strong. This educational preparation of the masses is the most important ideological condition for the success of our cause. At the same time we should further develop socialist democracy, perfect the socialist legal system and educate the public regarding the law to ensure the building of a socialist civilization that is advanced culturally and ideologically as well as materially.

68. To ensure the fulfilment of the Seventh Five-Year Plan it is important for us to better consolidate the Party, strengthen Party building, move faster to make the ranks of cadres more revolutionary, younger, better educated and more competent professionally, and improve the cadres' style of thinking and of work. Through effective consolidation of the Party's ideology, organization and work style, we should strengthen the Party spirit of all Party members, particularly of leading cadres, enhance Party discipline, strengthen Party life, overcome bureaucratism and firmly check unhealthy practices so as to bring about a basic improvement in Party conduct and then in general standards of social conduct. We should further emancipate our minds and not hesitate to promote to leading posts at various levels those fine, talented people who are in the prime of life and have distinguished themselves by their performance. Cadres at all levels, leading cadres in particular, should become men and women of action who have the general interest at heart and are promising and diligent in their work. They should seek truth from facts, integrate theory with practice and keep in close touch with the masses. They should renounce empty talk in favour of practical work, neither seek-

ing undeserved reputation nor working for appearance's sake. They should immerse themselves in realities, identify themselves with the masses, make more investigations and studies, tackle practical problems and promptly expose and overcome any shortcomings and mistakes in work. In particular, they should devote themselves wholeheartedly to the public interest, serve as good examples to the masses and lead them in carrying forward the drive for socialist modernization.

69. The Chinese People's Liberation Army, with its glorious traditions, should streamline and reorganize its structure and undertake other reforms in order to transform itself into a regular and modern revolutionary armed force. The army should strengthen our national defence, participate actively in the building of socialist civilization materially as well as culturally and ideologically, and make fresh contributions to the fulfilment of the Seventh Five-Year Plan. The Party committees and governments at all levels must concern themselves about the building of the army, make proper arrangements for demobilized and retired cadres, give preferential treatment to families of servicemen and martyrs and further strengthen the ties between the army and the government and between soldiers and civilians.

70. The Central Committee of the Communist Party of China calls on all members of the Party and the Youth League, on people of all China's nationalities — workers, peasants, intellectuals, cadres, army officers and men — on all democratic parties, mass organizations and people who love our socialist motherland to unite as one, carry forward the spirit of thrift and hard work, heighten the sense of organization and of discipline, work diligently, be modest and strive to make a success of this important Seventh Five-Year Plan and to build socialism with Chinese characteristics. □

An Admission of Guilt From Elysee

As the truth of the "Rainbow Warrior" incident emerges, the French government is taking action to make good its losses.

by **YI MING**

Beijing Review News Analyst

WITH the French government's acknowledgement of its responsibility for the sinking of the Greenpeace protest ship Rainbow Warrior in July, international reaction to its handling of the affair has been mainly positive. In fact, relations between the parties involved have been improved.

French Prime Minister Laurent Fabius has since told the New Zealand government he is "truly sorry" about the effect of the incident on relations between the two countries. Wellington, for its part, has expressed appreciation of Paris' efforts to thoroughly investigate the affair at last. Seeking to mend its ties with Wellington, French External Relations Minister Roland Dumas has twice met New Zealand Deputy Prime Minister Geoffrey Palmer at the UN General Assembly in New York to open preliminary talks on reparations. France has agreed in principle to pay compensation for the sinking, and an atmosphere of goodwill has been revived. Talks at lower levels will be held soon.

Prompt compensation will also be paid to the family of the Greenpeace photographer killed in the bombing.

Of course, some disputes still exist. Paris has asked that the two French agents now detained in a New Zealand jail awaiting trial on murder charges be released. France says they were sent there only to gather intelligence, a mission which in the French view was completely lawful. But Wellington

has rejected any prospect of repatriating them in exchange for compensation.

