

BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF
NEWS AND VIEWS

- Reform in China's Countryside
- Major Progress in Hongkong Talks

• Individual Economy
Prospering





The Youth League branch of the Association of Self-Employed Individuals in the Shijingshan district of Beijing holding a recruiting meeting.

Xing Yongxiu, a clock repairer, at work.

Li Xia teaches children how to play the violin.

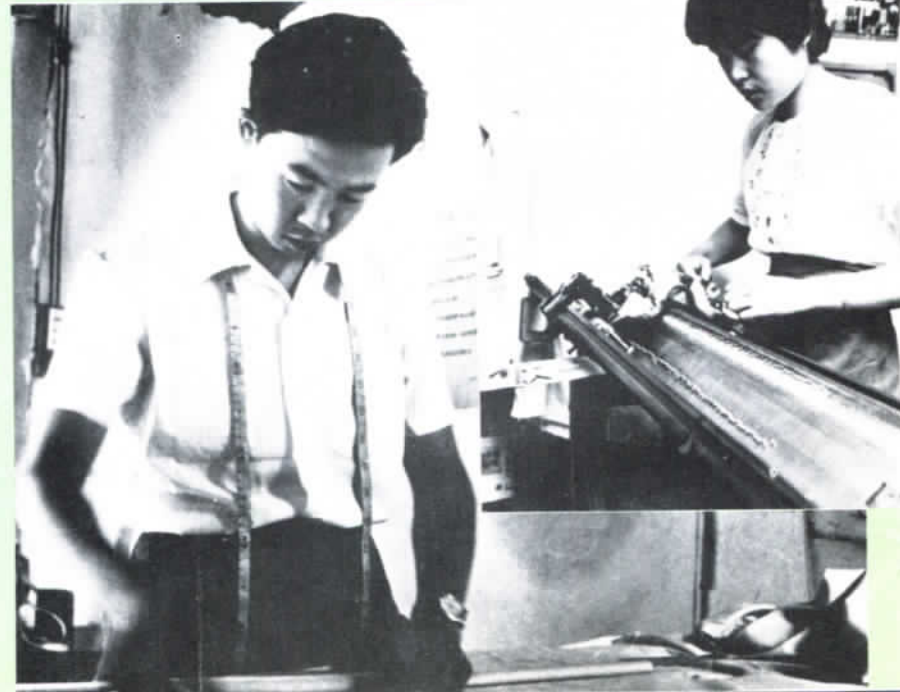


Wang Yanxian works at her own knitting machine.

Chen Wanzhong, a bicycle repairman, working with his apprentice.



Zhao Rong, a self-employed tailor.



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COVER: Small roadside retailers in Beijing.

Photo by Xue Chao

HIGHLIGHTS OF THE WEEK

Achievements in First Half of 1984

A stable and balanced growth of the national economy was registered in the first half of 1984 in agricultural and industrial production, capital construction, urban and rural markets, foreign trade and living standards (p. 6).

China, UK to Set Up Liaison Group

The two sides have agreed to set up a joint liaison group to further their common aim and promote the co-operative relationship which already exists between the two governments over Hongkong (p. 11).

Moscow's Anxieties Over Germany

The recent Soviet attack on Federal Germany for its deployment of US missiles and its closer links with Democratic Germany shows Moscow's heightened anxieties rather than its strength (p. 12).

The Countryside Under Reform

Written in commemoration of the 35th anniversary of the founding of New China, this article by a leading expert gives an authoritative review of the development of China's agriculture and its future goals. It also answers some of the questions with regard to the reforms and readjustments now under way (p. 16).

Individual Economy in China

Development of individual economy is encouraged by China's current policies as a necessary complement to the public economy. This special report explains why this is so (p. 25).

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Responsibility System Leads To Farm Mechanization

by JIN QI
Economic Editor

Since 1979, Chinese peasants have, under the contract responsibility system, been tilling the land on a household basis. Will this derail China's efforts towards farm mechanization?

In the first two years of the responsibility system, farm machinery sales somewhat declined, but since 1981 peasants have gone on a "buying spree."

In 1983, China had farm machinery with a capacity of 245 million hp, about 50 per cent more than in 1978. Of this, the number of large and medium-sized tractors rose by 50 per cent to 841,000, and the combined power of irrigation and drainage installations topped 78.49 million hp, a 20 per cent increase. The number of heavy-duty trucks, too, grew considerably.

In the past, when farm production was collectively managed, mechanization was a matter of interest to only a few leaders. Today, with the peasants' immediate interests closely linked to production, everyone has to care about the way production proceeds. Obviously, mechanization is motivated by the desire to achieve good harvests and satisfactory economic returns at a minimum amount of labour.

The example of Li Biao, a peasant in Henan Province's Danxian County, is illustrative. Thanks to the machines he has bought, he is able to till more land and harvest more grain than ever before, while engaging in mechanized side-

line occupations such as food processing and animal breeding. In the past, he made 2,000 yuan a year on muscle-power alone; now he makes six times that. Peasants today share Li Biao's belief that without machines there is simply no way out for farming and sideline occupations.

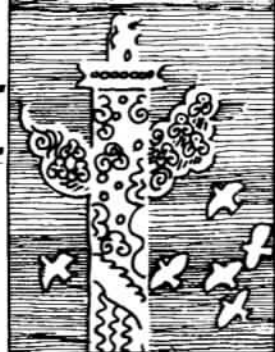
Implementation of the responsibility system has not only increased the peasants' need for farm machinery, but has opened wide

Mechanization is motivated by the desire to achieve good harvests and satisfactory economic returns at a minimum amount of labour.

avenues for its use. Their improved livelihood, too, has much to do with the recent boom in farm machinery sales. Last year, rural per-capita incomes averaged 310 yuan, up 2.5 times from 1978, and it is not uncommon to see families with annual incomes in four or even five figures. China's peasant families now own 2.1 million tractors, 68.5 per cent of the national total, and 90,000 heavy-duty trucks, 32.7 per cent of the total in use in the countryside. The popularization of farm machines has brought in its wake improved operating skills. Since 1981, output value for each machine horsepower has risen four times from the 1970s as peasants learn to get maximum efficiency from the machines, while average fuel consumption for every 100 million yuan of output value has dropped by 20 per cent.

