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BEIJING REVIEW

北京周报

A CHINESE WEEKLY OF
NEWS AND VIEWS

**Deng Yingchao's New Year Message to Taiwan
Premier Zhao to Visit Canada • Key Construction Projects in China**





Chinese Ambassador to Canada Wang Dong presents a set of porcelain figurines representing Dr. Bethune's life in China to the Canada-China Friendship Association.



James Endicott, a Canadian friend of China, lectures at the Nanjing Union Theological Seminary last October.



SPOTLIGHT

Chinese goods are welcomed in Canada.



Actresses of the Heilongjiang Song and Dance Troupe chat with a young friend during their 1981 visit to Alberta.

Delegates listen intently to papers given at the Canada-China Technology Transfer Symposium in Beijing last April.

A study delegation of young Chinese peasants visit the experimental wheat fields of the College of Agriculture of the University of Saskatchewan.



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COVER: Young workers at the Guizhou Aluminium Plant, one of China's key projects, are eager to study the new technology.	

HIGHLIGHTS OF THE WEEK

Deng Yingchao on China's Reunification

CPPCC Chairman Deng Yingchao stressed at a New Year's Day tea party that foreign interference will never end without the peaceful reunification of China. She pointed out that the activities of a handful of people for the "independence of Taiwan" went against the will and interests of people in Taiwan and ran counter to the interests of national unity. She urged the Taiwan authorities to come forward for negotiations on China's reunification (p. 6).

Premier Zhao's Upcoming Visit to Canada

The first visit by a Chinese Premier to Canada will strengthen the relations between the two countries, which have much in common (p. 4).

On the eve of the visit, Huang Hua, China's first ambassador to Canada, explores the prospects for further developing friendly Sino-Canadian relations (p. 18).

Zhao Describes Objectives of Visit

Premier Zhao Ziyang tells US and Canadian reporters that his trip to the United States is a mission to "increase mutual understanding, stabilize bilateral relations, promote Sino-US friendship and defend world peace." He is looking forward to meeting Canada's Prime Minister Pierre Trudeau and discussing peace proposals he may raise (p. 16).

Key Construction Projects for 6th Five-Year Plan

China plans to invest 250 billion yuan in 890 large and medium-sized projects. One hundred twenty have been listed as key projects, 70 of which were under construction in 1983. All the key construction projects were selected to fulfil the objectives of modernization and strengthen the weak links in the national economy, especially the strained energy, transportation and communications (p. 22).

Kissinger, Brzezinski on Zhao's Visit

Henry Kissinger, former US Secretary of State, and Zbigniew Brzezinski, former US National Security Adviser, have written special contributions on Premier Zhao Ziyang's visit to the United States, which they view as an auspicious event of historic importance and as the point of departure for a wider and more co-operative strategic relationship between the two countries (p. 20).

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Zhao's Visit to Enhance Sino-Canadian Ties

by **MU YOU LIN**
International Editor

Premier Zhao Ziyang's upcoming visit to Canada, one of the developed Western countries that maintain excellent ties with China, scheduled for January 17-23, is expected to bring these relations to an even higher level.

For special reasons, both historical and contemporary, Canada evokes very friendly feelings among the Chinese. Dr. Sun Yat-sen received sympathy and support there when he was preparing for his anti-monarchical revolution of 1911. In the 1930s, Dr. Norman Bethune, the renowned Canadian surgeon, died fighting alongside Chinese people against the Japanese aggressors. Canada established diplomatic relations with the People's Republic of China in the early 1970s, and stood for restoring its legitimate seat in the United Nations.

China, on its part, has supported Canada's efforts to pursue an independent foreign policy and considered its international influence for world peace and stability quite important.

Sino-Canadian friendship, economic and technical co-operation, trade, and cultural exchanges have grown steadily, and Chinese leaders have spoken highly of Sino-Canadian relations as always being smooth, with no significant issues between them.

China and Canada share similar views on a wide range of interna-

tional issues. Both are against the superpowers' hegemonic acts of aggression and expansion, the nuclear arms race and intervention in other countries' internal affairs.

Canada and China have an excellent relationship and share similar views on a wide range of international issues. Premier Zhao's Canada visit is expected to bring these relations to an even higher level.

Both devote themselves to the preservation of peace and security around the world. Both stress independent positions and decision-making with regard to their own foreign policies and to world affairs.

The two countries also find they can learn from each other's strong points and expand economic and technical co-operation in many areas.

Prime Minister Pierre Trudeau, on his latest globe-trotting campaign for peace, received an enthusiastic reception in the Chinese capital, where he explained his proposals and conferred with the Chinese Premier.

In view of the worsening situation and growing concern throughout the world, China has taken a strong position on the substantial reduction of the world's nuclear arsenal, demanding first of all that the two superpowers, which possess between them more than 95 per cent of all nuclear weapons on earth, halve their nuclear weaponry.

Prime Minister Trudeau said that Canada appreciated China's demand. The common aim of Canada and China is to respond to the wishes of the world's people for peace.

Chinese leaders Deng Xiaoping and Zhao Ziyang, on their part, said they understood the proposals put forward by Prime Minister Trudeau, appreciated his efforts to ease the tense international situation and promised to conscientiously study his plan.

When the two prime ministers meet in Ottawa, they are expected to continue their discussions on vital international issues of common concern.

Another topic which will figure prominently during Zhao's trip is the expansion of trade, economic co-operation and cultural exchanges, in which both countries are believed to be keenly interested.

Sino-Canadian trade has grown more than seven-fold since 1970, reaching US\$ 1,200 million and making Canada China's fifth biggest trading partner and number four supplier of goods. While hoping for continued increases in



commerce, China is eager to reduce its adverse balance in their bilateral trade by increasing exports to Canada.

With agreements or memoranda of understanding on trade, civil air transport, trade mark registration, agriculture, forestry, and development co-operation already in place, China and Canada are ready to sign a new accord on mutual protection of investment while Premier Zhao is in Ottawa. Observers here predicted that this will give fresh impetus to economic co-operation in the form of joint ventures, co-production and other types of partnership.

Four Canadian banks have opened representative offices in Beijing and Canadian companies have presented seminars in China on technology and management. Great Wall Machinery Corporation Ltd., the first joint company in Canada using Chinese investment, has been inaugurated as another new step towards multifaceted economic co-operation.

Cultural ties and bonds of friendship between the two countries' provinces and cities are also expected to grow in the years to come.

Against this backdrop of excellent relationships, Premier Zhao's visit will, without doubt, go a long way to strengthening Sino-Canadian friendship, making it an admirable example of state-to-state relations based on the Five Principles of Peaceful Coexistence.

Comments on the Xianggang Issue

Your magazine carried comments on the Xianggang question in issue Nos. 39 and 42, 1983. Here I would like to point out three contradictions in the British officials' speeches.

1. Britain "cannot be accused of colonialism in any way." It is a historic fact that Britain made China's territory Xianggang a British colony through gunboat diplomacy. As to how it forced the Qing government to accept the unjust treaties, there is no need to judge this according to the international law of today, 100 years after the fact.

2. "Britain has not taken a penny piece out of Hongkong." Even primary school students know that Xianggang is one of the most important financial, trade and military centres in Asia. The area has an ever greater potential internationally. By saying that it "has not taken a penny piece out of Hongkong," Britain is trying to cover up its hegemonistic behaviour.

3. "Britain has a moral obligation to the people of Hongkong." It is an iron-clad fact that 98 per cent of the 5.2 million Xianggang residents are Chinese. Administrative power cannot be separated from sovereignty. If Britain really feels that it "has a moral obligation to the people of Hongkong," it should stop philo-sophizing and return Xianggang to China.

Hidenobu Murakami
Yamato, Japan

Chinese Women's Spirit

I have seen the images of Chinese women by reading your article "China: Women Intellectuals Advance" in issue No. 48, 1983. You cannot imagine how much I respect them. I knew long before that the Chinese women are industrious and brave; they can break through all kinds of barriers to take part in their country's economic construction. I think Wang Suxiang, who would rather work on the construction site than stay at home and take

care of her children, has set a good example.

I congratulate Wang and all women like her for their staunch spirit—they love labour and are trying hard to break down the old ideas which insist that women are inferior to men.

Haddany Ahlam
Casablanca, Morocco

China's Union

I read your report "Tenth National Trade Union Congress" in issue No. 44, 1983. I congratulated the opening of the congress. China's working class has become the main force in the modernization drive. The work of their advanced representatives has encouraged me and left me with a deep impression.

I hope there will be more contacts and exchanges between representatives of the Chinese and Japanese trade unions.

Masao Nishimura
Ashikaga, Japan

More Cartoons

I suggest that you carry a cartoon, on the international political situation for instance, in every issue. It will help to improve both the layout and the contents.

The magazine always arrives on time and I cannot find any fault with it.

Guillermo A. Yhalanda C.
Popayan, Colombia

Documents Too Long

I like your international column because I am especially interested in China's attitude towards international issues. This is also because I enjoy short articles.

Although it is necessary to carry documents, I think it is too much to carry a 16-page document in a weekly such as yours. I suggest that you publish only excerpts of these documents, and restore the "Facts and Figures," adding a colour box to make it more eye-catching.

Manfred Stangl
Schwandorf, FRG

Deng Yingchao on China's Reunification

Foreign interference will never end so long as peaceful reunification is not realized

"We are always ready to listen to the opinions of the Taiwan authorities and the people there on how to achieve the peaceful reunification of the motherland," said Deng Yingchao, Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) at a New Year's tea party it hosted.

"I'd like to remind Mr. Chiang Ching-kuo and his colleagues that they must see that foreign interference in China's internal affairs will never come to an end so long as peaceful reunification is not realized," she said.

The activities of a handful of people for the "independence of Taiwan" went against the will and the interests of the people in Taiwan and ran counter to the interests of the country's reunification and national unity, she added.

Deng Yingchao also condemned the recent US Senate Foreign Relations Committee resolution on "Taiwan's future."

"Certain people and congressmen in the United States are prone to interfering in the internal affairs of other countries," she said, noting that the headquarters of the "Taiwan independence movement" were seated in the United States.

Some people with power and influence in the United States



openly supported "Taiwan independence" activities and thought they had Taiwan in their pocket, she added.

"Acts such as these are obviously a gross insult to the people in Taiwan, and it is also worth pondering whether they forebode fortune or disaster for the future of the Taiwan authorities," Deng Yingchao said.

"Taiwan is a sacred part of Chinese territory. The Taiwan issue is entirely a matter for the Chinese people themselves. The issue can certainly be properly solved by our own people through discussions. There is plenty of time for further consideration if some people still have not come round to see the reason," she added.

She pointed out that reunification was one of China's three

major tasks for the 1980s. Since New Year's Day of 1979, she said, Ye Jianying and other Chinese Communist Party and state leaders had put forward a series of principles and policies on Taiwan's return to the motherland and the peaceful reunification of China. In June 1983, Deng Xiaoping made further specific propositions for a peaceful reunification at a meeting with Dr. Winston L. Y. Yang, a professor at Seton Hall University in the United States.

"We have suggested that the Communist Party and the Kuomintang hold negotiations on an equal footing, and carry out a third round of Kuomintang-Communist co-operation to achieve the country's reunification," she said.

Other suggestions included exchanges of mail, trade, air and shipping services, and pledges that Taiwan's current socio-economic system, the way of life there and its economic and cultural relations with foreign countries would remain unchanged after it became a special administrative region.

No encroachments would be allowed on the right to possess and inherit private property, houses, land and enterprises or foreign investments, and the Central Government would subsidize Taiwan's local finances according to current circumstances.

"All these proposals are in the interests of the Taiwan authorities and the people in Taiwan and the whole country," Deng Yingchao said.

"We are always ready to listen to the opinions of the Taiwan authorities and the people there on how to achieve a peaceful reunification of the country, on how to improve our suggestions and put them into effect step by step, and on what consultations and discussions should be conducted and what measures should be taken, Deng Yingchao said.

"As for relations between Taiwan and the mainland," she added, "unity brings stability, while division causes danger. This is a cardinal principle concerning our nation's interests as well as an objective truth known to all. The Chinese people on both sides of the Taiwan Straits have been separated for dozens of years. At this late hour, anyone who persists in obstructing the country's reunification will be unworthy of both his ancestors and his descendants."

Deng Yingchao invited officials and compatriots in Taiwan to visit the mainland to see their relatives and friends, or to lecture, work or study. They would be accord-



Deng Yingchao chatting with Huang Yiteng, a youth from Taiwan last year, at the tea party.

ed a cordial and warm reception and their freedom to come and go would be guaranteed, she said.

Government League Li Chunqing said Deng Yingchao's speech at the tea party showed how much the Chinese Government respects the opinions of Taiwan's people. Taiwan compatriots are invited to visit the mainland so they will be able to make their ideas known through various channels, and work together for the reunification of the motherland, he said.

Wang Kunlun, Chairman of the Central Committee of the Revolutionary Committee of the Kuomintang, said military and political figures on Taiwan are welcome to come to the mainland for sightseeing or visiting friends and relatives. "We are all members of the same family," he said, "so there is nothing between us that cannot be solved through consultations. It

Suggestion on Reunification Hailed

The leaders of China's democratic parties, at a New Year's Day tea party given by the Chinese People's Political Consultative Conference and on other occasions, have expressed their full support for the policy of peaceful reunification outlined by Deng Yingchao.