Another question is the extradition of the alleged saboteurs. Fabius said the agents who carried out the bombing should not be blamed because they only acted on orders, and had in the past accomplished very dangerous missions for their country. New Zealand Prime Minister David Lange, however, has rejected this argument as untenable. The Rainbow Warrior bombing did not take place in war time, and does not allow this defence, he said. If countries could carry out such acts with impunity, Lange charged, anarchy would prevail in the world. Earlier, Fabius promised to punish those found responsible for the incident.

Lange has also asked Paris to disclose who gave the order for sinking the protest ship, and who approved the funds for the action. Many people in France also want the answer to this question, which has now become the focus of what some are calling "underwatergate."

Fabius has firmly placed the blame for the sinking and subsequent attempted cover-up on former Defence Minister Charles Hernu, who resigned his post, and sacked intelligence chief Pierre Lacoste. During his regular monthly television broadcast, Fabius said he had interviewed both men and believed that the scandal originated at their level — along with the responsibility. But it was difficult to tell exactly who gave the order, he maintained, because no written documents were found.

Amid the questioning, reports circulated that documents critical to determining responsibility for the affair had been lost or destroyed. Meanwhile, four French secret service officers have been detained and questioned in connection with press leaks as the government and military continue their backstage battle over assigning final responsibility for the bombing.

According to some observers, Fabius was taking a calculated risk in assuming that both Hernu and Lacoste would not react publicly to being effectively branded as liars.

Many observers maintain that Fabius must have had some knowledge of the mission because the funding was authorized by his office. The prime minister has replied that the money was allocated for "incidental expenditures" and was paid out by the government's secretary general, who affixed the prime minister's seal.

At the moment, there are two scenarios for future developments in the Rainbow Warrior incident. One is that the government's critics will not be satisfied with the resignation of a minister and a high official's dismissal. On the contrary, the row will continue and its high tide will not be reached for some time. The other view states that the cat is already out of the bag, and there is no conclusive evidence that the president and the prime minister were involved in the affair. In addition, all major French political parties, including the opposition, fundamentally agree on issues concerning the national defence. Many opposition leaders have thus remained silent throughout the Greenpeace incident.

Fabius has said he has no intention of resigning. He reiterated: "France, once out of this regrettable affair, will not leave itself at the mercy of any government or association whatsoever, and will not

let them impose a nuclear policy on us." Originally the Rainbow Warrior was to have headed a protest against nuclear tests on the French South Pacific Atoll of Mururoa.

According to some critics, the political damage of the scandal to the president and his government

is great, and the chances of the lefty retaining control in parliamentary elections next March will diminish. Certainly, it will be difficult to overcome the repercussion of the Rainbow Warrior affair, and the Paris authorities are getting to settling problems arising from the bombing.

mean, however, that Britain was recognizing the PLO, the prime minister added.

Despite Britain's refusal to recognize the PLO, the meeting could bear particular importance to the Middle East peace process. First, it will be the first contact between British cabinet officials and PLO members. Second, the decision to hold the meeting, which was made after the United States had turned down King Hussien's proposal to meet with a Jordanian-Palestinian delegation that included PLO members, indicates that Britain is more flexible than the United States in getting the Middle East peace talks moving.

Mrs. Thatcher described the decision as a new step in the Middle East peace process, and the British press hailed it as a change in Britain's Middle East policy. The nationally appreciated decision, however, provoked dissatisfaction and opposition of Israel.

Arab newspapers credited Britain with the ability to play an active role in the Middle East peace process in view of its close relations with the United States and Thatcher's influence with the world leaders. However, how much effect the visit will have upon the region's peace process is still unknown. Washington so far has made no response to the matter.

Britain

Hope Renewed for Mideast Peace

The British prime minister's recent trip to the Middle East brought hope of renewal to the now stalemated peace process.

by LI YUNFEI

BRITISH Prime Minister Margaret Thatcher made a four-day visit to Egypt and Jordan in September, becoming the first British prime minister to visit Amman, as well as the first head of British government to visit Cairo since 1944.