At present, peasants favour small tractors and farm implements the most. But this does not mean there is no market for large machinery. In fact, large machinery has also been much sought after in the last few years for three factors. First, as their knowledge of scientific farming deepens, peasants need machines which can accomplish work that cannot be done by smaller ones. Second, as many peasants have quit traditional farming to specialize in industry, sideline occupations, transportation and service trades, those households specializing in farming are left with more land, which cannot be managed with small machinery alone. Third, in the last couple of years, many peasant families have, individually or in twos and threes, been strictly operating farm machinery — which they either bought or borrowed from collectives according to contracts — to do farm chores for fellow villagers. In southwestern China's Guizhou Province, with a population of 28.5 million, nearly 70,000 peasant families are specializing in operating farm machinery. If they wish to expand their business, they need to replace their old smaller machines with new larger ones.

The rapid development of farm mechanization over the last few years has proved that the adoption of the responsibility system in farm production is a policy decision of strategic significance. It also shows that, in a nation which has a vast countryside but is economically weak, it is a practical way to rely on the peasants to achieve nationwide farm mechanization.



About Ideological Contamination

I have read with interest the article "Ideological Contamination Clarified" in "Notes From the Editors" of issue No. 7. You have my sympathy as the leadership of China wrestles with this issue. But you are not alone!

I am equally concerned with problems in my own country—the emphasis placed on the acquisition of inherited power, status and wealth; on the permissive society; on excesses in the consumption of alcohol; on the blatant pursuit of self-interest. Indeed, the degeneration of young people into drugs is a condemnation of the ideological aimlessness of their parents. I hasten to add, I am far from perfect and try to counter some of these vices in my own life.

All these weaken the moral fibre of a nation and therefore its will to create a truly great society. I am not knocking my country for I love it dearly. But we also do need to be realistic about our shortcomings and have a plan to overcome them.

The commonality of the global family holds more potential for a peaceful world than do our ideological differences. The world is large enough to accommodate different social and economic systems. May the best ones survive!

Jack Kennedy
Sydney, Australia

Exposing Soviet Hegemonism

The article "Who Actually Owns Cam Ranh Bay?" in issue No. 17 is very informative. All the detailed information in the article

proves once again the role and the dirty ambition of the Soviet Government in Southeast Asia: to use the Hanoi puppet government to carry out their hegemonism. Le Duan and company have allowed the Soviets to use all of Viet Nam's major airports and seaports to threaten other countries, especially China. Viet Nam today under the control of Le Duan and company is no longer an independent and sovereign country. I would like to suggest that you publish more articles like the one referred to above or articles concerning Soviet military activities in Afghanistan, Kampuchea, Laos, Central America, the Middle East, etc., which will help peace-loving people in the world understand that China has been pursuing the very correct policy of opposing hegemonism and continuously pursuing a policy of world peace.

Nguyen-Lam
Wilmington, CA., USA

Reagan's China Visit

Your coverage of President Reagan, although more objective than the US press, was far too glowing. Yes, the United States can help China, but it is mainly through the understanding and respect of our two cultures, and the people-to-people contact. Government-to-government contact can also be helpful, but please let us remember the true capitalistic nature of the United States.

Lynn Dabney
San Bernardino, CA, USA

Your subjects are good and appropriate for those who are interested in China's politics, its international relations and work in various fields. I like the article

"President Reagan's China Visit" in issue No. 17. The Argentine press has also published articles in this respect. My family and I have read your magazine with great interest, it has enabled us to understand the development China has made in its politics, economy and culture.

Luis Sebastian Miglioranza
Lujan, Argentina

Wide International Coverage

I have been a subscriber to *Beijing Review* for many years. I like your new format and I hope it does not cost a great deal more.

Your coverage of foreign news is wider than any that I receive from comparable periodicals.

I would like a small map of places in China when you describe a place which is not necessarily familiar to foreign readers.

L.E. Jackson
Cambridge, England

Giving an "Alternative" View

Your magazine is a must for every discriminating (that means, politically) reader in Western capitalist countries, because it gives an alternative view of a lot of important topics.

I like your colour covers very much. It adds a special "Chinese" touch to your magazine, and it fills me with pleasure every week!

I think your magazine is very good! One point: is it possible to give the tones on Chinese names? This will improve the pronunciation for beginning Chinese language speakers!

Ubbo van Dijk
Heereweg, The Netherlands

Olympics: From Underdogs to Champions

Only hours after the 23rd Summer Olympics opened in Los Angeles on July 28, marksman Xu Haifeng's victory in the free pistol shooting ended once and for all China's underdog status in Olympic circles. Not only was it the first gold medal of the games — it was the first China had ever won.

It was a far cry from 1932, when China, stricken by poverty, famine and civil war, could only send a one-man team to the 10th Olympics — a runner who was disqualified in the preliminary heats. In 1948 China participated in the Olympics for the last time before liberation, sending some 40 athletes on what amounted to a wild-goose chase for medals. The Chinese were mocked as nobodies and "The Sick Man of Asia." In comparison, this year it has fielded a 350-member contingent with a number of likely gold medal prospects among its 225 athletes.

Said Peter Ueberroth, president of the Los Angeles Olympic Organizing Committee, of Xu's gold medal: "The free pistol event is a very special event but this year it represents the first Olympic medal ever to the People's Republic of China. The Chinese have honoured us by coming to their first Olympic Games."

Xu, 27, a shop assistant from Anhui Province in eastern China, was calm and composed in the first round of competition, outshooting former world champion Ragnar Shanaker of Sweden with a total of 566 points out of a possible 600. His countryman Wang Yifu, 24, pocketed the bronze with 564 points.