Su Ziheng, Chairman of the Council of the Taiwan Democratic Self-Government League, said the policies of the Chinese Communist Party and

Government on reunification reflect the earnest hope of their Taiwan compatriots. "We are opposed to all activities designed to tear Taiwan from the embrace of the motherland. Any attempt at creating 'two Chinas' or 'independence of Taiwan' goes against the will and interests of the people on that island, and is doomed to failure," he said.

Vice-Chairman of the Council of the Taiwan Democratic Self-

is my belief that the glorious cause of reunifying the motherland will be accomplished through the work of our generation.

Some members of the Revolutionary Committee of the Kuomintang who had worked with Mr. Chiang Ching-kuo decades ago recalled the history of co-operation between the Communist Party and the Kuomintang. The separation of Taiwan from the motherland runs counter to the behests of Dr. Sun Yat-sen and the wishes of the people on both sides of the Taiwan Straits, they said. They all hoped the Taiwan authorities would carefully consider the current situation and make the correct decision as early as possible.

The speakers strongly condemned those with power and influence in the United States who interfere in China's internal affairs by openly supporting "Taiwan independence" separatist activities.

Hu Ziang, Chairman of the All-China Federation of Industry and Commerce, said he hoped the industrial and commercial personages in Taiwan would come to the mainland to invest, open factories and carry out trade, and promised to provide all necessary conveniences.

Vice-Chairman of the Chinese Peasants' and Workers' Democratic Party Zhou Gucheng said the most important thing now is to promote a third round of co-operation between the Communist Party and the Kuomintang. This co-operation would contribute immensely to the construction of the socialist motherland.

Fei Xiaotong, a sociologist and Vice-Chairman of the Central Committee of the China Democratic League, stressed that it is the political duty of every person in China to work for reunification. He said he believed the people of Taiwan will overcome all obstacles and return to the embrace of their great motherland.

Losing Enterprises Reduced Deficits

China's state-owned enterprises running at a loss reduced their deficits by 30.6 per cent in the first 11 months of 1983 compared with the same 1982 period. Various provinces, municipalities and autonomous regions also reduced their losses by varying degrees after adopting the State Council's measures to reduce deficits and increase profits. (As for the causes of enterprises' losses and measures taken for their remedies, see the article in "Notes From the Editors" under the title "Working for Better Economic Results," No. 49, 1983.)

Shanghai became the first municipality without a losing enterprise in China, when the last factory running at a deficit began to show gains. The municipality has fulfilled the profit quotas set for 1983 with a 1 per cent reduction in production costs.

By the end of last November, 18 provinces had reduced their deficits by 30 per cent over 1982, a big improvement since August when only 10 had. Four of those reported a 50 per cent reduction.

But Guangdong and Yunnan Provinces and Guangxi Zhuang Autonomous Region are still experiencing losses. After being criticized by the media, they have adopted effective measures to reduce their deficits within a set period and have begun to show some improvement.

But the target of a 32.1 per cent reduction in total losses was not met and there was a total deficit of 2,500 million yuan by the end of November. Great efforts need to be made in 1984.

Contract System Popularized

An economic contract system is replacing the old method of supply

and marketing by state plan in China's industry, agriculture and commerce.

Contracts are signed for the purchasing and marketing of industrial, mineral, agricultural and sideline products, and in construction, surveying, designing projects and freight transport. According to a survey conducted among major industrial and commercial businesses in Beijing and Shanghai, more than 90 per cent of the enterprises have adopted the contract system.

In the past, supplies of raw materials and marketing of products were carried out by various departments according to the overall state plan. This resulted in overlapping supply and demand, or stockpiling. The economic contract system bypasses these problems.

Since July 1, 1982 when the Economic Contract Law of the People's Republic of China was announced, the economic contract system has spread extensively. It represents an important achievement in China's economic management system.

The system has also been introduced in rural areas between peasant households and grain supply and marketing co-operatives. This follows the extensive implementation of the contracted responsibility system, based on household output. According to statistics compiled in Sichuan, China's most populous province, 5.22 million purchasing and marketing contracts were signed in the first half of 1983, which is 240 per cent more than in the same period of 1982.

But economic contracts are still in the initial stage of development. Because supplies of energy, rolled steel, timber, cement and glass fall short of demand, distribution in these industries is still governed by government plan. Some enterprises frequently fail to honour their contracts. For more

than a year, contract disputes have been settled by mediation and arbitration. In the first half of 1983, 5,150 cases were settled this way.

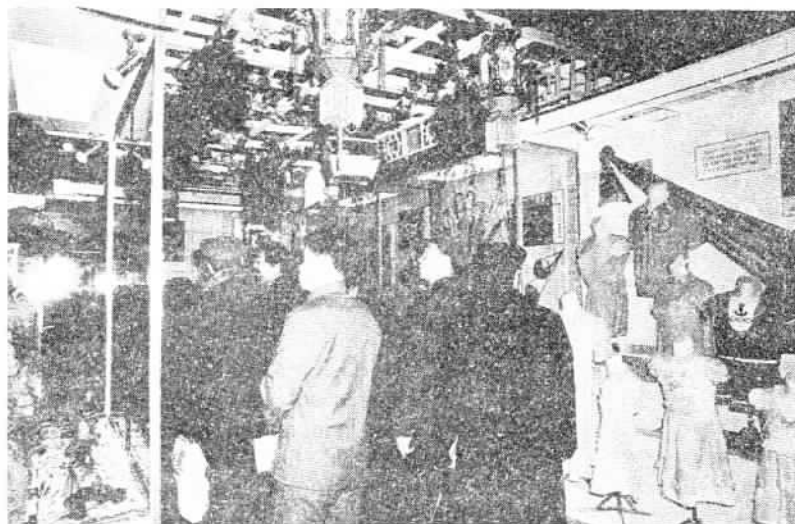
To further ensure the smooth implementation of the new economic contract law, last August

the state announced the "Regulations on Arbitration of Economic Contracts," which provide for arbitration committees to be set up by the state and local commercial and industrial administrative bureaus. Any side which does not honour its contract will bear sole responsibility.

trade joint ventures and several other kinds of businesses with foreign companies.

Production bases and specialized factories were established to increase production to cater to world market demands. Their top priorities have been raising the quality of their products, increasing variety and improving packaging.

In 1984, China's production bases bureau, under the Ministry of Foreign Economic Relations and Trade, will, while improving the existing bases and factories, set up more joint ventures and introduce advanced technology and equipment, to pave the way for the production of more and better export goods.



Products made in Guangdong on display.

State of Brunei Recognized

The Government of the People's Republic of China has decided to recognize the Government of the Sultanate of Brunei, which proclaimed its full independence from Britain on Jan. 1.

The recognition was announced in Beijing the same day by Premier Zhao Ziyang in a congratulatory message to the Sultan of Brunei, Muda Hassanal Bolkiah Mu'izzaddin Waddaulah.

In his message, Premier Zhao expressed the sincere hope that "the long-standing historical exchanges between our two countries, and the traditional friendship between our two peoples will develop and grow stronger under the new historical conditions."

President Li Xiannian also sent a message to the Sultan on the same day, warmly greeting the proclamation of full independence by the former British colony, and wishing the new country prosperity and her people well-being.

Export Production Bases

Production bases and specialized factories turned out about 13,000 million yuan (about US\$6,500 million) worth of goods, or about 50 per cent of those purchased for export, it was announced at a recent exhibition on the achievements of these export-only enterprises.

Displayed at the exhibition, the largest in China since the founding of the People's Republic, were more than 3,000 products from all over China (except Taiwan and Tibet). Many of them were made by enterprises operating under nine specialized foreign trade import and export corporations and the China Silk Corporation. A special exhibit of products native to various regions showed a distinctive local colour combined with a high level of technology.

Export production bases first appeared in China in the early 60s. Since the implementation of the open policy at the end of 1978, construction of similar bases and factories has gained momentum. There are now 27 such bases producing agricultural and sideline products and manufactured goods for export. There are also single commodity production bases in rural China, raising 98 varieties of commodities, and 94 specialized factories and workshops producing manufactured goods.

Another important force in foreign trade are the 821 production and processing enterprises under the foreign trade departments. More than 100 enterprises are being run on a trial basis as industrial-trade and agricultural-



Premier Zhao Ziyang meeting with American peace delegation and Chinese children.

Zhao Meets With US Peace Group

Premier Zhao Ziyang has told a US delegation, including about a dozen children, that as long as all peace-loving people unite to work for peace, he is fully confident a world war can be prevented.

Zhao, meeting with the Children as Teachers of Peace delegation on Dec. 25, said he appreciated their journey for peace, adding that the children and parents of China share their concern and are working for the maintenance of world peace. He said that children the world over must have the right to grow up free from the threat of war.

The children in the delegation sang several songs about their desire for a peaceful world in which children all could grow up happily, and presented Zhao with a letter to the same effect.

The delegation was sponsored by the US-based Round Table Foundation, which was formed to promote mutual understanding and world peace through exchanges in art, literature and education. It has organized a number of children's delegations to visit different countries to appeal for peace.

Pat Montandon, leader of the delegation and founder of the

Round Table Foundation, told Zhao that they had chosen to visit China because it is a peace-loving country.

On Dec. 26, the delegation met with Kang Keqing, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference, President of the All-China Women's Federation and Chairman of the Chinese People's National Committee for the Defence of Children.

China Regrets US Leaving UNESCO

"We deplore the US decision to withdraw from UNESCO," a Chinese Foreign Ministry spokesman said on Dec. 31.

China believes UNESCO has played a positive role in international co-operation in education, science, culture and exchanges, he said. "The accusation made by the United States that UNESCO is manipulated by third world countries is groundless."

We would welcome it if the United States reconsiders its decision and continues to play its role in UNESCO, the spokesman added.

Deng Says Goals Met by Year-End

The results of China's economic policies over the past five years show that "our country is on the right track," said Deng Xiaoping, Chairman of the Central Advisory Commission of the Chinese Communist Party.

He told a visiting US physicist, Professor C.N. Yang, on Dec. 28 that according to preliminary estimates the industrial and agricultural production targets set for 1985 in the Sixth Five-Year Plan were met by the end of 1983.

The plan fixes the annual rate of growth at 4 to 5 per cent. But, he said, the actual annual rate of growth has been 7.1 per cent for agricultural production and 7.2 per cent for industrial production.

Judging from the performance of China's economy over the past few years, he said: "It is very possible for us to attain the goal of quadrupling the annual gross industrial and agricultural output by the year 2000, as set out at the 12th National Congress of the Chinese Communist Party last year."

Congratulating Nakasone on Win

The Chinese Government has congratulated Yasuhiro Nakasone on his re-election as Prime Minister of Japan.

"We hope that Sino-Japanese relations will further develop on the basis of the Four Principles" guiding them, said Wang Zhenyu, Deputy Director of the Foreign Ministry's Information Depart-

ment, at the weekly news briefing on Dec. 28.

Nakasone, President of the Liberal Democratic Party, formed a new cabinet on Dec. 26.

China Welcomes Dutch Decision

The Chinese Government welcomes and appreciates the Dutch Government's "sensible decision" not to sell four more submarines to Taiwan, said a Foreign Ministry spokesman.

"The Chinese Government," the spokesman told the Xinhua News Agency on Dec. 24, "holds that this will contribute to the improvement of relations between China and the Netherlands."

"We hope that Sino-Dutch relations will develop in accordance with the principles provided for in the 1972 joint communique on upgrading diplomatic relations between the two countries," he added.

8 Contracts Signed With Foreign Firms

Eight contracts, involving mainly technical transfers and licence trades, were signed and another initiated at an international business conference in Beijing during December.

The Ministry of Machine Building and the Ministry of Electronics Industries signed the contracts with companies from the Federal Republic of Germany, Japan, Switzerland and the United States.

"This is a good beginning for co-operation between the two sides," said Eduard Regli from Areco Company of Switzerland. He expressed satisfaction with the

smooth negotiations after signing a contract to transfer the technology of a non-lubricated compressor to a Chinese company.

The International Conference on Mechanical and Electronic Technology Transfer, which opened on Dec. 5, was attended by 300 people from 100 companies in 13 countries and Hongkong and by 560 representatives from many parts of China.

China proposed about 100 projects for discussion, most of them involving the import of software.

Meanwhile, according to departments in charge of technology imports, it is China's long-term policy to import advanced technology in an effort to speed up the construction of major economic projects and the transformation of existing enterprises.

To encourage foreign technology transfers, further measures are being mapped out, including reduction or remission of customs duties and some categories of taxes on imported instruments and equipment attached to imported technology for small and medium-sized enterprises.

China has so far imported technology from the United States, Western Europe, Japan and other countries for major projects under construction. The projects include the manufacturing of two 300,000-kilowatt thermal power generating units in Anhui and Shandong Provinces and a 500,000-volt power transforming and transmission line between Taiyuan in Shanxi Province and Beijing.

China also plans to import technologies for making optical fibres, large-scale integrated circuits and compound fertilizers, and for prospecting and exploiting offshore oil as well as saving energy in the metallurgical industry.

Special priority will be given to the import of machine-building, electronics and material technology

to help pave the way for upgrading the country's old enterprises and building new ones with advanced equipment.