Though the trip, from September 16-20, involved work on a variety of economic and trade agreements between Great Britain and Egypt and Great Britain and Jordan, its primary goal was, Thatcher said, to show support for Jordan's Middle East peace efforts and to consolidate Britain's position in the Middle East peace process.

To set up a proper way to solve the problems in the embattled region, last February King Hussein of Jordan and Yasser Arafat, chairman of the Palestine Liberation Organization (PLO), signed an agreement calling for preliminary talks between the United States and a Jordanian-Palestinian delegation as the first step towards peace. That initiative has gotten nowhere however, because of US rejection of a Jordanian-Palestinian delegation that includes PLO men, and

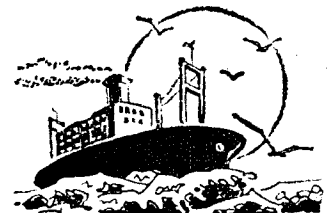
the Middle East peace process has bogged down.

The Middle East issue has become one of Britain's international focuses in recent years. In 1980, Great Britain joined the European Community in declaring its concern over the Middle East problems. Last June, Thatcher set about preparing her Middle East visit by meeting in London with King Hussein of Jordan, US Secretary of State George Shultz and Israeli Foreign Minister Yitzhak Shamir.

During her visit, Thatcher talked with Egypt's President Hosni Mubarak and Jordan's King Hussein. Britain, the prime minister repeatedly said, was ready to help pave way for peace in the Middle East, and wants to see the first stage of the process, a meeting between a Jordanian-Palestinian delegation and US officials, by the end of the year.

At the end of her visit Thatcher announced that her Foreign Minister, Sir Geoffrey Howe, soon would meet in London with the Jordanian-Palestinian delegation, including Jordanian vice-prime minister, foreign minister and two members of the PLO Executive Committee. The meeting did not

CORRECTIONS: In issue No. 38, page 24, left-hand column, first paragraph, line 8 should read "Vienna University, and thus"; and the line 2 of the second paragraph should read "Vienna University, as director of."



Xinjiang: Vistas for Development

To celebrate the 30th anniversary of the founding of the Xinjiang Uygur Autonomous Region (October 1, 1985), "Beijing Review" publishes this article contributed by Ismayil Aymat, chairman of the Xinjiang Uygur autonomous regional people's government. — Ed.

THE Xinjiang Uygur Autonomous Region will be 30 years old in October. In the three decades since its founding, the region has undergone notable economic changes.

Compared with that of 1954, Xinjiang's 1984 gross industrial and agricultural output value rose 10.02 times; agricultural output was up 5.94 times; grain output, 3.4 times; and cotton, 12.9 times. The acreage of cultivated land and head of livestock in the region doubled in those 30 years. Xinjiang's industry, which was almost non-existent in 1954, is now comprising more than 4,000 enterprises of various sizes, raising its industrial output 20.94 times over that of 1954. Many products have come close to meeting the region's own needs and some products have even been marketed abroad. Xinjiang's commerce, foreign trade and cultural, educational and health care undertakings also have developed apace, all spurring significant improvements in Xinjiang residents' living standards. All in all, a new Xinjiang with its first signs of prosperity is emerging.

In 1982, conferees at the 12th National Party Congress set the target of quadrupling China's annual gross industrial and agricul-

* The five autonomous regions are the Inner Mongolian Autonomous Region, the Guangxi Zhuang Autonomous Region, the Ningxia Hui-Autonomous Region, the Tibet Autonomous Region and the Xinjiang Uygur Autonomous Region.

tural output value by the end of this century. Simultaneously, the Party Central Committee attached great importance to accelerating the economic construction of the five autonomous regions*, stressing the importance of helping the autonomous regions to equal or surpass the country's average in the not too distant future.