Within 10 hours of Xu's gold winning effort, China saw its second gold won by 19-year-old

strongman Zeng Guoqiang, who lifted 235 kilogrammes to carry away the title in the flyweight division. His teammate Zhou Peishun, 22, finished second.

In the first 10 days of competition, nine more Chinese athletes struck gold in the Olympic bonanza — weightlifters Wu Shude, 25, in the bantamweight division, Chen Weiqiang, 26, in the featherweight division and Yao Jingyuan, 26, in the lightweight division; sharpshooters Li Yuwei, 19, in the running game target shooting and Wu Xiaoxuan, 27, in the women's small-bore standard rifle shooting; fencer Luan Jujie, 26, in the women's foil; and gymnasts Lou Yun, 20, in the vault, Li Ning, 21, in the floor exercise, pommel horse and rings and Ma Yanhong in uneven bars.

China's men gymnasts collected the silver medal for the team event. They scored nine 10's — perfect scores — in the compulsory exercises. The women gymnasts

won the bronze in the team event.

To date, China ranks third in the medal standings, with 13 golds, six silvers and five bronzes. Its performance at the games has attested to the fact that the Chinese people have got rid of the situation when they were physically poor and backward in sports. It has become a strong nation in Asia in the fields of sports, and in some items China has attained advanced world standards. From 1949 to 1983, Chinese athletes have broken or surpassed world records 268 times and won champion's laurels 122 times at international contests.

Public enthusiasm for sports has laid the foundation for the nation's athletic takeoff, and state-sponsored spare-time sports schools throughout the country have turned out to be cradles of athletic stars, who have erected a milestone in the country's sports history with their achievements at the ongoing Games.

Half Year Economic Performance

An all-round, stable and balanced growth of the national economy was registered in the first half of 1984.

Summer Grain Harvest. A recent initial estimation shows that the total output of summer grain is expected to exceed 88.5 million tons, 4 million more than in 1983, or an increase of 5 per cent. This year is the fourth consecutive year of increased agricultural output. The output of rapeseeds is 3.96 million tons, 225,000 tons less than that of last year as a result of reduction in the growing area of 230,000 hectares.

The early rice harvest this year is also expected to reach high yields, and the autumn crops are growing very well. Cotton, sugar crops, oil-bearing crops and cured tobacco are also doing better than in 1983.

In the first six months of this year, retail sales of the means of agricultural production amounted to 23,730 million yuan, up 9.1 per cent over the corresponding period last year. Small farm machines and implements are in great demand by the peasants. By the first half of this year, peasants bought 265,000 walking-tractors, 28.5 per



Motor-driven threshers made by the Wuzhong Farm Machine Factory, Ningxia, are well received by peasants.

cent more than in the same period of the previous year, and 80,000 motor-driven threshers, 4 times the number bought over last year. Large-scale tractors and motor vehicles also became more widely available in the first six months of this year.

Industrial Production Co-ordinated. From January to June 1984, total industrial output value reached 331,300 million yuan, 51.4 per cent of the state plan, or an increase of 11.6 per cent over the same period of 1983. Of this, light industrial output value was 163,100 million yuan, up 11.5 per cent over last year and heavy industrial output value was 168,200 million yuan, an 11.7 per cent increase.

Primary energy output in the first half of 1984 was 367.87 million tons of ideal fuel, 51.9 per cent of the state plan, or an 8.5 per cent increase over last year. This is the highest growth rate in recent years. Of that, coal output rose by 9.9 per cent, crude oil by 6.2 per cent and electric power by 7.29 per cent.

In the first six months of this year, profits earned by the state-owned industrial enterprises and

taxes on the sales of their products increased by 13.1 per cent, and profits handed over to the state by these enterprises went up by 9.4 per cent.

Capital Construction Strengthened. From January to June 1984, the total investment for capital construction earmarked by state-owned units was 21,730 million yuan, an increase of 9.3 per cent over the same period of 1983.

Thirteen large and medium-sized projects and 20 individual projects were completed and put into

The Shanghai Washing Machine General Factory plans to produce 70,000 washing machines this year, an increase of 50 per cent over last year.



operation in the first half of 1984. Newly built factories, mines and oilfields produced an additional 212,000 tons of machine-processed sugar, 300,000 tons of coal and 1,406,000 tons of crude oil. New generating units with a total capacity of 300,000 kw. have been installed. New railways running 605.9 kilometres were opened to traffic and electrified railways were constructed to a total length of 218.9 kilometres. Buildings with a total floor space of 13.25 million square metres were erected, including 7.61 million square metres of residential apartments.

Brisk Urban and Rural Markets. In the first half of this year, retail sales of social commodities totalled 148,430 million yuan, of which consumer goods brought in 124,700 million yuan, 10 per cent more than in the same period last year.

With the reform of the circulation system and increasing channels of circulation, there is a general increase in retail sales of commodities in various economic sectors.

Retail sales of commodities in the state-owned shops were 4.7 per cent more than in the same period last year, and their proportion in retail sales of social commodities dropped from 77.5 per cent to 73.9

per cent this year. Retail sales made through collectively owned shops increased by 13 per cent, and the proportion of retail sales rose from 16.9 per cent to 17.4 per cent; retail sales by individual economy increased by 70.8 per cent over last year, their proportion increasing from 5.5 per cent to 8.6 per cent. There were 49,000 urban and rural markets, with the volume of business amounting to 20,900 million yuan in the first half of this year, an increase of 7.2 per cent over the same period last year. By the end of last June, 50 urban trade centres had been opened in 22 provinces, municipalities and autonomous regions and 147 more centres are under construction.