There are now 380,000 enterprises in China. The Chinese Government has decided to construct 890 major projects, 400 of which are to be completed before the end of 1985.

Attention will also be paid to the import of technologies for tapping energy resources, conserving energy, saving raw materials, developing mining and new products, and improving the quality of consumer goods.

China will also increase the import of technology to speed up the renovation of existing enterprises. Pilot projects are now under way in Shanghai and Tianjin, while many other cities, provinces and autonomous regions and industrial ministries have also begun drafting technical transformation programmes.

China Supports Arabs' Struggle

President Li Xiannian has reiterated China's support for Syria and other Arab countries in their just struggle against US-Israeli aggression in a letter to Syrian President Hafez Assad.

The letter was delivered by the Chinese Ambassador in Damascus to Syrian Deputy Prime Minister and Foreign Minister Abdul Halim Khaddam on Jan. 2.

Khaddam thanked the Chinese Government for the support, which he described as consistent and traditional. Syria and China, he said, are linked to each other by close ties of friendship and they are engaged in the common struggle against imperialism.



The Afghan guerrillas with a Soviet-made tank they destroyed.

Kampuchea and Afghanistan

Aggressors Destined for Defeat

from "RENMIN RIBAO"

IT is now five years since the Kampuchean people began their struggle against Viet Nam, and the Afghan people have waged war against the Soviet invasion for four years. The disparity of the military strength between the invaders and invaded is so great that the aggressors believed their troops could win a quick victory and conquer the two independent countries as soon as they entered. But now the people's armed forces in Kampuchea and Afghanistan have emerged as the stronger, while the aggressors are bogged down in the mire of a people's war. The wars in both countries have reached a stalemate which is likely to continue for a long time. But they also clearly show that the aggressors,

unable to hold on for long, will finally be defeated, while the people of the two countries will finally succeed in their struggle to save their nations.

Why They Are Invincible

One of the essential reasons why the Kampuchean and Afghan peoples are invincible is that they are waging a just struggle for national independence and survival. Because of this, all the people of the nation will inevitably unite as one in resistance against foreign aggression.

The Kampuchean people have founded an independent, neutral and non-aligned democratic republic through prolonged, arduous struggle. Though its leadership made many mistakes and failed to

unite all patriotic and democratic forces at home for national reconstruction and maintaining independence, the broad masses of people were still able to unite for the major cause of national salvation. At the crucial moment, they all rose to fight for survival in the face of Vietnamese armed aggression. The various patriotic political forces at home have also buried the hatchet and formed a Coalition Government, which marks a new stage in their struggle.

Enjoying an earlier independence, the Afghan people have a long and glorious tradition of patriotism. Despite the nation's political changes and complicated internal contradictions before the Soviet invasion, the people rose in heroic armed resistance against the foreign aggressors. Though lacking unified leadership, the national character and nationwide scale of their struggle are known to all.

Another reason for the invincibility of the Afghan and Kampuchean peoples is they have mastered the strategy of the people's guerrilla war to deal with their strong enemies.

Like many other third world countries, Kampuchea and Afghanistan's natural, social and economic conditions are unfavourable to modern warfare by foreign aggressors, but favourable to guerrilla warfare by local people. The aggressor's powerful modern army could defeat or even wipe out the weaker regular army of an invaded country, but it will not be able to wipe out the people's resistance forces. On the contrary, the people of the invaded country can wear out the powerful aggressive troops through guerrilla warfare.

The third important reason why the Kampuchean and Afghan peoples' struggle against aggression

are invincible is that they enjoy widespread, powerful support and assistance from the world community.

History has shown that imperialists often conquered small, weak nations by capitalizing on their backwardness and dispersion, and resorting to the trick of "divide and rule." The situation today is vastly different. Any hegemonist who launches aggression will find himself completely isolated, while the small, weak nations who are victims of aggression are sure to get wide sympathy and support. This is because the colonial system collapsed and many nations gained independence after the end of World War II. Safeguarding national independence and state sovereignty has been universally accepted as the supreme and inviolable right of the people of all countries, and the invasion and interference of other countries is an unforgivable crime.

Not only the third world countries, but also all the nations which uphold justice and see their common interests in the fight against hegemonism are on the side of the Kampuchean and Afghan peoples. An eloquent proof of this is that an overwhelming majority at the last few sessions of the United Nations General Assembly have adopted resolutions calling for immediate and unconditional withdrawal of all foreign forces from Kampuchea and Afghanistan, to let the Kampuchean and Afghan peoples solve their own problems. This shows that more and more people have come to realize that the struggles against hegemonism and for maintaining world peace are inseparable.

The Kampuchean and Afghan peoples have held out over the most difficult period, and now the tide has turned in favour of their struggles against aggression. The Soviet and Vietnamese hegemon-

ists are beginning to feel the effects of the increasingly enormous costs of manpower, material and financial resources expended in their long, drawn out wars. However, as they have refused to change their course of action and end the two wars of aggression, the struggle against aggression will continue both in Kampuchea and Afghanistan. The stalemate will probably drag on for a long time, and the situation in which the enemies are stronger than the resistance forces will not immediately change. But, a great enlightenment can be gained from the struggles of the Kampuchean and Afghan peoples in the past few years: In the present world, the fire of national independence cannot be extinguished. The Kampuchean and Afghan peoples will win final victory if they carry their struggles for national salvation through to the end, with strong unity and the support of other countries.



Fighters of the Democratic Kampuchea are ready for battle.

United States Continued Economic Upturn Expected

by XIN PING

THE US economy experienced a robust recovery in 1983, and economists predict that 1984 will be a year of continuing, but somewhat slower, economic expansion.

In November 1982, when the 8th post-war recession reached its bottom, the economy began to move again. Since then, the economy has expanded much faster than most economists had expected. The growth of the gross national product (GNP) in the final quarter of 1983 is estimated at 4.5 per cent, as against 7.7 per cent in the third quarter, 9.7 per cent in the second and 2.6 per cent in the first.

Enterprises are now using 78.6 per cent of their capacity, a 9 per cent increase compared with the lowest level of the recession period. The unemployment rate, which hit 10.8 per cent in December 1982, dropped to 8.4 per cent last November. Inflation has been modest, at a rate of less than 4 per cent for the whole year.

It is estimated that the GNP will grow by 4 to 5 per cent in 1984. Inflation will continue to be modest through the year at about 5 per cent. Unemployment will be further reduced to 8 per cent.

Strong Dollar

The expected continuing growth of the economy is based mainly on the following estimates:

—Further growth in income and increased demand for consumer goods. Consumers' income has increased by an average margin of 6 per cent since last January. The yearly retail sales increase was 14.1 per cent. Because of the strong demand, most enterprises need to replenish their stocks.

—A further growth in company profits and capital investment. In the third quarter of 1983, company profits increased 11.6 per cent as compared with the corresponding period of last year with auto, shipping and housing building sectors registering the most impressive rises. Business investment for the whole year stood at US\$304 billion and will climb to US\$333 billion in 1984.

—The dollar remaining strong. The soaring dollar has attracted foreign capital into the United States. Economists said that as the dollar will not decline in the short term, it will continue to contribute to money supply on domestic market and help enterprises raise funds. What is more, supply will still exceed demand on the world oil market. The subsequent stable prices will benefit US enterprises largely depending on imported energy.

Gargantuan Deficit

However, the recovery in 1983 was unbalanced and it has left hidden troubles for the economy in 1984.

The huge deficit and high interest rates are the biggest obstacles to a quicker economic upturn. In the 1983 fiscal year, which ended on last September 30, the budgetary deficit hit an all-time high of US\$195.4 billion. US officials estimated the annual deficit in fiscal 1984-86 to be around US\$200 billion, which is more than 4.5 per cent of the GNP in the United States.

The huge deficit will inevitably lead to a keen contention for funds between the government and the private sector on the monetary market, and could force interest rates higher and constrain business investment. The deficit will also push up the national debt.

The red ink will also force an increase in the money supply and create the danger of inflation.

Another threat to the economic recovery is the impact of the growing trade deficit on the development of production and reduction of unemployment. The high interest rates, while attracting foreign investment, will keep the dollar soaring and weaken the competitive capability of US products on the international market.

According to the US Commerce Department, the US trade deficit topped US\$56.6 billion in the first 10 months of 1983. The department forecasted a trade deficit of US\$70 billion for 1983, and US\$100 billion for 1984, more than double the 1982 record. The gaps between US imports and exports cut 1.5 million jobs for the Ameri-

cans in 1983 and will eliminate another two million in 1984.

The world economy is also likely to have a negative effect on the US economy. In 1983, the US economy failed to stimulate a quick recovery in other developed countries. Instead, the strong dollar took away their capital and precipitated higher interest rates in Western Europe.

Meanwhile, most developing countries, especially those big ones in Latin America, are pursuing austerity policies to deal with their debt crises. Oil-producing nations are also limiting their construction scale with the reduction of their oil income. All these will continue to cast certain restrictions on the pace of the US economic recovery.

It is indicated that US President Ronald Reagan, to stabilize the situation, can hardly use any radical remedy to cure the economy. His new annual budget to be submitted in January is likely to be a "mixed and moderate remedy." Therefore, no surprising changes are expected to appear in the economy in 1984.

Soviet Union

An End to Economic Stagnation

by ZHOU XIANGGUANG

THE economic stagnation which has plagued the Soviet Union for several years came to an end in 1983. Despite a lower rate of growth for industrial production than that in 1978 (the last year to see good economic results), the country stopped the sustained decline in industrial output value and labour productivity.

Pravda reports that in the first 11 months of last year the indus-

trial output value increased 4.1 per cent compared with the corresponding period in 1982, 88 per cent of which was the result of a 3.6 per cent increase in labour productivity. This strong rate of growth in labour productivity surpassed the average rate of growth in wages. Grain output for the year, after four successive years of poor harvests, is expected to reach 200 million tons and the total agricultural output value should reach the 1978 level. Animal husbandry saw a slight

improvement, and supplies of meat, eggs and dairy products were much better than they had been for the past few years.

In general, the Soviet rate of economic growth has been slowing down despite some progress in the past 10 years or so. In 1982, it reached its lowest point since World War II. That year the industrial output value increased only 2.8 per cent over the year-earlier figure, agricultural output value increased 4 per cent, and the total volume of freight increased 1.2 per cent—all three falling short of the targets set for the year in the 11th Five-Year Plan (1981-85).

Readjustments

Faced with these serious economic problems, the Soviet leaders expressed their desire in 1983 to improve the quality of leadership in economic planning, management and administration. Special meetings were inaugurated and a series of economic readjustments began. They also strengthened supervision of the economy.

In the agricultural sector, Moscow reiterated that it would continue the Food Outline formulated and adopted in May 1982 to deal with the inadequate food supply as soon as possible through the establishment of a comprehensive agricultural and industrial system. The principles of the new system were repeatedly emphasized and the rules concerning the roles of the agricultural-industrial corporations falling under it published. The Soviet leaders were also determined to persuade all collective and state farms to adopt the collective-contract system, which they regard as the system best-suited for solving the problem of economic accounting between collective and state farms.

M.S. Gorbachov, Politburo Member and Secretary of the Communist Party Central Committee in charge of agriculture, told the all-Soviet agricultural conference last March that this system would be consolidated throughout the countryside during the current five-year plan. However, as not all leaders, experts and middle-level officials understand the character and principles of the collective contract system, the programme to popularize it is not going smoothly. To date, the system has been adopted only by about 150,000 units, which account for one-fifth of the total area under cultivation in the country.

The government has also adopted measures to boost agricultural output by giving material incentives to all departments concerned with agricultural production. An example of this was the allocation of an additional 16,000 million rubles for raising the state purchasing price of farm goods. Such measures have helped bring about last year's improvement in farm output.

In the industrial sector, the Soviet authorities emphasized the importance of improving efficiency and guaranteeing rapid economic development by means of intensive production. They acknowledged that reforms of the economic system, administration and management lagged far behind what was needed, and advocated that the time had come to expand combined corporations and allow enterprises greater initiative. But overall, they basically adhered to their original policies and made only slight readjustments.

Starting last January, to meet the goals of the current economic plan, the government began to demand greater worker and production discipline as the first step in rectifying the disorder in production.

It formulated new rules for rewards and punishments and expanded the scope for giving citations and material incentives. A campaign was launched in the Soviet press to emphasize the necessity for greater discipline at work. The government also reformed some departments producing daily necessities and consumer goods which people were most dissatisfied with. By making changes in the personnel of the central and local governments, the authorities strengthened weak links in the departments responsible for energy, communications, transportation and light industry.

Prospects

However, improvements in these departments will not be achieved easily. Rail freight, which accounts for half the freight transported in the Soviet Union, has failed to realize its targets for many years. With increasing internal and export requirements for energy, the supply of fuel falls short of demand, impairing industrial production to a degree. Supplying daily necessities and consumer goods still remains a headache. Light industrial production increased only 0.4 per cent in the first nine months of last year, compared with the corresponding period of 1982.

The short-term internal readjustments in certain areas, therefore, will not solve the fundamental problems which have existed in the Soviet economy for years. In addition, there is the burden of massive military spending. In its escalating arms race with Washington, Moscow is certain to increase its military spending to try to obtain military superiority. The future for the Soviet economy looks bleak rather than bright.