During his inspection tour of Xinjiang in 1983, General Secretary Hu Yaobang said Xinjiang and the rest of China's northwest should become one of the country's most important economic bases in the 21st century. Hu said that in the drive to open up the northwest priority should be given to Xinjiang, and that the region should be regarded as an independent economic zone.

To implement the Party Central Committee's strategic plan, the Xinjiang Party committee and people's government have set forth the development goals for the region by the end of this century.

With its rich natural resources, Xinjiang has great potential for development. The region has vast expanses of virgin land and pastures, dense forests, rivers and abundant sunshine — all facilitate the development of agriculture and livestock breeding. In addition, Xinjiang abounds with coal, petroleum, non-ferrous metal and other mineral resources, providing favourable conditions for its industrial development.

In the past 30 years, the state has invested heavily in the region, providing it with material, personnel and technical support. By investing in state-owned units' capital construction over the years from 1950 to 1984, the region has had fixed assets worth 15.1 billion yuan, laying a solid foundation for achieving its development goals.

Xinjiang is a multi-national region, with a total of 13 million people. The unity among its various ethnic groups, which has withstood the test of history, has been steadily strengthened, adding to the region's positive environment for economic construction.

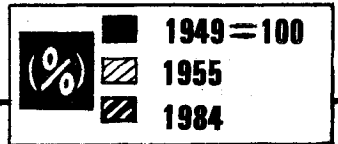
To reach its development targets, Xinjiang must continue to carefully tackle the problems of resources, funds, talented people and infrastructural construction and to improve its communication and the irrigation systems — the two major obstacles holding back Xinjiang's economic development. To solve these problems, it is necessary to do the following work.

(1) **Rapidly verifying the region's natural resources.** Geological prospecting work should be made a key part of the region's economic development. While making a general geological survey in the re-

Geological workers ready to tap Xinjiang's rich copper-nickel sulfide deposits.