Foreign Trade. According to customs statistics, the total volume of imports and exports amounted to US\$23,880 million, up 21.6 per cent over the corresponding period of the previous years, or an increase of 19.5 per cent after deduction of the price factor. Of this, exports reached US\$12,300 million, an increase of 2.5 per cent, or an increase of 18.6 per cent after deduction of the price factor, and imports totalled US\$11,580 million, a 21.7 per cent increase, or a 20.5 per cent increase after deduction of the price factor. There was a favourable balance of US\$720 million.

Among the exports, the volume of exported crude oil increased considerably to 50 per cent over the same period last year. Grain, cotton, edible oil and sugar imported were far less than in the same period of 1983, but more machinery of various kinds, transport facilities, rolled steel and chemical raw materials were imported.

New developments were also made in absorption of foreign funds. In the first half of 1984, China spent US\$1,223 million in foreign capital, up US\$ 600 million over the same period last year. Due to the flexible policies adopted by the Chinese Government on the

use of foreign funds, another 172 enterprises using Chinese and foreign investment have been approved by higher authorities.

Living Standards Improved. By the end of last June, the number of workers and staff throughout the country reached 115.4 million, or 2.49 million more than that of the same period last year. Compared with the same period of 1983, there was also a 9.2 per cent increase in wages and bonuses for workers and staff.

According to banking statistics, pensions for retired workers, the disabled and families of the deceased, as well as relief funds and other earnings increased by 19 per cent. By the end of June 1984, savings deposits reached 101,230 million yuan, an increase of 11,990 million yuan over January this year.

Jiangsu Planning Economic Upgrade

Jiangsu Province, which led the country in total output value in 1983, has drawn up a programme to improve about 1,000 old products and develop another 1,000 new ones from 1985-87.

Three hundred of these products will be up to advanced world levels. The programme will also concentrate funds to update and develop the technology for 2,400 projects, thus increasing the province's tax revenue by 2,400 million yuan, or one-third of total provincial revenues, a year.

Since 1978 the province has invested 6,500 million yuan in upgrading technology but has paid little attention to improving product quality. Over 80 per cent of its products are still at 1950s and 60s levels and economic efficiency is only increasing slowly.

The provincial government says reform must be the motive force behind updating technology, which should include the reorganization and integration of production enterprises and lead from simple product superiority to over-all economic superiority.

To carry out the programme, enterprises will be reorganized in three steps. First, enterprises will be reorganized and integrated to produce quality goods which sell well at home and abroad. Their technology will be stable and advanced. The next step is to integrate the same kinds of enterprises to turn out quality products according to advanced technical standards.

Finally the role of major cities will be brought into full play and all factories will be organized into an industrial production network.

Busy Times for Public Notaries

Notaries in Shandong Province are playing an important role in maintaining the legitimate rights and interests of specialized households and economic associations and in developing the rural economy.

Since 1985, notary offices have authenticated 40,000 certificates and documents for rural specialized households and economic associations or 63 per cent of the total attested contracts.

A notary's duties fall into two broad areas. First, he draws contracts on behalf of specialized households, authenticates contracts, examines notarial cases required by specialized households and economic associations, helps with legal details, supplements and rewrites contracts, and revises unequal contract regulations so that contracts will tally with reality and fall within the law. Second, he mediates economic

disputes and deals with matters that infringe upon the rights and interests of households and associations.

For instance, the notary office of Huimin County authenticated a contract signed by nine peasants to care for their brigade orchard for four years. In the first year, the peasants gathered a good harvest and earned a total of 10,000 yuan. A jealous brigade leader, however, came to the orchard with his men three times to occupy the land in an attempt to invalidate the contract. The notary office immediately investigated the case, eventually informing the troublemakers of the policies and laws concerned, criticizing their actions and persuading them to return the land they occupied by force.

Personnel from notary offices actually travel into the countryside to publicize what legitimate rights and interests specialized households can enjoy and do notary work in the latter's homes. Some of the offices do 90 per cent of their work away from the office.

Watermelons Ease 'Tiger Day' Heat

A bumper crop of watermelons is helping Beijing get through the sweltering heat of what the Chinese calendar calls "tiger days."

As the popular summer fruit floods the markets, many people are saying they have never eaten so much watermelon in their lives — and never at such low prices. Not counting imports from other provinces, an estimated 100,000 tons of watermelons will be sold in the capital this summer at an average price of 0.20 yuan a kilogramme (about US\$0.10), down 0.12 yuan from a year ago.

The thriving markets are the direct result of improved commercial channels. Last year watermel-

on producers on the outskirts of the city were told that after meeting the state quotas set out in each peasant contract under the production responsibility system, they could sell the surplus themselves.

However, state-run stores reported serious watermelon shortages because the municipal government lacked the means to enforce the quotas. Many street pedlars were buying watermelons directly from producers without the approval of the state wholesale department and some went as far as to force producers to sell them watermelons intended for the state stores. Other pedlars, taking advantage of the confusion, raised their prices. In the end, state stores sold only 50 per cent of the 1983 crop.

Part of the problem is that watermelons are highly perishable, which means the entire crop must be sold quickly. To handle the situation this year, the municipal government adopted a method of planned cultivation and marketing. The municipal fruit company is strictly controlling the wholesale market by enforcing contracts signed with watermelon producers and pegging prices to quality.

As well, four more wholesale departments have been set up to supply state stores with watermelons, with the original two supplying the collective-run stores and individual pedlars. In all there are more than 1,700 state stores, 400 collective stores and 300 pedlars selling watermelons, the state-run stores doing most of the business.

Lawyers Focus On Foreign Trade

Beijing has established its first law firm specializing in foreign trade.

The firm, which opened in July, offers a wide range of services, including registering companies and trademarks for patent rights, notarizing, representing clients in mediation, arbitration and litigation, and providing legal assistance in negotiations relating to trade and technological co-operation projects.

The firm has 40 lawyers, a 10th of the city's total, who speak either English or Japanese, and 18 well-known figures as advisers, and who perform their tasks strictly ac-

Some of the 2 million kilogrammes of watermelons being sent to downtown Beijing daily.



cording to China's relevant laws and regulations, as well as international practice.