Zhao Outlines Goals of His US Visit

China attaches importance to Sino-US relations and hopes to see obstacles between the two countries removed so that their bilateral relations can make new progress

PREMIER Zhao Ziyang told a group of US and Canadian journalists before leaving for the United States that his visit was intended to "increase mutual understanding, stabilize bilateral relations, promote Sino-US friendship and defend world peace."

This, he told a press conference in Beijing on Jan. 3, is the common desire of the Chinese and American peoples and is also what people throughout the world hope to see.

The Chinese Premier will visit the United States from Jan. 10 to 16 at the invitation of President Ronald Reagan. His itinerary includes stops in Washington, New York and San Francisco.

On the whole, Zhao said, great progress has been made in bilateral relations since the establishment of diplomatic relations five years ago. Friendly exchanges of visits have greatly increased, and co-operation and exchanges have expanded in the political, economic, cultural, scientific and technological fields.

Of course, he added, the development of Sino-US relations "is far below the level that should be reached. There have been twists and turns, ups and downs in Sino-US relations. And there are still difficulties and obstacles."

"China attaches importance to Sino-US relations and hopes to see these obstacles removed so that our bilateral relations can press forward," he said.

Replying to a question about what agreements he plans to reach with the United States, Zhao said,

"The Chinese side is making serious preparations, hoping to reach agreement on a number of issues."

Referring to Sino-US economic relations, Zhao said that "bilateral economic and trade relations have developed considerably in the past few years, and there still exists great potential. The United States is the biggest developed country in the world while China is the largest developing nation. There is much to be accomplished in our economic and scientific and technological co-operation and trade. And that will exert a great influence on the world situation."

He said that although political relations and economic ties are different matters, they cannot be separated completely. Good political conditions are needed if the potential for economic co-operation between China and the United States is to be fully tapped.

Discussing problems existing between China and the United States, Zhao said, "Although our two countries have different social systems, these problems can be settled provided that both sides exercise mutual respect, mutual accommodation, equality and mutual benefit, have better consultations and act in accordance with universally acknowledged norms governing international relations, instead of trying to impose the laws and systems of one on the other."

These problems will be discussed during his visit to the United States and during President Reagan's visit to China in April,

he added. "I hope that progress will be made during these discussions."

Asked what concessions China would make in return for US concessions, Zhao said, "We attach importance to our relations with the United States. When negotiating with the US side on establishing diplomatic relations, we did not place the termination of US arms sales to Taiwan as a precondition for the establishment of diplomatic relations in view of the fact that US relations with Taiwan was an issue left over by history."

The joint communique of Aug. 17, 1982, he went on, stipulates in explicit terms that US arms sales to Taiwan will not exceed, either in quality or quantity, the level of those supplied in recent years since the establishment of diplomatic relations between the two countries, and that they will be gradually reduced, leading to a resolution of this issue over time.

"Now a year or so has passed since the publication of the joint communique," Zhao said, "but there is no quantitative reduction of US arms sales to Taiwan and instead there is an increase in quality. The Chinese people are most unhappy about this, but our reaction in this respect is rather restrained."

Zhao recalled that last year the United States unilaterally restricted textile imports from China, forcing China to adopt corresponding measures with regard to the purchase of US farm produce. On this matter, China is not to blame,

he said. "If no side issues are created as regards Sino-US trade, China is willing to buy US grain according to the bilateral agreement."

But the Taiwan issue is China's internal affair, the Premier stressed. "We cannot make any concession on this issue of principle. It is precisely for the reunification of the country and its territorial integrity that the Chinese people have waged struggles in the past 100 years."

Asked whether President Reagan's repeated statements about his friendship with the people of Taiwan and his long commitment to them would affect genuine development of Sino-US relations, Zhao replied: "It is understandable for the people of a country or region to keep friendship with the people of another country or region."

"However, it is impermissible to interfere with a country's internal affairs under the pretext of friendship, for that does not conform to the norms governing international relations."

Zhao said that China's new policies adopted in the past four years have been implemented smoothly, bringing about political stability and unity and a sound progress of economic construction.

"People throughout the country have benefited from this good situation," he said, "so we will continue these policies."

Speaking about China's foreign policy, Zhao defined its fundamental principles as being the safeguarding of world peace and international justice and the defending of the fundamental interests of the Chinese people and the people all over the world. These principles are consistent and will never change, he said. But China's attitude towards specific issues has to change with conditions, he added.

Zhao noted that the Chinese people are preoccupied with the modernization programme, which requires a durable peaceful international environment. To this end, he said, the general principle of China's foreign policy is to establish and develop friendly relations with all countries on the basis of

The Taiwan issue is China's internal affair. We cannot make any concession on this issue of principle. It is precisely for the reunification of the country and its territorial integrity that the Chinese people have waged struggles in the past 100 years.

the Five Principles of Peaceful Co-existence and wish that all countries may live in friendship.

"We are willing to establish a steady and lasting relationship with the United States," he said. "We are willing to conduct dialogue with the Soviet Union and normalize relations between the two countries although we oppose its hegemonism. We also hope to see an easing of US-Soviet relations."

Asked whether China regards both the United States and the Soviet Union as superpowers pursuing hegemonism, Zhao said, "the criterion for judging a superpower pursuing hegemonism is its action. If any superpower, any big power or any regional big power practises hegemonism, we will oppose it."

Zhao said the world is complicated. "It is impossible for us to

equate any two countries," he said. "We must make concrete analyses. On the Afghan and Kampuchean issues we do not treat the United States and the Soviet Union the same, nor do we on the issue of Taiwan."

China pursues an independent foreign policy, he noted. "We neither attach ourselves to a certain big power, nor do we practise equal-distance diplomacy or equate different countries."

Zhao said China and the United States share common or similar views on some major international issues. "But China cannot but be critical of the United States on a number of international issues for lack of respect for the interests of the third world countries and the popular aspirations," he added.

Zhao said that he will discuss with Canadian Prime Minister Pierre Trudeau any peace proposals made by the latter for safeguarding world peace.

Zhao will visit Canada Jan. 17-23 at Trudeau's invitation.

Answering a question raised by a Canadian television reporter about China's attitude towards Trudeau's peace proposals, Zhao said people throughout the world are worried about the tense international situation and fierce arms race. "China is also concerned about this," he said.

"That is why we fully understand the Canadian Government's efforts to ease the world situation and defend world peace," he said. "We appreciate the efforts made by Prime Minister Trudeau, and support his appeal to draw more statesmen all over the world to the cause of safeguarding world peace."

The Premier said, "China hopes to see an easing of the world tension. China hopes to see a world without 'cold war' or 'hot war.'" □

My Good Wishes to the Canadian People

by HUANG HUA

AS 1985 was drawing to a close, Beijing warmly welcomed the respected Canadian Prime Minister Pierre Elliott Trudeau, who has been busy trying to alleviate the threat of nuclear war. Now, not long into the new year, Premier Zhao Ziyang will pay an official visit to Canada, bringing with him the wishes of the Chinese Government and the Chinese people to strengthen friendship and cooperation.

As the first Chinese ambassador to Canada and afterwards the first Chinese Foreign Minister to visit the country, I had opportunities to make many Canadian friends and to work together with them to strengthen the friendship between the two governments and peoples. That is why I am particularly glad and gratified to see ever-closing contact between the leaders of the two countries.

As the history of Sino-Canadian friendship enters a new stage, it is only natural to remember those who have contributed to cultivating the long-standing friendship between the two countries. Even more than a century ago, thousands upon thousands of Chinese labourers crossed the ocean separating our two countries to join the Canadian people in opening up and building the vast new con-

The author was the first ambassador of the People's Republic of China to Canada, and later, Minister of Foreign Affairs, Vice-Premier of the State Council and State Councillor. He is now Vice-Chairman of the Sixth National People's Congress Standing Committee.



continent. Their descendants are continuing to add their share to the progress of social life in Canada. On the other hand, the Canadian people have long shown concern for, sympathized with and supported the Chinese people's resistance against foreign invaders and their just, revolutionary cause.

Dr. Norman Bethune is an outstanding representative. Today, the heroic Dr. Bethune is known to every household in China and his story is an example to learn from. When the Chinese nation was at a critical moment, Dr. Bethune travelled thousands of miles to China to devote himself, eventually giving up his life, to the world's anti-fascist movement and the Chinese people's great cause of liberation. He won the Chinese people's deep respect. His profound love for the people, his lofty ideals, his

boundless sense of duty, and his way of constantly improving his skills have not only encouraged the Chinese people in liberating the country and building the motherland in the past years, but will set an example in their struggle for socialist modernization. The Chinese people will never forget those who have sympathized with and supported them in their long struggle and construction work, promoting understanding and friendship between the Chinese and Canadian peoples, such as Mr. Chester Ronning, Mr. James Endicott and other Canadian friends.

Even during the years after 1949 when great changes took place in China and the world, the friendly contacts built through the efforts of the Canadian and Chinese peoples have never been interrupted for long. I would like to mention particularly the continuous efforts by the late Premier Zhou Enlai in this field. As early as 1954, he established contacts with the Canadian delegation participating at the current Geneva Conference. Later on, he promoted friendly exchanges of all kinds between the two countries. Many official and people-to-people Canadian delegations to China were received by the late premier and they held long talks. His faith and enthusiasm in boosting Sino-Canadian relations and those confidential exchanges of views are still clear in my mind's eye. Through the efforts of both sides, trade between the two countries reached a considerable scale even before the establishment of formal di-

plomatic relations, and contacts in various fields were growing.

The 1970s ushered in a new period for Sino-Canadian friendship. As a result of the friendly wishes of the Canadian people and the far-sightedness and efforts of Prime Minister Pierre Elliott Trudeau, former Minister for External Affairs Mitchell Sharp and former Minister of Trade Jean-Luc Pepin, Canada became the first country in North America to establish formal diplomatic relations with the People's Republic of China, and the first country on that continent to firmly support restoring China's legitimate seat in the United Nations. These moves played an important part in propelling the contemporary international situation towards world peace and stability.

It was at that historical moment that I and my colleagues went to the land of Dr. Bethune, symbol of friendship between the Chinese and Canadian peoples, to establish the first embassy of the PRC in North America. We met with the deep friendship of the Canadian people and the co-operation of the Canadian Government and people in all walks of life. Pleasant memories of these times have long been engraved in my mind.

The establishment of formal diplomatic relations has given new impetus to the development of relations between the two countries. Since then, many Chinese leaders have been warmly treated by Canada's Governors-General, Prime Ministers and people of all fields. On the other hand, Canadian leaders have also been warmly welcomed in Beijing by the Chinese people and leaders. Prime Minister Trudeau is a familiar friend to the Chinese people. During his visits to China, he has met the late Chairman Mao Zedong, as well as Zhou Enlai, Deng Xiaoping and Premier Zhao

Ziyang. During these meetings, statesmen of both countries have exchanged frank views on the international situation and issues, helping to promote understanding and friendship and the steady progress of relations.

Thirteen years have elapsed since I first set foot on Canadian soil. Looking over the progress

The Chinese people will never forget those who have sympathized with and supported them in their long struggle and construction work, who have promoted understanding and friendship between the Chinese and Canadian peoples.

made in relations between the two countries in this short period, I cannot but feel elated. Compared with the years prior to the establishment of formal diplomatic relations, the total volume of bilateral trade between China and Canada increased more than eight times by 1982. Today, Canada ranks as the fourth largest source of China's imports. Also, China's policy of opening to the outside world presents a bright prospect for economic and technical exchanges between the two countries. Co-operation in agriculture, forestry, energy and tourism is expanding daily, and gratifying economic and technical results have been gained in some projects. Exchanges in culture, science, education, public health and sports are growing, too.

The tangible results already gained have brought us joy, but there is no reason to be complacent. Greater potential in developing friendly relations between

the two countries is waiting for us to tap.

Both countries cover vast expanses of land and are rich in natural resources. They are at different stages of development, which augments the favourable conditions for mutual complement and mutual promotion in boosting the economies of the two. China's modernization drive and its persistent policy of opening to the outside world have paved the way for translating the great potential into real action. I am convinced that our Canadian friends will not overlook this development in China's new historical period. I also hope that they will adopt appropriate policies and enthusiastic measures to expand economic and trade co-operation and scientific and technical exchanges.

Faith in developing the relations between the two countries also stems from a solid political basis. Although the two countries have different political and economic systems, they do not clash on fundamental interests. On the contrary, both have persisted in independent and peaceful foreign policy for their own economic growth and social progress. The deep friendship nurtured over the long years by the peoples of both countries has especially provided rich soil for the development of relations. All this gives people hope that Sino-Canadian relations will become a model for North-South co-operation.

An old Chinese saying goes: "Deep roots give rise to flourishing leaves." On the eve of Premier Zhao Ziyang's visit to Canada, I extend my good wishes to our Canadian friends on the other side of the Pacific. I have no doubt this new year visit will bring a beautiful spring to the development of the friendly relations between our two countries. □

Two Americans on US-China Relationship

The first of the following two articles was written by the former US Secretary of State Henry Kissinger at the request of "Beijing Review." In the second article, Zbigniew Brzezinski, former US National Security Adviser, answers questions by Wang Youfen, our special correspondent now covering Premier Zhao's North American visit. — Ed.