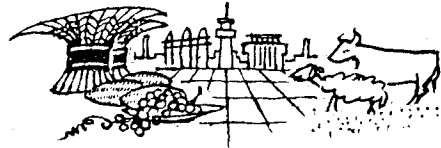
XINJIANG'S ACHIEVEMENTS IN INDUSTRIAL AND AGRICULTURAL PRODUCTION SINCE 1949



Covering one-sixth of the country

Gross Industrial and Agricultural Output Value in 1984

10.538 billion yuan



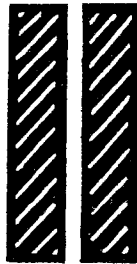
1,465



Total Industrial Output Value

5.987 billion yuan

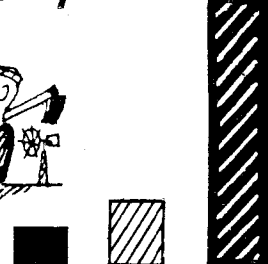
6,582



Total Agricultural Output Value

4.55 billion yuan

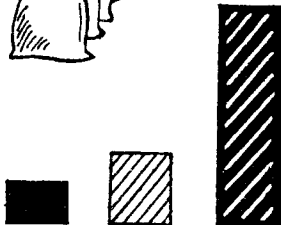
724



Grain Output

4,950.5 million kg

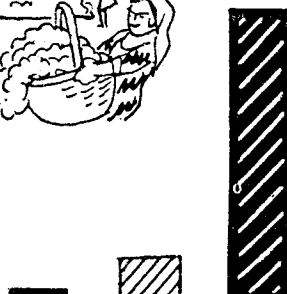
584



Cotton Output

192.31 million kg

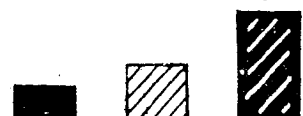
3,793

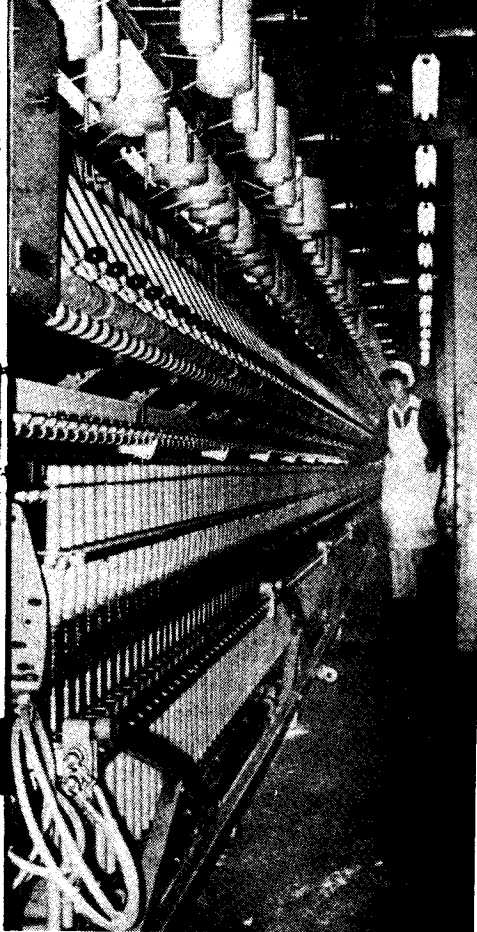


Livestock at Year-End

30.25 million head

291





Textile equipment imported from Italy by the Xinjiang Shihezi No. 8 Textile Mill.

gion, stress will be put on the needs of the region's development at different stages, on the basis of which exploitable reserves for industrial development should be proven in time according to plan. Apart from the survey teams organized by the region and those sent by the state, the region also will invite foreign prospecting teams to help with the work.

We plan to use foreign funds to invite bids for petroleum and mineral exploitation. Geological prospecting and development will be conducted together, while income from mineral products will be used to speed up prospecting and exploitation.

(2) Raising construction funds to meet Xinjiang's needs for its development goals. In addition to increment of state allocations, the region will expand its own financial resources. It will also collect

funds from other parts of China as well as from abroad.

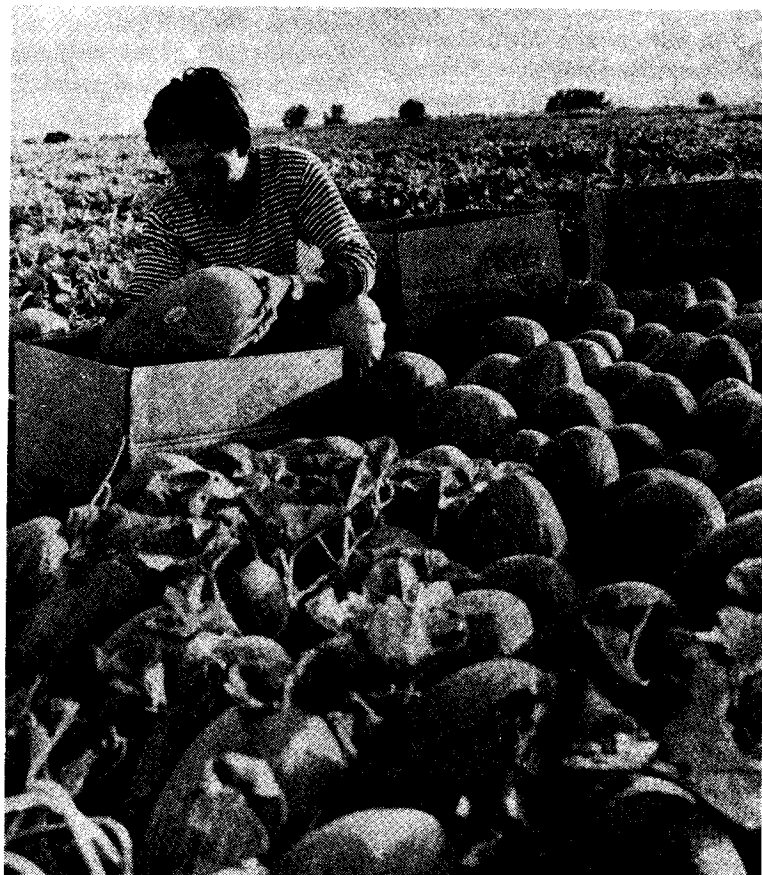
(3) Stepping up training of personnel in various fields. While rearranging the colleges and reforming the education system, the region also plans to attract professionals from the inland provinces and autonomous regions as well as from abroad to participate in Xinjiang's construction.