It is the fifth law firm established in Beijing in recent years. The four others specialize in civil and criminal law, domestic economy and advisory affairs.

Construction Briefs

- The Xining-Golmud section of the Qinghai-Tibet Railway went into operation at the end of July after being checked and accepted by the state.

Located at 3,000 metres above sea level, this 867-kilometre-long line—first phase of the entire project—when completed, will play an important role in promoting local economic development and exploiting the region's rich mineral resources.

- The second set of turbines with a capacity of 300,000 kilowatts at the Baishan hydroelectric station on the upper reaches of the Songhua River in Jilin Province went into operation in early July. The first set of 300,000 kw turbines began generating last winter. The Baishan hydroelectric station, with 1.5 million kw capacity, is under construction. When completed, it will be the largest in northeast China.

- An exploratory well in the Liaohe Oilfield near Shenyang, Liaoning Province, produced 1,306 tons of crude oil and 70,000 cubic metres of natural gas in a 24-hour test on July 17.

It is the second high-yield well in the area.

The Liaohe Oilfield covers 12,400 square kilometres and has proved reserves of more than 600 million tons of oil and 34,800 million cubic metres of gas. The first well produced 6.1 million tons of crude oil last year.

- Large coal deposits with proved reserves of more than 400 million tons—the largest ever found in the region—have been found in the Youjiang Basin in western Guangxi Zhuang Autonomous Region.

These reserves are expected to increase coal supplies to Guangxi, which is seriously deficient in the mineral.

In the past five years, large deposits of bauxite and bentonite have also been found in the Youjiang Basin.

Holiday Activities For the Young

Various activities are being organized nationwide for youngsters now on school vacation, which began in mid-July.

More than 50,000 students across China, including those from Hongkong and Macao, will participate in 300 science camps this summer.

The camps, arranged by 40 societies under the China Association for Science and Technology, cover 40 fields such as geology, petroleum, telecommunications, aviation, hydraulic engineering, agriculture, solar energy and computers. These camps, located in China's 29 provinces, municipalities and autonomous regions, were sponsored by associations for science and technology at various levels.

The 1984 summer camp for Sino-American students in Beijing, sponsored jointly by the Interlogen Youth Educational Centre of the United States and the Youth Travel Service of China, has received dozens of holiday-makers from the United States and Canada. They will enjoy an interesting vacation with Chinese students in Beijing,

Beidaihe and on the grassland of Inner Mongolia.

In Shanghai, a special office has been opened to cope with 10,000 students applying for work-study programmes.

Central television has arranged special programmes including music, dance, movies, TV plays, science courses and intelligence competitions.

Cities have put on children's cinema and special recreation schemes in parks.

One of the main activities for students from universities and specialized colleges is participation in social investigation and social service. College students from Beijing, Tianjin, Wuhan, Shanghai, Sichuan and Anhui have "entered society" to take part in all kinds of work, in factories and in the countryside.

In addition to offering technical services in small and medium-sized enterprises in Beijing and Tianjin, Beijing University has sent 80 students to Qinghai Province in northwest China to help mines and factories solve technical problems in their production, to translate technical papers and to popularize knowledge of computers.

Survey teams from Qinghua University also went to the northwest and northeast to take part in social services.

Divided into 200 teams, Tianjin's 3,600 college students conducted investigation in factories and rural areas in Tianjin or outside the city, offering services for technical consultations.

The 900 students from Anhui Agricultural College went to the suburbs or mountainous areas to help specialized households and students from the Chongqing Architectural College went to the countryside to help peasants design new houses.

China, UK to Set Up Liaison Group

The talks between the Chinese and British Governments on the Hongkong issue have made substantial progress and both countries have reached an agreement on the setting up of a Sino-British joint liaison group. The following is the text of a statement on this given to Xinhua on August 1 by a spokesman from the Foreign Ministry.

During his working visit to Beijing, the British Foreign Secretary Sir Geoffrey Howe held fruitful talks with the Chinese leaders on the major aspects of the Hongkong question. The spirit of the talks was friendly and an atmosphere of mutual understanding and mutual accommodation prevailed. The talks registered substantial progress, as stated in the joint press communique issued at the conclusion of the visit. The two sides reached an agreement on the setting up of a Sino-British joint liaison group.

The Governments of China and the United Kingdom have agreed to set up the Sino-British joint liaison group in order to further their common aim and promote the co-operative relationship which already exists between the two governments over Hongkong. The functions of the joint liaison group shall be as follows:

1. To conduct consultations on the implementation of the joint declaration to be concluded between the Chinese and the United Kingdom Governments;
2. To discuss matters relating to the smooth transfer of government in 1997; and
3. To exchange information and conduct consultations on such subjects as may be agreed upon by the two sides.

The joint liaison group shall be an organ for liaison and not an organ of power. It shall play no part in the administration of Hongkong or the Hongkong special administrative region. Nor shall it have any supervisory role over that administration.

The joint liaison group shall be established on the entry into force of the joint declaration. The two sides have agreed that from July 1, 1988 the group shall have its principal base in Hongkong. It shall continue its work until January 1, 2000.

The government delegations of China and the United Kingdom shall continue their talks on the question of Hongkong with a view to achieving a comprehensive and satisfactory agreement within the scheduled time period.

Foreign Minister Wu Visits Mexico

The Chinese Government seeks to further improve its friendly relations and increase its co-operation with Latin American countries, according to Foreign Minister Wu Xueqian.

Wu made this remark at a banquet in Mexico, the first stop of his goodwill visit to four Latin American countries: Mexico, Venezuela, Argentina and Brazil.

China wants to establish diplomatic relations with all Central and South American countries on the basis of the Five Principles of Peaceful Coexistence, Wu said. One of China's main foreign policy aims is to promote the friendly relations with Latin American countries and increase co-operation with developing countries for peace and stability of the world."