Kissinger:

An Event of Historic Importance

THE visit of the Chinese Premier to the United States is an event of historic importance. He is the most senior Chinese leader with whom President [Ronald] Reagan has had an opportunity to exchange ideas. The arrival of Premier Zhao Ziyang symbolizes that over the past decade the People's Republic of China and the United States of America have found their way to a new and mature relationship.

In 1971, when the first exchanges between our two countries took place, there was — at least on the American side — the excitement of rediscovering an ancient and vital people. This sometimes obscured the fact that important differences, some rooted in legacies of the past, remained. As a result, for some years the two countries seemed more conscious of what divided them than of those matters on which they could move in parallel. In a third phase, both sides reassessed their positions. In recent years, the new administration in Washington, overcoming earlier preconceptions, has committed itself to a firm and close relationship with Beijing. And Beijing's new leaders, dedicated to the four modernizations, have made their own contribution to resolving differences in a realistic and far-sighted spirit.

China and the United States represent different ideologies, but they are brought together by important common interests. Both



must seek to prevent — as the Shanghai Communique [in 1972] already pointed out — the global hegemony of any state. Both have an interest that the territorial integrity and sovereignty of nations not be violated by the arbitrary use of power.

Similarly, a dynamic China

Brzezinski:

A New Point of Departure

Sino-US relations are not only important to the interests of both countries but also have an important bearing on development of events in the entire world. What is the significance of Premier Zhao's visit in this context?

Brzezinski: Premier Zhao's trip

achieving its four modernizations contributes to peace, stability and progress in Asia and the world. Therefore, it is also in America's interest. This is why the recent economic understandings between our two countries are so important. In short, our two countries co-operate with each other, not as a favour one does to the other, but to achieve parallel goals.

Of course, some differences of opinion will continue. No doubt the Premier will express them with characteristic subtlety and listen to American views with typical courtesy. No one expects a complete identity of views. China — as it has for thousands of years — will pursue the course dictated by its principles and its interests. So will the United States, though it has a short history.

China's friends in America are convinced that in many important areas parallel courses of action will serve the interests of both sides. The Premier's visit will strengthen the prospects of co-operation and ease remaining disagreements.

For all to whom close relations with China are a matter of great importance, the visit of the Premier is a most auspicious event. Welcome, Mr. Premier, and may you take back with you the most pleasant memories and the most fruitful spirit of friendship. □

to the United States is the most important Chinese visit since the historic meeting in early 1979 in the White House between Vice-Chairman Deng Xiaoping and President Carter. Mr. Deng's visit symbolized the enormous importance not only to both countries

but to world affairs of the newly normalized relationship between the United States and China. Moreover, it served as the point of departure for a wider and more cooperative strategic relationship between our two countries.

Premier Zhao's visit to the United States is a truly important further step in that relationship. Both countries have succeeded in overcoming some frictions and misunderstandings that developed subsequent to normalization, and this proves that the relationship between us is strong and in our mutual interest.

Premier Zhao comes to Washington at a time when conditions in the Far East are relatively stable, but there are considerable tensions in other parts of the world. Moreover, continued Soviet strategic deployments targeted against both Western Europe and the Far East (with 144 Soviet SS-20s newly aimed at China and Japan) underline the degree to which global security has become a truly interdependent concern and a very appropriate subject for discussion between US and Chinese leaders.

Finally the United States is sympathetically interested in Chinese plans for the long-term modernization of their economy and society. Hence the development of closer economic relations between China and America will doubtless be to our mutual advantage.

Let me note also in connection with the above that closer American-Chinese relations now enjoy truly bipartisan support in America. I am pleased to have been involved in that process, but I readily acknowledge the historic role played in it by the Republican predecessors of the last Democratic administration. Our Chinese friends should know that today a close American-Chinese connection has become one of the foundation

stones of American foreign policy, and it is no longer a matter of major political debate.

Premier Zhao's visit thus comes at an opportune moment and it should be the point of departure for a significant expansion in our various collaborative relationships.

Because the Taiwan issue stands out as the major obstacle in Sino-US relations, how should that issue be handled so that our relations can develop smoothly?



Brzezinski: I believe our two countries have shaped a framework of understanding within which the Taiwan issue can be managed. We are still in a historically transitional era insofar as that issue is concerned, and the Chinese people have the imagination and the flexibility to resolve the matter peacefully in a manner acceptable to all interested parties. In this connection, let me say quite frankly that I believe that how the Hongkong matter is resolved will be of some considerable importance to the further evolution of the political relationship between Taiwan and mainland China.

As one of the few people who have played a key role in the normalization of relations between

our two countries, what do you intend to do in the future in order to promote them? I understand you are invited by the Chinese People's Association for Friendship with Foreign Countries to visit China in February.

Brzezinski: I shall be visiting China with a few colleagues who have played a major role in American public life to foster a wider strategic dialogue between our peoples. I believe that in addition to formal governmental discussions, our relationship is now at a stage in which both sides can benefit from broader and more informal discussions between individuals in both of our countries who have a special interest in international affairs. Such a wider dialogue can be supportive of official relationships, contribute to deeper understanding, and also act as a catalyst for the development of additional relationships.

Let me say in this connection also that I hope that in the not-too-distant future our governments will evolve more frequent and regularized consultations, scheduled perhaps on an annual basis, and maybe even in the future involving some other countries that share a common interest in stability and progress in the Pacific basin. On strategic and economic matters, one could envisage fruitful discussions between Chinese, Japanese, and Americans. On other issues, wider participation in such discussions may be desirable, involving also some of the ASEAN countries. In brief, precisely because the Pacific basin is emerging as the most vital sector of the world economy, and because China plays such a pre-eminent role in that region, we need to further enhance not only our bilateral relationship but use it also as a point of departure for wider multilateral co-operation. □

Key Projects During Sixth Five-Year Plan

New equipment and advanced technologies will be used in all the projects and one-third of the technical equipment will be imported from foreign countries

by LIN FATANG

CHINA is now in the midst of its Sixth Five-Year Plan (1981-85), during which it expects to invest 230 billion yuan (about US\$ 120 billion) in capital construction. During the course of the plan, 890 large and medium-sized projects will be built, 120 of which have been listed by the state as key construction projects. Seventy of these key projects were under construction in 1983 and the rest will be started up this year. They have received top priority in our present construction plans.

Sixty per cent of the 70 key projects involve energy and transportation. An additional annual capacity of 50.7 million tons of coal

and 10 million kilowatts of electricity are expected to be added when these projects are completed at the end of the Sixth Five-Year Plan or the beginning of the Seventh (1986-90). Handling capacity in China's harbours will also increase by 76 million tons annually, and 3,850 kilometres of new main lines, double track and electrified railways will be opened for traffic.

These key projects all present great difficulties in their construction, and have called for substantial state investment. For each of 33 projects, investment has exceeded 500 million yuan, and in 10 of these it exceeds 1,000 million yuan for each.

All the projects will be equipped with new equipment and advanced

technologies, and one-third of this technical equipment will be imported from foreign countries.

Priority Given to Energy And Transportation

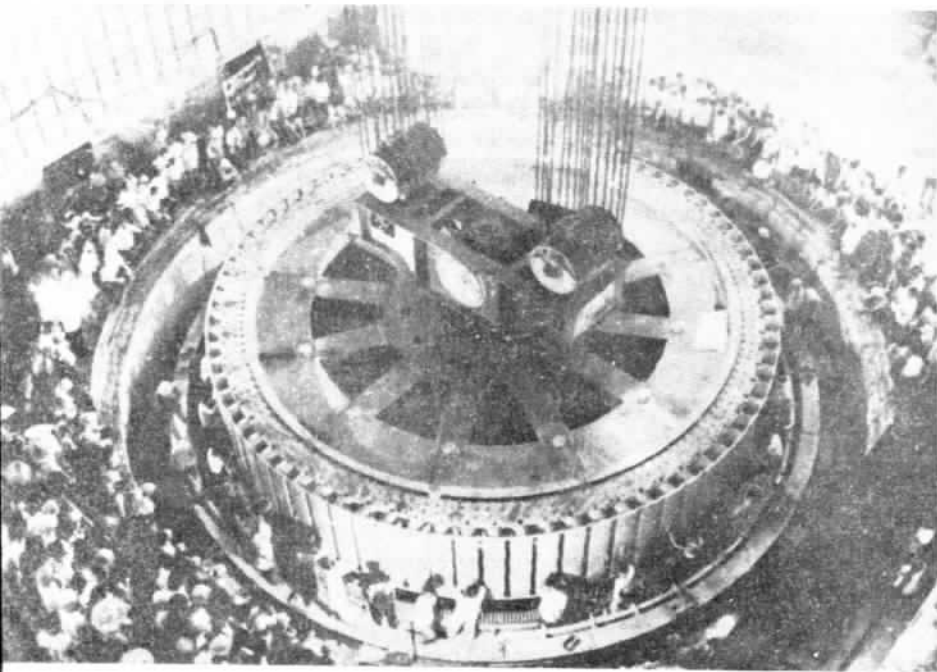
Of the 70 key construction projects, 22 are for the fuel and power industries, 20 for transportation and post and telecommunications, 15 for raw and semi-finished materials, five projects for textiles and other light industries, and eight for water conservancy, meteorology, culture, public health and other fields.

The more than half which are for energy, transportation and communications account for nearly two-thirds of new building in their respective areas during the Sixth Five-Year Plan. They are of great importance in improving the transportation and production of energy and raw materials and easing the shortage of their supplies.

Eight coal mines are being dug or enlarged. When the Huolinhe mine in Inner Mongolia is completed, it will greatly improve the energy situation in northeast China, an old industrial area, and promote the expansion of industrial and agricultural production in Inner Mongolia. The 540 square kilometre open-cast mine with a deposit of 12.9 billion tons of brown coal comprises 24 seams, the thickest of which is 81 metres. Construction is now in full swing, with 20,000 workers and techni-

The author is a leading member of the energy and communications section, the Research Institute of Planned Economy of the State Planning Commission.

The first 100,000-kw generating unit rotor is lowered into the turbine shaft at the Guangxi Dahua Hydroelectric Station.





A new landing stage at Qinhuangdao coal dock, Hebei Province.

cians. The plans call for the mine to produce 6 million tons of coal in the near future, and 50 million tons annually by the end of this century.

When the coal mines in Huainan and Huaibei, Anhui Province, are completed, they are expected to have an additional capacity of 40 million tons annually. This will greatly improve the energy supply for east China, where industries are densely located.

Of the 13 power projects under construction, the dam of the Longyangxia hydropower station on the upper reaches of the Huanghe (Yellow) River in Qinghai Province is the highest in China. Standing 177 metres tall, with an installed capacity of 1.28 million kw, it will generate 6,000 million kwh annually. Combined with other hydropower stations in the area, the completed dam will enable Huanghe River valley peasants to irrigate an additional one million hectares, and provide 470 million more cubic metres of water for urban industries. This project will be very important in accelerating the development and construction of northwest China.

The Gezhouba hydropower station, built on the middle reaches of the third longest river in the world, the Changjiang (Yangtze)

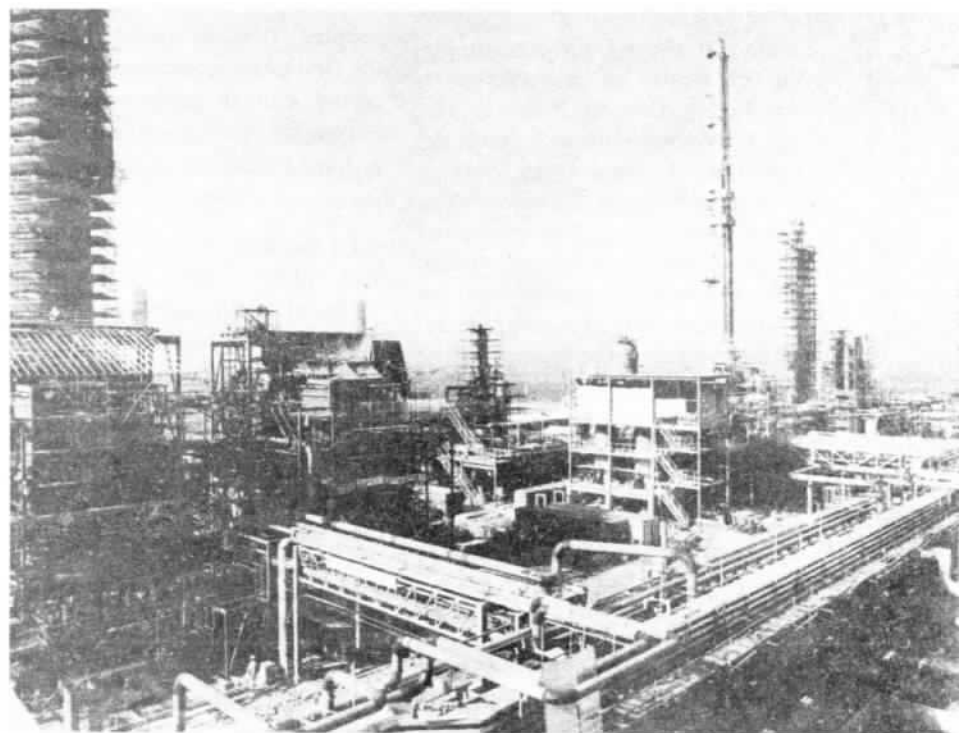
River, will be the biggest hydropower station in China. When completed, the station will have an installed capacity of 2.715 million kw, connecting the power grid of stations in central and east China, and transmitting power to areas now suffering shortages, such as Jiangsu and Zhejiang Provinces and Shanghai.