(4) Carrying out infrastructural construction. The development of communications, energy resources, urban construction and other infrastructural facilities is a prerequisite for Xinjiang's economic improvement. Inadequate transport and communication facilities pose a serious problem to Xinjiang's economic development. In addition to speeding up the revamping of the Lanzhou-Xinjiang Railway, efforts will be made to step up the construction of some sections of the northern Xinjiang railway and to extend the southern Xinjiang

railway westward, in order to make the two the trunk railway lines in the southern and northern parts of Xinjiang. The surface of the region's main highways is also expected to be reconditioned to facilitate heavy-duty truck transportation, while additional inter-county and inter-township highways are slated for construction. The region's civil airports will be revamped, and more planes will be bought to increase passenger and freight transport capacity.

Oil pipes will be laid to facilitate the development of the region's petroleum industry. However, economic growth requires the development of diversified energy resources, and importance should be attached to developing charcoal and coal, as well as alternative sources such as thermal power, hydropower and wind and solar energy resources. Energy resources should be tapped according to local conditions, and priority

Hami melons produced by the Xinjiang Production and Construction Corps ready for export.



should be given to any energy source whose conditions for development are ripe.

(5) **Upgrading the region's old enterprises.** Xinjiang's more than 4,000 enterprises provide it with a solid base for its industrial development. However, to upgrade

and expand the region's existing enterprises is an important way of opening up Xinjiang. By the end of 1990 the obsolete equipment of all the small and medium-sized enterprises will have been replaced or upgraded. The technological transformation will help boost the region's key industries, such as tex-

tiles, building materials, petroleum, and sugar, foodstuffs, fruit and leather processing and the dairy industry.

The people of Xinjiang will continue to strengthen national unity and we believe the grand objective for opening up Xinjiang will be achieved. □

China Advocates Stronger UN Role

FOREIGN Minister Wu Xueqian on September 26 called on the permanent members of the UN Security Council to fulfil in good faith the special responsibilities conferred on them by the UN Charter.

"They should take the lead in complying with the purposes and principles of the charter by actual deeds, honour and support the common will of the overwhelming majority of the UN members, consult with the other members of the Security Council on an equal footing and work in close co-operation with them," he said.

Wu, who is also State Councillor, was speaking on how to strengthen the role of the Security Council during a council meeting at the foreign minister level. The meeting was called to discuss the issue "United Nations for a better world and the responsibility of the Security Council in maintaining international peace and security."

"World affairs should not be monopolized arbitrarily by a few big powers," the minister noted. "They can be handled well only through consultations on an equal footing among countries concerned. Special responsibilities mean heavier duties, and the veto power should not be used as a tool to shield acts of aggression and injustice."

The Security Council, Wu said, in all its activities, including its peace-keeping operations, "must

abide by the provisions of the UN Charter, especially the purposes and principles of the charter."

All member states of the Security Council should "strictly observe and uphold in international affairs the principles of respect for the territorial integrity and sovereignty of other countries, the settlement of international disputes by peaceful means, non-interference in others' internal affairs and consultations on an equal footing," he added.