Wu was in Mexico August 1-4. At a banquet in his honour, Mexican Foreign Minister Bernardo

Sepulveda expressed gratitude to China for supporting Contadora group's efforts in seeking a peaceful settlement of Central American issues.

"Strained situations in Central America, the Middle East, Iran, Iraq, the Korean Peninsula, Kampuchea and Afghanistan are all likely to produce uncontrollable crises," he added.

Wu said the international situation is sharply aggravated by superpower rivalry. "The 'hot spots' of our world, the Central America included, are closely related to their intervention and interference into the internal affairs of third world countries," he added.

Speaking about the North-South talks, Wu said, "It is regrettable to see that the North-South talks have achieved no substantial results since the Cancun Conference in 1981, owing to the stubborn attitudes of some developed countries."

China is earnestly striving for the improvement in North-South relations and South-South co-operation, as are most third world countries, he said. "China thinks it right for the North to take more of the responsibility in resolving North-South problems."

Wu is the first Chinese Foreign Minister to visit Mexico since the two nations established diplomatic relations in 1972. During his visit, he met with Mexican President Miquet De La Madrid and other Mexican officials.



Moscow

Anxieties Over Germany

by XIA ZHIMIAN

THE Soviet Union accused Federal Germany recently of "militarism" in its deployment of US missiles and of "revanchism" for "undermining the socialist system of the German Democratic Republic." However, these accusations showed only the heightening of Moscow's anxieties.

According to Bonn, the latest Soviet attacks on the Federal Government's foreign policy have been the fiercest of any received in the last 10 years. Attempting to vie with the United States for the domination of Europe, the Soviet Union has adopted a dual policy of attack and restraint towards Federal Germany, but mostly restraint because Federal Germany occupies a decisive position both economically and militarily in Western Europe and is one of the most important Western allies of the United States.

The disintegration of relations between the United States and Federal Germany has top priority in the Soviet design of undermining US relations with Western Europe and advocating neutrality there.

This is why former Soviet leader Leonid Brezhnev had visited Bonn three times to increase contacts with this ally of the United States. And in fact Soviet relations with Bonn were for a long time better than its relations with Paris or London. Before the deployment of US nuclear missiles on Federal German soil, Bonn leaders went to Moscow several times, showing that Bonn enjoyed "special status."

But despite their gains in the past, the Soviets have now launched fierce attacks on Bonn's foreign policy. Moscow's conduct does not signal a success in its Western Europe policy but reflects its anxieties over the recent deployment of US missiles in Federal Germany.

What is intolerable to the Soviets is the fact that relations between Eastern and Western Europe, and the two Germanies in particular, are showing signs of improvement despite an overall chill in the East-West climate due to the breakdown of the US-Soviet talks on nuclear weapons. This has contributed to Moscow's anxieties.

Federal German newspapers have said that the *Pravda* article of July 27, which expressed disapproval over the closer links between the two Germanies, stressed

United States

Territorial Dispute Handled Wrong

by GAO CHANGYUN

THE US Navy, in an action intended by the White House, Pentagon and State Department to express their displeasure with a number of countries' demand for expanded territorial rights at sea, sent fighters to conduct "free flights" on the Gulf of Sidra on July 26.

The United States does not recognize Libyan sovereignty over the Gulf of Sidra, saying it extends only three nautical miles out into the Gulf. In August 1981,

that the improvement of relations between the two Germanies could not be isolated from the overall international situation or from Soviet-US relations.

Besides, the press pointed out, the *Pravda* article was also a warning to both Eastern and Western Europe, the former in particular. The two Germanies reached another loan agreement last week, and the Bonn government announced the first visit to Federal Germany by Democratic German leader Erich Honecker, scheduled for September. The *Pravda* article might not be a coincidence in view of these developments.

In view of the situation in Europe, one can see that independence and self-reliance have become an irresistible wave on the continent and closer links between Eastern and Western Europe are an irreversible trend. This being the case, the superpowers' ability to dominate Europe is gradually weakening. Moscow may accuse and warn, but will that work?

the United States, in defiance of a Libyan warning, deployed the Sixth Fleet on manoeuvres in the Gulf. An aerial skirmish occurred, in which two Libyan Su-22 fighters were shot down.

Every year the United States makes these "free flights" in a dozen or so regions. According to US military officials, the decision by more and more countries to extend territorial limits at sea from three to 12 to 200 nautical miles has forced the United States to choose between keeping or losing its rights on the sea. One Pentagon official even said the United States

would navigate whenever necessary, regardless of expanded territorial limits.

Every coastal country has the sovereign right, free from external interference, to reasonably formulate its territorial limits at sea in light of its geography, economic development and national security, considering at the same time the interests of its neighbours and the necessity for international navigation. This is shown by the varying stipulations of territorial limits from country to country. The United States, however, has not signed the Convention of the Law of the Sea; so it has no right to dictate to other countries how wide their territorial limits are or should be and still less the right

to voice its stand on the question through a show of force. International law, for the convenience of navigation, allows free passage through territorial waters, but it permits neither free flights through air space within territorial limits at sea nor free navigation as a pretext for a show of military strength. The free passage of warships is still being debated. The so-called "free flights" or "free navigation" by the United States are a sign of hegemonism and are harmful to the relaxation of world tension.

All countries, especially large countries, should be aware of their duties and role in the world. Their words and actions should benefit world peace and international understanding and friendship. The United States is ignoring this.

The military rule has done a great deal to pave the way for the restoration of democracy. After seizing power, it made efforts to bring the country on to the road towards the economic recovery. It worked out policies and measures to reduce financial deficits, slash public spending, limit import of luxuries, encourage and protect foreign investment and shore up medium-sized and small national enterprises.

In recent years, however, because of the fall of international market prices, the output and export of iron ore and natural rubber—two of the three pillars of Liberia's economy—have drastically declined, bringing the economy into difficulties.