The key project in the petroleum industry is the Daqing ethylene petrochemical complex, which will produce 300,000 tons of ethylene a year. This will increase China's ethylene production capacity by 54 per cent.

Nine railway projects will solve most of the problems of coal transportation and foreign trade, when completed. For instance, the 310-kilometre-long Yanzhou-Shijiusuo Railway in Shandong Province is designed to handle 18 million tons a year. The fine-quality coking and power coal from the Yanzhou coal mine, and the coal mined in southern Shanxi Province can be loaded at Shijiusuo harbour and shipped to cities in south China or other countries.

The eight harbour construction projects include special docks used for improving the shipping of energy and raw and semi-finished materials and seven special container berths to be built in Shanghai, Tianjin and Huangpu har-

The Zhenhai Petrochemical Plant is adding a chemical fertilizer unit, which will have an annual output of 300,000 tons of synthetic ammonia and 520,000 tons of urea.



bours. The completion of these berths will help increase China's annual handling capacity to 700,000 international standard containers, expand exports, and promote economic prosperity. Foreign loans (equivalent to more than 100 million yuan) have been used to import special equipment for construction work on the Shanghai harbour. It will be used to further modernize that harbour, the largest in China.

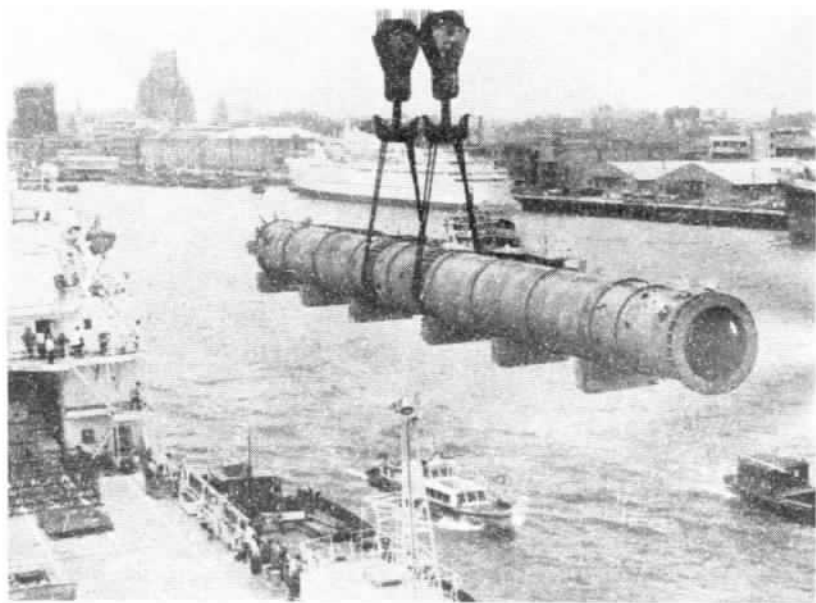
Of the four metals processing projects, the Baoshan Iron and Steel Complex in Shanghai is expected to produce 3 million tons of steel and 3 million tons of iron a year when the first phase of construction is completed.

Shanxi Province, known as the "land of coal," has one-third of the nation's bauxite. The Shanxi Aluminium Plant, equipped with complete sets of China-made equipment, will become one of China's largest aluminium industrial centres, helping the growth of power, space, building materials, transportation, communications and other industries as well as light industries.

One of the six projects supplying materials for construction is the Jidong Cement Plant in Hebei Province, built to relieve the shortage of cement in Beijing, Tianjin and Hebei Province. The major equipment for the plant was imported from Japan. Its annual production capacity will be 1.55 million tons of high-grade cement, making it the largest in the country.

The completion of the second Chinese-designed floating glass production line of the Luoyang Glass Factory in Henan Province will make China self-sufficient in 3.5-metre plate glass.

Of the five light industrial projects, the Kunming Sodium Triphosphate Factory will be the biggest manufacturer of



Pipe for key construction projects is unloaded at Shanghai.

synthetic detergent in China. When completed, it will eliminate the need to import tribenzyl, thus saving the state US\$60 million in foreign exchange every year.

The slogan of the builders of the Yizheng chemical Fibre Plant in Jiangsu Province is "provide new clothes for the 1,000 million people." It is estimated that after the first-phase construction is completed, enough cloth will be produced for each person in China to have a new suit of clothes every year.

Of the five projects in the chemical industry, three will produce chemical fertilizers. The Zhenhai plant, on the coast of the East China Sea, is expected to produce urea equivalent to 1.2 million tons of standard chemical fertilizer. The other two chemical fertilizer plants will be built at Urumqi in the Xinjiang Uygur Autonomous Region, and Lucheng in Shanxi Province. The Dongfang Chemical Plant in Beijing will mainly turn out acrylic acid esters.

The open-cast sulphur mine under construction in Yunfu, Guang-

dong Province, is designed to produce 3 million tons of high-quality sulphur a year. The area has good water transportation facilities, and completion of the mine will meet the urgent needs of China's industries.

Of the 70 key projects, 21 will be built either with foreign capital or complete sets of equipment introduced from abroad. The Sino-Japanese Friendship Hospital will be constructed with a donation from Japan. This type of financing helps make up for the deficiencies of China's own funds for construction, enhancing production techniques and accelerating the modernization drive.

Key Role

All the key construction projects were selected to fulfil the objectives of modernization and strengthen weak links in the national economy. Energy, transportation and communications facilities have been particularly strained. The 12th National Congress of the Communist Party of China held in September 1982, and

the subsequent Fifth Session of the Fifth National People's Congress, took these special problems into account when drawing up their programmes.

In his Report on the Sixth Five-Year Plan (see *Beijing Review*, issue No. 51, 1982). Premier Zhao Ziyang pointed out that "concentration on key projects centred on those for energy and transportation, so as to improve and reinforce these two weakest links in our national economy. This is a major measure for us to gain the initiative in developing the national economy and, therefore, a matter of vital significance for economic construction as a whole. Unless this problem is solved, it will be impossible to invigorate the entire economy; even its partial development will inevitably be

hampered, and any rapid growth will be out of the question." These

While the key projects receive special attention, China should also take the construction of ordinary projects into consideration, so as to co-ordinate the growth of the national economy.

remarks sum up the relationship between key construction and the entire national economy.

The construction of key projects on such a large scale involve

many technical difficulties, and needs close co-ordination. These projects are mainly handled by the central authorities, so as to concentrate financial and material resources and ensure their smooth progress. Of course, while the key projects receive special attention, we should also take the construction of ordinary projects into consideration, so as to co-ordinate the growth of the national economy.

The policy of concentrating resources on key projects has been formulated through successful experience in China's economic construction. During the First Five-Year Plan Period (1953-57), we built several hundred large and medium-sized projects in this way, of which 156 were key ones, and laid the initial foundation for our socialist industrialization. In the



70s, to alleviate the shortages of chemical fertilizer and clothing, we concentrated our efforts on building a dozen or so large fertilizer and chemical fibre plants, with favourable results.

Priority

Although China is developing its planned socialist economy, its resources for construction, including materials, fuel, power and equipment, are inadequate at present. In recent years, with the reform of the economic system, local authorities and enterprises have acquired greater decision-making powers, and with them, more funds. To meet their own development needs, they have built many projects outside the state plan, with their own funds and bank loans. This has caused building supplies to dwindle and prices to rise. Some localities even imprudently appropriated resources, such as land, which had been set aside for key state projects. This contributed to the inadequate supply of materials, prolonged the construction period and forced the key projects to exceed their estimated budgets.

In order to ensure the smooth progress of the key construction projects, we must first of all keep the magnitude of capital construction under control. In the first nine months of 1983, urged by the government again and again, 5,000 ordinary projects were cancelled or suspended. Projects using self-collected funds and bank loans, known as "two runaway horses," were brought under control. The arbitrary rises in prices for building materials and appropriation of funds from key construction projects have been stopped. As a result, progress has accelerated on the 70 key projects, and they now lead in capital construction. All the projects were expected to complete their annual investment plan by the end of 1983, and four may be put into operation ahead of schedule.

Coal

1	Shanxi Province	Gujiao mining area
2	Shanxi Province	Datong mining area
3	Inner Mongolian Autonomous Region	Huolinhe mining area
4	Liaoning Province	Tiefa mining area
5	Anhui Province	Huainan mining area
6	Anhui Province	Huaibei mining area
7	Shandong Province	Yanzhou mining area
8	Henan Province	Pingdingshan mining area

Petroleum

9	Heilongjiang Province	Daqing Ethylene Petrochemical Complex
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Power

10	Jilin Province	Baishan Hydropower Station
11	Hubei Province	Gezhouba Hydropower Station
12	Hunan Province	Dongjiang Hydropower Station
13	Qinghai Province	Longyangxia Hydropower Station
14	Guizhou Province and Guangxi Zhuang Autonomous Region	Tianshengqiao Hydropower Station
15	Shanxi Province	Datong Thermal Power Plant
16	Hebei Province	3rd. phase project of the Douhe Thermal Power Plant
17	Inner Mongolian Autonomous Region	Tongliao Thermal Power Plant
18	Liaoning Province	Jinzhou Thermal Power Plant
19	Heilongjiang Province	Hulan Ergi No. 2 Thermal Power Plant
20	Zhejiang Province	Taizhou Thermal Power Plant
21	Beijing-Datong	500,000 extra-high-voltage transmission and transformer project
22	Yuanbaoshan-Haicheng	500,000 extra-high-voltage transmission and transformer project

Railways

23	Lanzhou-Zhengzhou	Electrification of the line
24	Beijing-Baotou	Electrification and double-tracking the line
25	Taiyuan-Jiaozuo	Electrification and double-tracking the line
26	Guiyang-Kunming	Electrification of the line
27	Beijing-Qinhuangdao	Electrification and double-tracking the line
28	Qingdao-Jinan	Double-tracking the line
29	Anhui-Jiangxi	A new railway
30	Taiyuan-Fenglingdu	Double-tracking the line
31	Yanzhou-Shijiusuo	A new railway

Ports

32	Hebei Province	Qinhuangdao port
33	Tianjin	Tianjin port
34	Liaoning Province	Yingkou port
35	Shanghai	Shanghai port

Key Construction Projects

36	Jiangsu Province	Lianyung port
37	Shandong Province	Shijiusuo port
38	Guangdong Province	Huangpu port
39	Guangdong Province	Zhanjiang port
Post and Telecommunications		
40	Beijing	Beijing International Telecommunications Bureau
41	Beijing	Dongdan Urban Telephone Bureau
42	Beijing-Wuhan-Guangzhou	Medium-sized concentric cable
Textiles		
43	Beijing	Beijing Chemical Fibre Plant
44	Shanghai	2nd phase construction of Shanghai Petrochemical Complex
45	Jiangsu Province	Yizheng Chemical Fibre Plant
Light Industry		
46	Shandong Province	Yantai Synthetic Hides Factory
47	Yunnan Province	Kunming Sodium Triphosphate Factory
Iron and Steel		
48	Shanghai	First phase project of the Baoshan Iron and Steel Complex
Nonferrous Metals		
49	Shanxi Province	Shanxi Aluminium Plant
50	Jiangxi Province	Yongping Copper Mine
51	Guizhou Province	Guizhou Aluminium Plant
Chemical Industry		
52	Beijing	Dongfang Chemical Plant
53	Shanxi Province	Shanxi Chemical Fertilizer Plant
54	Zhejiang Province	Zhejiang Chemical Fertilizer Plant
55	Xinjiang Uygur Autonomous Region	Xinjiang Chemical Fertilizer Plant
56	Guangdong Province	Yunfu Sulphur Mine
Building Materials		
57	Hebei Province	Jidong Cement Plant
58	Hebei Province	Yaohua Glass Factory
59	Jiangsu Province	Huaihai Cement Plant
60	Anhui Province	Ningguo Cement Plant
61	Henan Province	Luoyang Glass Factory
62	Guangxi Zhuang Autonomous Region	Nanning Glass Factory
Water Conservation		
63	Hebei Province	Southern water diversion project of the Luanhe River
Meteorology		
64	Beijing	Meteorological satellite ground receiving and processing system
Culture		
65	Beijing	New Beijing Library
Public Health		
66	Beijing	Sino-Japanese Friendship Hospital
Broadcasting		
67	Beijing	Beijing Colour TV Centre
Motor Vehicle Industry		
68	Jilin Province	Changchun No. 1 Motor Vehicle Plant

Two others

In order to keep investment in capital construction from getting out of hand in the future, the Chinese Government has begun to keep firm control over construction programmes. The overall magnitude of investment, including appropriations in the state budget, self-collected funds and bank loans, will be balanced by the State Planning Commission and incorporated in the state plan. All construction projects will be subject to examination and approval by the central and provincial authorities.

Funds for capital construction are now allotted and supervised by the Construction Bank of China, in accordance with the state plan. Bank loans for capital construction will also be included in the plan. Starting in October 1983, the state has imposed a 10 per cent special tax on projects built with self-collected funds. An additional 30 per cent surcharge on energy and transportation will also be levied on projects outside the state plan.