In carrying out its duties, "the Security Council should earnestly heed the correct views of the UN members, support their reasonable demands and give expression to their legitimate aspirations," the minister said.

Positive Role

Over the past 40 years, Wu said, the Security Council has played a positive role in preventing, defusing and checking conflicts and easing international tension, but also "made wrong decisions on certain questions."

"What causes general concern and anxiety is that the council often proves to be impotent when it is asked by the UN members to take effective measures against breaches of peace," he noted.

On lessons drawn from the successes and failures of the Security Council in the past, Wu said, "Whenever the Security Council strictly observes the purposes and principles of the UN Charter, re-

flects the just demands of the great majority of UN member states, particularly the third world and small and medium-sized countries, and pools collective wisdom through full consultations, it achieves successes in its work. Whenever the purposes and principles of the charter are contravened and the will of the big powers are imposed on the Security Council, it suffers setbacks."

In recent years, he said, the General Assembly has adopted a number of important resolutions on maintaining peace and security, opposing aggression and upholding justice, thanks to the efforts of the third-world and small and medium-sized countries. China supports the call of the overwhelming majority of the member states for the strengthening of the role of the General Assembly, he stated.

He said that as a founding member of the world body and a permanent member of the Security Council, China, in the activities of the United Nations and its Security Council, "has always abided by the purposes and principles of the UN Charter and devoted itself to the just cause of maintaining international peace and security."

"The Chinese government and people will, as always, work with all other peace-loving countries and peoples for preserving world peace and a better world and make contributions towards these goals," the foreign minister reiterated.

Jinzhou Foreign Trade Expands

At its international economic and technical co-operation symposium in September, Jinzhou succeeded in signing 34 agreements with foreign investors on absorbing foreign capital and importing advanced technologies. These contracts involved a total investment of US\$24.85 million.

Situated in the western part of Liaoning Province, Jinzhou, with a population of 500,000, is an important line of communication from the northeast to north China, and is also one of China's important industrial cities. Jinzhou's 1984 industrial output value ranked 22nd among the country's large and medium-sized cities.

The symposium, which is the first of its kind ever held in Jinzhou, one of the medium-sized cities in China, and which was attended by 248 business people, signals a further opening of China's doors to foreign investors.

The state has made some adjust-

ments in the use of foreign exchange this year. As a result, the amount of foreign exchange for Jinzhou this year has decreased. In order to make a success of the symposium, city officials adopted practical measures for absorbing foreign capital and importing advanced technologies for the city's 48 projects. The city also did a great deal of work to attract foreign businessmen to invest in the city, and adopted the following preferential policies: Apart from offering tax reductions and exemptions for foreign investors, Jinzhou officials said they would also guarantee investors' gains. Jinzhou also agreed that the profits slated for remittance overseas or to Hongkong and Macao could be exchanged into foreign currency and remitted out of China. It also guaranteed that while purchasing advanced technologies and equipment from abroad with foreign exchange, Jinzhou authorities will give priority to the technology and

equipment made by foreign firms that will in turn invest in and cooperate with the city.

Avoiding Double Taxation

The issue of double taxation, which has always been a puzzling problem for foreign business people, is on its way to a gradual solution in China. From 1981 until September this year, China conducted negotiations with representatives from 20 countries on the avoidance of double taxation. Through the negotiations, China has signed agreements on the problem with Japan, the United States, Britain, France, the Federal Republic of Germany and Belgium.

The Sino-Japanese and Sino-British tax agreements became effective at the beginning of this year, while the Sino-French tax agreement will be put into effect next year. The tax agreement between China and the Federal Republic of Germany stipulates that besides the prepaid income tax on interest and royalties which was levied from July 1 this year, taxes on income obtained from profits, dividends, labour service and other sources were levied beginning from January 1 this year. At present, the Sino-US and Sino-Belgian tax agreements have not become effective.