Faced with this serious situation, the military government has worked hard to get the country out of its economic distress, so as to maintain political stability. Furthermore, it has repeatedly pledged to restore democracy to win the hearts of the people. It appointed a 25-member committee to draw up a new constitution and a consultative committee consisting of 59 people to supervise the revising of the draft constitution.

In July 1983, the military government issued a timetable, according to which the draft constitution would be presented to the public in January 1984, and a general election would be held at the beginning of 1985. For a variety of reasons, however, this did not materialize. Last April the military decided to hold off the general election until October or November 1985. It is predicted that a civil government will be formed at the beginning of 1986. Already, all previously banned parties have been allowed to restore activities.

In short, Liberia's switch to democracy is being well received throughout the country. If the

Liberia

Restoration of Democracy on Agenda

by ZHANG YISHI

THE recent promulgation of a new constitution in Liberia and the formation of a provisional congress mark a positive step on the road towards the restoration of democracy after four years of military rule.

The new constitution was promulgated on July 20, after receiving support from the general public at a countrywide referendum on July 5. It was reported that nearly 4 million people, more than half the population of Liberia, went to the polls, indicating that the military rule has popular support in returning democracy to the country.

Liberia was the first African country to win independence. Its first constitution was copied from that of the United States, giving birth to a political system in which administration, legislature and judiciary share governing power.

In April, 1980, the military staged a coup d'état and brought down the civil government under former president William Tolbert, thus putting an end to the 133-year-long rule by blacks of American descent. Martial law was implemented, and the constitution was suspended from operation.

The new constitution differs from the old one in some fields and agrees with it in others. The main points of the present constitution include a multi-party system and the granting of rights whereby all Liberian citizens are allowed to organize or join parties and political organizations of their own. It defines measures to fight against corruption and degeneration and wipe out tribalism.

Equally important, the provisional congress is widely representative, with more than 50 members from various states, although the military is still in the saddle.

new constitution is observed, it will help maintain political

stability and bring about economic recovery.

cies pursued by the present Greek Government are somewhat different from those of its predecessors. Although some successes have been achieved, difficulties, especially economic difficulties, still exist. Living standards for most Greeks have not risen at all because of price inflation and the government's austerity policy. Its foreign policy is also under attack within the country. In municipal elections in October 1982 and the elections for the European Parliament last June, PASOK, though maintaining a majority, did not increase its hold. The conservative New Democracy Party, however, won seats in the elections. This promises a hotly contested general election next year. The United States may try to exploit this opportunity to press the PASOK government to change its foreign policy. Although relations between the two countries, because of their respective interests, are not likely to break down, their differences will not be ironed out quickly.

Greece

Relations With Washington Chillier

by ZHANG QIHUA

GREECE has got tough in its relations with the United States recently, after Washington threatened to stop selling it US-made fighters and forbade Norway to transfer US military aircraft to Athens.

In fact, US-Greek relations have been in trouble ever since the Panhellenic Socialist Movement (PASOK) took power in 1981. The two countries have argued bitterly until the end of 1983 over whether the United States should be allowed to maintain its military bases in Greece, and remarks made in May at a national party conference by Prime Minister Andreas Papandreu criticizing the US expansionist policy exasperated Washington. During his visit to Czechoslovakia and the German Democratic Republic in early July, Papandreu made joint statements with the leaders of the two countries expressing similar views on disarmament and cessation of the arms race.

Greece's opposition to the deployment of the US missiles in Western Europe has also upset the United States. The recent case of a suspected terrorist and a strike by Greek workers at US military bases have left the two countries tossing accusations at each other. The United States has publicly expressed disappointment with the Greek Government, while Greece asserts that it will not yield to any pressure and will reconsider its relations with the United States if Washington interferes in its internal affairs.

Underlying their differences are

some profound causes. Greece, though a member of the North Atlantic Treaty Organization, has had an anti-American attitude since the end of World War II, and their relations been strained on a number of occasions since then. Furthermore, Greece believes that the United States favours Turkey in its dispute with Turkey over Cyprus and the Aegean Sea. Greece, to pursue a pluralistic foreign policy and maintain regional peace, has cultivated its relations with the Soviet Union, Eastern Europe, the Balkans, the Mediterranean countries and the Arab world. By doing so, it has further displeased the United States.

The domestic and foreign poli-

Guinea

Diplomatic Gains After Toure

by WAI YIN

SHORTLY after a military takeover last April, the new leaders in Guinea plunged into a flurry of diplomatic activity to develop good-neighbourly relations and win international sympathy and support.

Prime Minister Diara Traore first visited Guinea's immediate neighbours and several states in the West African sub-region, later proceeding to 12 more African and Arab countries to explain why the military took over after the death of President Sekou Toure. Leaders of all these countries expressed understanding and support for the new government and promised to

promote good neighbourliness and friendly ties with Guinea.

In mid-June, Traore extended his travels beyond the African continent to France and the European Economic Community. After detailed discussions with French President Mitterrand on proposed French aid to Guinea, he announced with satisfaction that the Guinean-French relationship had undergone a "substantive change."

His fourth trip took him to Britain, Yugoslavia and Romania, where he was assured of understanding, trust and a desire for co-operation with Guinea.

From all this activity, it is apparent that the new leadership, which had pledged to continue the

foreign policy of President Toure, has in fact made certain adjustments. It has improved relations with as many countries as possible in order to attract extensive international co-operation. Guinea under the new leadership will "rely on France and the United States" in its future economic development. Traore said that Guinea hopes for all-round co-operation with France including co-operation in defence, and that France in turn has promised to help Guinea in education, rural development, fishing, capital construction and financial restructuring.

While the new leadership appears to be chiefly relying on the West, it has not neglected its re-

lations with the Soviet Union. From its original wait-and-see attitude, the Soviet Union has switched to promises of continued assistance. The United States, on the other hand, has deliberately postponed Traore's proposed visit to America, apparently out of resentment over continuing Guinean-Soviet ties and the close Guinean-French relationship.