Key construction projects will receive priority in receiving building materials and other resources.

As a further measure, all the Chinese people, and especially the cadres, are expected to understand the significant role of the key construction projects and actively support them.



Western Europe: Its Foreign Policy

- The American-Soviet confrontation in Europe has once again sharpened, the focus being the contention over Euromissiles. It is not so much a competition for simply military superiority as a competition for control over Western Europe.

- Western Europe seeks relative stability in East-West relations amidst the American-Soviet equilibrium in order to safeguard its own security and interest. Independence turns out to be the main stream carrying the continent. However, the progress towards West European union will be slow and tortuous.

- Western Europe is obsessed with two knotty problems of economy and military affairs. "Defence plus detente plus the third world" has been taken as its national policy.

by JI YIN

FOR nearly 40 years since the end of World War II, Europe has enjoyed peace. The basic features of the continent's political pattern—the long-standing confrontation between the North Atlantic Treaty Organization (NATO) and the Warsaw Pact countries, the separation of Germany, and the administration of nations according to the division of Eastern and Western Europe—these features have remained stable. In an ever-changing world, Europe appears relatively tranquil. But from behind this tranquility Europeans gaze warily at a tense and unpredictable situation, rife with intricate contradictions.

Unpredictable Situation

Europe has long been the barometer of East-West relations, as any changes in these relations affect the developments in Europe's situation. First there was the "cold war" of the 1950s and 1960s, then the period of detente in the 1970s. Detente has since dis-

sipated, beginning with the Soviet invasion of Afghanistan, and East-West relations are now in a period of transition, tense and deadlocked. Which way they will turn next is anyone's guess, but for Europe the signs presage a tense and unpredictable situation.

The unrest in Europe arises from its strategic value, which both the United States and the Soviet Union covet. While officially recognizing the other's sphere of influence on the continent, each superpower is straining for ways—apart from direct military action—to infiltrate the other's realm, exploiting difficulties and instability in the opposite camp. The United States favours a gradual, peaceful evolution of Europe. The Soviet Union concentrates on alienating Europe from the United States and, with the implicit threat of military might to back it, politically blackmails Europe into a softer position.

In recent years, new developments have emerged in the US-Soviet confrontation, manifested mainly in their fresh efforts in the nuclear arms race. In the later

half of the 1970s, the East and West, about equally ranked in their competition, were lulled by detente. The Soviet Union, however, stepped up its aggression and expansion on the periphery of Europe to outflank and encircle Western Europe, thereby threatening strategic routes and supplies of raw materials and energy. Now in the early 1980s, while the threat of Soviet encirclement still exists, the head-on US-Soviet confrontation in Europe has intensified, highlighted by the latest surge in the rivalry for Euromissile superiority. This rivalry has affected the entire range of East-West relations as well as the US-Soviet-European triangle, influencing even the internal and external affairs of the major West European countries. The superpowers, however, are vying more for a controlling influence over Western Europe than for mere military supremacy. The outcome of their Euromissile rivalry will decide not only the balance of European forces but also the future of NATO and Western Europe. Therefore, the Euromissile race stands out as the most prominent problem affecting the European

situation in the first half of the 1980s.

Lately, both the United States and the Soviet Union have seen their influence over their allies waning. The US influence over Western Europe has especially weakened with the growth of West European independence. Likewise in Eastern Europe, centrifugal forces are building, anticipating a breakaway from Moscow. The new trend of Western and Eastern Europe, including the Federal Republic of Germany and the German Democratic Republic, turning to and influencing each other, though slow, will be far-reaching.

In the meantime, there exist quite a few disturbing factors on the European continent. Turbulence in either Eastern or Western Europe (the Polish situation, for example) would inevitably detonate a continental tremor. West European countries have experienced the severest economic crisis since World War II, intensifying its class contradictions and social unrest and causing the political situation to fluctuate. Governments, both "Left" and Right, finding no effective countermeasures against the economic and social problems, have had no choice but to fall from power. Their successors have done no better, creating a vicious circle.

The anti-nuclear peace movement sweeping Western Europe reflects the unrest from another angle. It is the child of crises: the deadlock in the East-West detente, the economic crisis, and the crisis of the West European security system based on the US nuclear umbrella. Moreover, the existence and development of the anti-nuclear movement constitutes another eye-catching problem in the unstable West European situation. It has its greatest support in Federal Germany, where nationalism is entwined with neutralism. The other Europeans are

watching Federal Germany to see where it will end up. If what was feared in the past was a revival of German militarism and its economic domination of Western Europe, now the fear is of a break with the West. Because it is the main arena of US-Soviet contention, coupled with its rich economic strength and military potential, Federal Germany is of strategic importance. Therefore, the direction it takes will affect East-West relations and determine the basic European pattern. Consequently, new alternatives are brewing in the European situation.

Independence and Union

Faced with this severe situation, how can Western Europe, sandwiched between the United States and the Soviet Union, survive and develop? What will be its basic trend?

Western Europe is worried about the intensifying US-Soviet confrontation, which has strained East-West relations and limited its freedom of action. It also fears a US-Soviet compromise at the expense of West European interests. When US-Soviet relations are strained, Western Europe usually tries to promote a dialogue between the two superpowers while avoiding any involvement in their clash. When US-Soviet relations are relaxed, Western Europe tries everything possible to check their under-the-table deals. It hopes that neither side's military might will outweigh the other's. It does not want the Soviet Union to get the upper hand, which would mean greater military threat and political pressure, forcing it to lean more to the United States. Nor would it want the United States to gain military superiority, which would mean being dragged into a new arms race and falling further under US control. Western Europe seeks relative stability in East-West relations in an atmosphere of US-Soviet military equilibrium. It expects more

manoeuvring room in the face of the US-Soviet confrontation and seeks to safeguard its own security and interests.

Western Europe is striving to break the Yalta Conference polarization. It emphatically opposes Soviet military hegemony on the one hand and US political and economic hegemony on the other. Western Europe is inclined to independence. It is trying to carry out an independent policy towards the Soviet Union, which differs from US policy and tallies with its own interests. In this way, European-Soviet relations need not correspond completely to US-Soviet relations. Its fundamental policy is still "defence plus detente," which means contention plus dialogue. It also stresses its economic and trade relations with the Soviet Union and Eastern Europe, which not only benefits its own immediate economic interests but counteracts the Soviet influence and promotes detente. Unable to match the Soviet Union in military might, Western Europe gives play to its economic and technological superiority.

In the West Europeans' eyes, peace and security are guaranteed by an East-West military balance and mutual economic dependence. Western Europe also wants to gradually introduce the policy of detente to its eastern neighbours and, taking advantage of Eastern Europe's instability, to accelerate liberalization there, thus creating a buffer zone between it and the Soviet Union. In this manner, it would kill two birds with one stone: It would greatly improve its strategic position and it wouldn't risk radical changes in Eastern Europe, thus maintaining the political balance in Europe. While allying itself with the United States, it maintains its own independence. On the premise of keeping the alliance, it strengthens its independent position. Western Europe and the United States have

a common strategic interest in coping with the Soviet Union and their joint resistance against it remains the basic aspects of their relations. Although the United States and Western Europe can well co-ordinate their actions in matters of defence and security, the struggle of the latter against the former's hegemony and control and the economic conflicts and contradictions between the two will continue to develop.

In short, there is a trend under way towards an independent Europe. But Western Europe cannot go without US military protection in the foreseeable future, and so its independence is limited.

Another fundamental trend is that towards European union and self-improvement. In Western Europe, union and independence are interrelated. That the major West European nations could independently play their leading roles in the world arena has become a thing of the past. The medium-sized and small West European countries must unite before they can match the superpowers. The European Economic Community (EEC), the nucleus of West European union, has, from the very outset, differed from the United States and the Soviet Union in order to seek independence. Although the economic crisis and other factors have brought West European union to a low, it nonetheless has vitality. Union is a must if Western Europe is to cope with the Soviet menace and strive for an equal status with the United States, or if it is to play an independent role in international affairs and compete economically and technologically with the United States and Japan. But a variety of conditions means the process towards union will be slow and tortuous.

Strengths and Weaknesses

Western Europe's strength lies mainly in its economy. The 10-na-

tion EEC is the largest economic and trade conglomeration in the world. Its gross national product surpasses even that of the United States. Its export turnover is double that of the United States and four times that of Japan. Its economic strength will be its trump card when it carries out its independent policy and plays an important part in international affairs.

But the West European economic structure has an Achilles' heel. Its economy relies heavily on external sources of raw materials and energy and on external markets. Thus international economic fluctuations affect it significantly; it is not in a position to tide over conflicts and disturbances outside Europe. For instance, the two major increases in oil prices since the 1970s and the economic crisis have hurt Western Europe more than they have the United States or Japan. In the past 10 years, there have been changes in the economic balance of the Western alliance that have been unfavourable to Western Europe. Its pace of economic growth has been slower than that of the United States or Japan. From 1951 to 1973, the average annual growth rate for industry was 5.6 per cent for the EEC (then nine members), 4.2 per cent for the United States and 13.2 per cent for Japan. From 1976 to 1981, the rate for the EEC (now 10 members) declined to 1.26 per cent, compared to 5.63 per cent for Japan and 3.08 per cent for the United States. While the US economy has picked up again in recent years, Western Europe's economy on the whole has not shown any sign of an upturn.

Furthermore, the United States still controls the West European monetary and financial system. The US dollar is still the dominant international currency, against which the fledgling European monetary system cannot compete. In the past few years, the West

European economy has suffered heavily from high US interest rates and a strong US dollar. It has been unable to apply pressure and exercise influence on the United States.

Also, West European technology has generally had to take second place to US and Japanese technology. Its industrial structure is ageing rapidly. It depends more than the United States and Japan do on export markets for its products. Its products, especially the new ones, are less competitive than American or Japanese goods.

To sum up, Western Europe is faced with various difficulties and its inherent weaknesses have diminished its ability to take external action. However, these weak points will not stop its movement towards independence. The economic balance between Europe and the United States has changed fundamentally. Even if the US economy fares better than Europe's in the coming years, Washington will find it impossible to resume its control over Western Europe as before, not to mention that Western Europe's political status at present does not match its accumulated economic strength.

Politically, Western Europe is playing an increasingly important role in the international arena, trying to strike a consistent European stance on major international issues. It is striving to speak with "one voice" and be cast in more significant roles. But as far as its economic and military strength is concerned, Western Europe is not yet a full-fledged global force. To date, joint development among West European nations has been confined to the economic domain. Its political co-ordination has just started. The countries of Western Europe have not yet formed a clear-cut strategy among themselves. It is no wonder there should be contradictions and divergences with regard to specific problems. The "one voice" is

neither resounding nor frequent at present.

Western Europe's role is confined mainly to the domestic stage; even though its role cannot entirely escape the influence of East-West and US-Soviet relations, Western Europe still has its own influence on the United States and the Soviet Union. Outside the continent, it is making every effort to adopt policies and measures different from those of the two superpowers, casting itself in an independent light. However, it lacks the necessary means to realize its policies, which weakens its influence on world affairs in general (except in its traditional spheres of influence, such as Africa, where France has been an important voice).

In military affairs, Western Europe is in a hopeless dilemma. Proximity to the Soviet Union confronts it with direct Soviet military threat. Thus it must turn to the US defence umbrella on the other side of the Atlantic, which is growing unreliable. This is the Achilles' heel of West European defence strategy. As a result, Western Europe is studying the possibility of establishing its own independent defence system to become the second bulwark of the NATO alliance, strengthening its anti-Soviet defence and independence. Although this idea has been tossed around a lot, it will be difficult to realize the project, especially as the question of nuclear armament has already met insurmountable obstacles. An independent West European defence will remain a pipe-dream for a fairly long period to come.

In short, Western Europe is caught between military and economic considerations. Tense East-West relations, the deadlocked North-South dialogue, and limited manoeuvrability in politics and diplomacy — these have landed

Western Europe in a plight. Fortunately, the two superpowers are beset with their own problems both at home and abroad and their influence on the international situation is being weakened day by day. This provides Western Europe with an opportunity to further its independence.

Its growing independence is demonstrated by the fact that Western Europe is adopting policies and measures different from those taken by the United States on important international problems and hot spots. Thus it is limiting or even blocking US policies. It is arguing with the United States on questions affecting its vital interests. How fast Western Europe will march towards independence depends on two factors: first, the future of the West European economy, and second, the tempo of West European union and, especially the development of Franco-German relations, which are the nucleus of West European union.

Because of its weak position and lack of strength, Western Europe urgently needs allies outside the continent to help it contend more effectively with the United States and the Soviet Union. Western Europe has projected a common strategy: namely, break down the former polarization and set up a multi-polar world in which diverse forces are balanced and condition each other — a strategy that would strengthen its position in world affairs. Western Europe has not yet formed an independent pole. Therefore, it is of highly strategic importance to emphasize developing West European relations with the third world, especially economic and political relationship with regional organizations of the third world. This would compensate for its inherent shortage of natural resources and guarantee the external conditions needed for its economic development.