In addition, China has held rounds of talks with Romania, Yugoslavia, Canada, Finland, Sweden, Thailand, Norway, Denmark, Italy, Australia, Singapore, Austria, Switzerland and Malaysia, and preparations for the signing of the tax agreements with them are under way.

Staff members of the Jinzhou Ceramic Factory hold business talks with representatives of the Thyssen Delegate Office of West Germany.



Chinese Workers' Game for Sports

China's Second National Workers' Games were held at the Beijing Workers' Stadium from September 7 to 15. Nearly 5,000 entrants from 32 teams contested titles in track and field, football, basketball, volleyball, table tennis, swimming, cycling and *wu shu* performance.

When the dust had cleared, 298 athletes broke records, with 32 new marks set in track and field events alone.

According to Li Dingyi, an official in charge of physical culture and sports affairs of the All-China Federation of Trade Unions, about 40 million Chinese workers now take part in regular sports activities, as against only 3 million in 1955.

In that year, he said, the first National Workers' Games were held, also in Beijing. Only 17 teams, with 1,700 contestants, took part. At that time, he added, there were practically no stadiums or gymnasiums for workers.

Now, throughout the country, 244 stadiums and gymnasiums, 168,000 sports grounds and 2,000 swimming ponds have been built. More than 400,000 teams have been set up to promote sports among China's workers.

At the Dongbei Light-Alloy Steel Processing Factory in Harbin, northeast China, workers do calisthenics to radio music in front of their workshops before starting their work day. Tug-of-war is a favourite sport for young workers, while *Tai ji quan* (shadow boxing) enjoys growing favour among their older colleagues. Some sports activities are ingeniously related to the factory's work. In the women's 100-metre sprint, contestants are

asked to push empty aluminium buckets as they run. The activity not only helps build their strength, but also improves their work skills. In another events, each male worker must nail a box and push it in a wheelbarrow to the finish line.

Another sports-mad employer is the Linjiang Forestry Centre in Jilin Province. In pre-liberation days, lumber workers had nothing to do after work but drink wine or gamble. Now things have changed completely. Near the workers' living quarters is a floodlit court where they can play volleyball and badminton or do calisthenics. In summer they often go on outings, climb mountains or jog. In the winter, skiing and skating are their favourite sports.

Another plant, the Changchun No. 1 Automobile Factory, boasts a roller skating team which is known throughout China. In September the team went to the United States to participate in a world speed skating tournament—the first time a Chinese factory team

has taken part in any international competition.

The workers built a rink and made their skates by themselves. In the first year after the team was established, they won the sixth place in a national competition. For the past several years, they have finished in the top three places in many more tournaments.

The General Administration of Civil Aviation of China (CAAC) is strong in table tennis. In 1982 and 1983, the air company twice sent its team to international table tennis tournaments sponsored by 12 air companies. At two tournaments, the team captured all titles in both the men's and women's team events. This August, Chinese aviation and railway workers also played soccer matches with their Japanese counterparts.

Besides ball games and track and field events, Chinese workers also like traditional sports activities such as *Tai ji quan*. This and other indigenous sports have attracted 3.2 million workers.

At the Dongbei Light-Alloy Steel Processing Factory in Harbin, some sports activities are ingeniously related to the factory's work. In the women's 100-metre sprint, contestants push empty aluminium buckets along the course.





A Woman Herder.



Carrying a Newborn Lamb.



A Wrestler.



Performing a Jump.

Sculptures by Zhanbula

Born in 1936 in Inner Mongolia, Zhanbula now works at the China Art Gallery in Beijing. His simple and bold pieces depict the life of herdsmen in the Mongolian grasslands.

ART PAGE

“Sea Lion” Sports Goods



“Sea Lion” brand shuttlecock is made of fine materials. Its weight maintains at 4.9-5.1g. Tests prove the product, strong and steady, fully accords with the requirements for international badminton competition.

The “Sea Lion” racket is elastic and durable, antiseptic and mothproof.



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