This redirection would also help Western Europe, through political and economic means, to draw the third world countries towards the "third road" and towards itself instead of towards the United States and the Soviet Union. Western Europe will, by its rivalry with the United States and the Soviet Union for ties with the third world, develop gradually into a global political and economic power. Therefore, "defence plus detente plus the third world" has become the foreign policy of Western Europe.

What is worth mentioning is that Western Europe pays considerable attention to China. It believes that China is a significant factor in a worldwide balance and plays an important part in international economics and politics. China's persistence in an independent foreign policy and its firm stand against hegemonism is identical with Western Europe's demand for independence and opposition to the pattern of polarization. Western Europe expects a stronger China and it would like China's help to achieve a balance with and contain the two superpowers, enhance its own safety and enlarge its manoeuvring room. Therefore, Western Europe hopes to further strengthen its political and economic ties with China.

Western Europe is currently the main body of the second world. In a world moving towards multiple poles, it is reckoned as a major force. While persisting in independence and improving itself through union, Western Europe is strengthening its co-operation with the third world. In this way, it will certainly play a more significant role in international affairs.

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Correctly Approach to Western Modernist Aesthetics

from: "Gansu Ribao"
(Gansu Daily)

IN the past few years, a taste for Western modernism has appeared in China's literature and art. Some artists even regard modernism as the way to develop China's literature and art. Theoreticians in these fields are therefore faced with the questions of how to fully appreciate and understand Western modernist aesthetic principles.

The principles of modernist aesthetics stem from fundamental theories of idealism and metaphysics, and are completely different from those of Marxist aesthetics. We must therefore apply Marxist attitudes and methods to analyse and study the modernist theory of literature and art, critically drawing experience and absorbing useful elements, instead of blindly worshipping and accepting everything.

First of all, modernist aesthetics stresses showing the artists' experiences and expressing people's inner feelings. These elements are worth absorbing. But this theory also separates the actions of the "self" from reflections of real life, denying life as the source of art. This is bound to sever the connections between art and life and art and the people.

Marxist theory calls for unifying the artist's subjective dynamic role and loyalty to objective life, thereby correctly resolving the dialectical relationship between subjective and objective artistic creation.

Second, modernist aesthetics emphasizes the effects of perception and impression upon the creative process. This theory contains some reasonable elements. Artistic images cannot be created from ideas alone; they should also be characterized by impressions and concrete perceptions. But the theory mistakenly leads to setting the perceptual against the rational, absolutely denying the role of the rational in creating art, and ignoring the guiding and restraining effects the artist's world outlook has on his art.

According to the Marxist theory of literature and art, an image "is created by the harmonious combination of the rational and the impressionistic, of thinking and feelings" (Maxim Gorky). This also helps artists correctly resolve the dialectical relationship between the perceptual and the rational in their process of creation.

Third, modernist aesthetics stresses attention to artistic forms,

and strives to bring forth new art forms. This has some validity. However, the theory unduly emphasizes these forms, and it is quite wrong to equate form with content. In doing so, it will inevitably lead to formalism, denying the ideological content of art.

Marxist theoreticians of literature and art believe that artistic content and artistic form are connected, but also distinct; they can be neither separated nor equated. In the unity of opposites, content decides form, and form, in turn, reacts on content. The correct way to resolve the dialectical relationship between content and form in literature or art is to unify the progressive content with a perfected artistic form.

Finally, modernist aesthetics advocates bringing about new art. Judged from the perspective of originality, the theory also has reasonable factors. But, it is wrong to completely deny tradition and all excellent literary and artistic heritage left by our ancestors. Marxism maintains that artists should weed through the old to bring forth the new, on the basis of criticism and inheritance.

Making Life Better

from: "Zhongguo Qingnian
Bao" (China Youth News)

IN China now, a great many Youth League members and other young people, led by the Communist Youth League organizations, have endeavoured to resist and clear away cultural pollution. In general, this work is going well. However, in certain places some people criticized young women's

taste in hairstyles (but the school regulation that perm is not allowed for middle school students should be observed) and skin cream, interfered in young people's habit of wearing new-style clothes, forbade young people to enjoy healthy collective dances, and even reproached those who planted flowers. They attributed these tastes to the influence of a bourgeois life style and opposed them as "cultural contamination."

The cultural contamination we speak of refers to obscene publications and video-tapes and demoralizing music, as well as bourgeois liberalization and commercialized spirituality in the fields of theory, literature and art. Cultural contamination has nothing to do with such tastes of the young people we have already mentioned.

Young people are always looking for beauty. This is a reasonable and active aspiration. They should not be blamed for being well dressed, eating good food and having a good time, if

conditions permit. Don't we build socialism in order to gradually raise people's material and cultural life?

During the "cultural revolution," Lin Biao and the gang of four practised so-called "poor socialism," bringing discredit on socialism. Take dress for instance. Women at that time were not allowed to wear skirts or colourful clothes. Men wore only Chinese tunic suits and military-style uniforms. Wherever you went, you saw the same dull sea of blue and grey.

It is good that in recent years people, and particularly young people, have taken to wearing new styles and colours. When speaking of clearing cultural pollution, we must on no account make an issue of people's hope for a more beautiful life, shifting our attention to the style of their trousers, high-heeled shoes, hairstyles and ornaments.

We should strictly differentiate between eliminating cultural contamination and making life more beautiful.

Extraordinary Co-operation



Amateur painter Lin Wenjie is an American professor who specializes in nerve dissection at Texas University in Houston. Early in 1983, Lin, before taking a trip to Taiwan, painted an orchid with a few strokes on a piece of *xuan* paper (a high quality paper made in Xuancheng, Anhui Province, especially good for traditional Chinese painting and calligraphy) which was 1.3 metres long. On the way to Taiwan, he stopped over in Xiang-

gang and asked the old painter Zhao Shaoang to add a bamboo. Then in Taiwan, he visited the famous Chinese Master Zhang Daqian bringing the painting. Zhang was very glad to see it, and painted a rock and glossy fungus, although he was confined to his bed. When Lin arrived in China's mainland in mid-March, he gave the painting to Guan Shanyue. Guan painted a plum branch. This rare painting was completely finished under each painter's hand and seal. Zhang Daqian died on April 2, 1983, and this may be the last work from Master Zhang.

from "Renmin Ribao"
(People's Daily)

A PAINTING of flowers was produced jointly by four contemporary painters — Lin Wenjie, Zhao Shaoang, Zhang Daqian and Guan Shanyue. It was painted while each lived far from the other and therein lies a story.

Where Did China Begin?

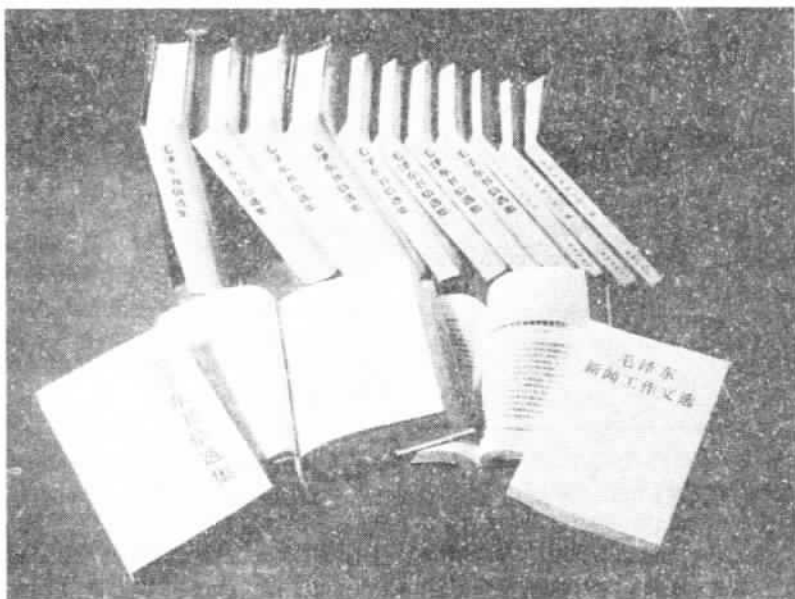
from "Jianghai Xuekan"
(River and Sea Academic Journal)

NOT long ago, the Nanjing Museum excavated a tomb in the ruins of a temple in Zhenglu commune, Wujin County, where they discovered many round and octagonal jade ceremonial objects. The tomb belonged to a 2,000-year-old Neolithic culture, the Liangzhu.

At one time scholars believed that the Huanghe (Yellow) River valley was the sole birthplace of China's ancient civilization. Ar-

chaeological finds since liberation have disproved this notion.

For instance, the oldest round and octagonal jade ceremonial objects with animal like patterns were found in areas on the lower reaches of the Changjiang (Yangtze) River. This suggests that the cultures of the Shang (c. 1600-1100 B.C.) and Zhou (c. 1100-221 B.C.) Dynasties were influenced by the culture of the later stage of the Neolithic Period on the lower reaches of the Changjiang River. So areas on this section of the river also spawned China's ancient culture.



Copies of the "Selected Letters of Mao Zedong" and "Selected Readings of Mao Zedong on Journalism."

New Books on Mao Zedong

Apart from the *Selected Letters of Mao Zedong* and *A Selection of Letters by Mao Zedong With Reproductions of the Original Calligraphy* which have already been published to mark the 90th birthday of this great Marxist (see *Beijing Review*, No. 52, 1983), another new book, *Selected Readings of Mao Zedong on Journalism* has just come off the press. The book, in Chinese, was co-edited by the Party Literature Research Centre of the Central Committee of the Chinese Communist Party and the Xinhua News Agency, and published by the Xinhua Publishing House.

The contents of the book are grouped into three sections: theses, writings and editing work. The first group includes 71 theses, speeches, remarks, letters and telegrams by Mao Zedong on journalism. Most of them are published for the first time. The second group includes 28 news

stories, commentaries and editorials written by the late chairman. Although these were printed articles, few readers knew they had been written by him. The third group includes 24 news stories he edited for newspapers, the Xinhua News Agency or radio stations. The book provides a valuable source for studying Marxist journalism, as it embraces Mao Zedong's theory and practice on the subject.

Edited by the Archives Department of the Central Committee of the Chinese Communist Party, another two books — *Fascimiles of Mao Zedong's Inscriptions* and *Fascimiles of Classical Poems in Mao Zedong's Handwriting* — are being printed with great care by the Archives Publishing House, Cultural Relics Publishing House and the People's Art Publishing House. Most of this calligraphy will be printed for the first time.

Chinese Works on 'Capital'

• China's first *History on the Writing of "Capital"* (in Chinese) came out in July 1983 from the Shandong People's Publishing House.

Systematic study on the history of writing *Capital* started only a few years ago in China. In July 1982, the country held its first forum in this field. In the first half of last year, Chinese scholars began to study the periods dividing the writing of various sections of *Capital*, Marx's formation of his theory of labour force as a commodity, and the formation of his theory on the forms of value. The book is based on these two discussions.

The Chinese translation of another *History on the Writing of "Capital"* by the Soviet writer Vigtzky was published in November 1983 by the Fujian People's Publishing House.

• *Studies on Special Topics in "Capital"* (in Chinese) by Wang Weizhong and Hong Dalin has been on the market since last August.

In the past few years China has begun to study the relationship between *Capital* and modern capitalist economics, and between the book and its socialist economy. The writing of the book was a process in which Marx looked into and studied the social conditions around him, commenting on and criticizing capitalist economics. Now, Chinese economists are studying *Capital*, commenting on and criticizing modern capitalist economics. Their efforts also serve as a way to study the modern capitalist economy and advance the capitalist sector, as well as the socialist sector, of the political economy.

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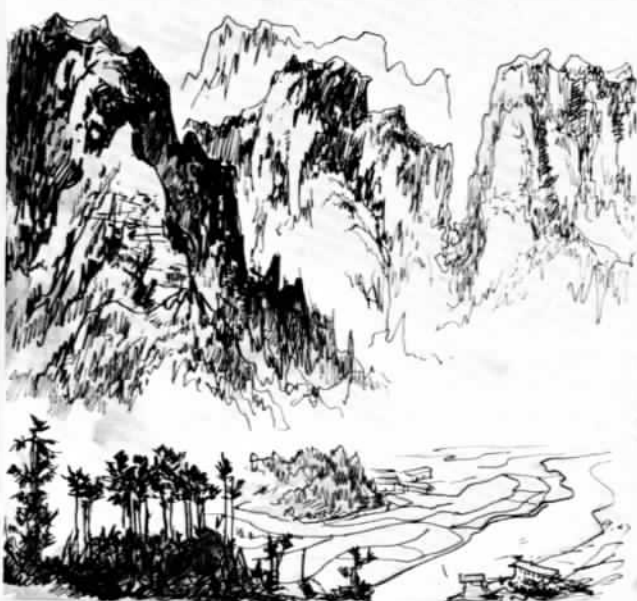
At the Ferry.

Sketches by Zheng Shufang

Born in 1941 in Ningbo City, Zhejiang Province, Zheng Shufang is now an art editor of *Beijing Literature*. In these sketches, portraying the beautiful pastoral scenes in the Tujia-Miao nationalities region in west Hunan Province, he expresses his deep love for the motherland and nature.



A Cottage by the Stream.



A Helmet in the Shadows of a Mountain.



Along the Banks of the Tuojiang River.

Tianjin's PLUM BLOSSOM Glassware



梅花



PLUM BLOSSOM



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