Extensive diplomatic activity and moderate positions on certain African and international issues have also helped bring about early stability in the country after the military takeover. At least 200,000 of the more than 1 million exiled Guineans are reported to have returned home in the past three months.

African Countries Efforts Made to Solve Food Crisis

by LI CHANGJIU
and OU YUCHENG

THE 15th UN Food and Agriculture Organization (FAO) regional conference for Africa, which was held on July 23-25 in Harare, Zimbabwe, adopted the "Harare Declaration on the Food Crisis in Africa" emphasizing the necessity of giving the highest priority to agricultural and rural development to make Africa sufficient in food supply.

The meeting was attended by representatives from UN agencies and 40 African countries who agreed to solve this crisis mainly by themselves and to make co-operative efforts in improving the agricultural situation through short, medium and long-term development programmes. It was an important one for Africa as the continent is beset with serious food shortages and starvation.

According to an FAO release, the continent's economy achieved a growth of only 0.2 per cent last

year. Agricultural production registered an increase of less than 1 per cent, while the population growth averaged 5 per cent.

Per-capita food consumption was even less than that of 1973, a year of serious food shortage. At present, about 150 million people in 24 African countries, one-third of the total population in Africa, are hungry. Every year almost 5 million children die of starvation and another 5 million children suffer disabilities due to starvation and malnutrition. These countries are in urgent need of food donations of 5 to 5 million tons this year.

Colonial domination is the main cause of the economic backwardness and food shortage in Africa.

During colonial rule, the African countries were forced to grow a single crop to meet the needs of the Western countries, producing inadequate food grains for themselves. Their foreign exchange came mainly from the export of raw materials.

In the last few years, there was a drastic decline in the African countries' foreign exchange income and an ever increasing international payments deficit due to the measures adopted by the Western countries to force down the prices of cocoa, coffee and other local products. The international payments deficit, as the *Los Angeles Times* reported on June 10, has increased by 300 per cent since 1973, totalling now more than US\$60,000 million.

Border skirmishes among some of the African countries, a legacy of colonial rule, have caused 4 million African people to flee their homes. In addition, about 8 per cent of the rural population, youth in particular, swarm into cities and towns every year, leaving behind large tracts of farmland lying wasted. The unprecedented drought prevailing in 34 countries in Africa has aggravated the food shortage problem.

More and more African countries now begin to realize that to root out the food shortage, they must boost their agricultural production and, at the same time, control the population increase. It was reported that the African population grew at an average annual rate of 2.9 per cent in the 70s. (In some countries the figure was 4 per cent), with an increase of 1.5 per cent in grain production. Per-capita food consumption in 1980 decreased by 15 per cent over the 70s, and by 20 per cent over the 60s.

Africa is rich in natural resources, and its hardworking people will surely find a proper solution to the food problem so long as they concentrate their efforts on grain production and strengthen their co-operation. In addition, they need foreign aid. FAO has appealed urgently for international aid, and to date, the continent has already been promised 2.35 million tons of food.

China's Countryside Under Reform

Beginning from this issue, "Beijing Review" will publish a series of articles commemorating the 35th anniversary of the founding of the People's Republic of China. The following is the first article in the series. — Ed.

by DU RUNSHENG

THIRTY-FIVE years ago China was a semi-colonial and semi-feudal society. Even after several thousand years of agricultural civilization, none of the dynastic rulers — no matter how intelligent — had been able to feed the entire population. The destruction by one war after another had left the country backward. Poverty and hunger loomed over the heads of the Chinese people.

In the intervening 35 years, China has progressed in developing its rural economy. The most important achievement has been that China, relying on its own strength, has solved the problem of feeding its 1,000 million people. In 1985, for instance, it produced 387 million tons of grain, 4.6 million tons of cotton, 40 million tons of oil seeds, 14 million tons of pork, beef and mutton, 5.4 million tons of aquatic products. So, basically China can afford to feed and clothe its population — each person having 340 kilogrammes of grain (excluding soybeans and potatoes) and 4.5 kilogrammes of cotton a year (at present 18 provinces have surplus grain to ship out). Health has improved. A 1981 survey showed a life expectancy for both men and women of 67.8

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years on an average. Feeding and clothing almost 25 per cent of the world's population has not been easy for China, which has only 7 per cent of the world's land. China's growth rate in agricultural

output value and the increase in quantity of major farm products have been remarkable (see Table 1). The mixture of the output value of farming, forestry, animal husbandry, sidelines and fisheries has changed remarkably. Of the 1985 total output value, crops made up 62.2 per cent, sideline production 16.2 per cent, animal husbandry 15.5 per cent, forestry 4.1 per cent and fishing 1.4 per cent. Calculated in accordance with the current prices, total agricultural output value in 1985 reached 312,100 million yuan; calculated in accordance with comparable prices, it increased 5 times the 1949 figure, or an average annual rise of 4.8 per cent. From 1949-52, China went through an economic rehabilitation. From 1953-78, total agricultural output value was up 3.2 per cent annually on an average. From 1978 onward, agriculture has been switched to high

Table 1:
Output of Major Farm Products

	1949	1985	Increase (times)	World position
Grain (tons)	115,180,000	387,280,000	3.4	1st
Cotton (tons)	444,000	4,657,000	10.4	1st
Oil Seeds (tons)	2,564,000	10,550,000	4.1	—
Sugar-bearing crops (tons)	2,855,000	40,523,000	14.2	6th
Pork, beef and mutton (tons)	(5,585,000)	14,021,000	4.1	—
Aquatic products (tons)	450,000	5,460,000	12.1	—

Note: The brackets indicate 1952 figures.

gear. Statistics show that from 1978-83, the annual increase averaged 7.9 per cent, almost 2.5 times that from 1953-78.

In the past 35 years, China's agriculture — the foundation of the national economy — has provided industry with large amounts of raw materials, sufficient manpower, and a vast market, which allowed industry to develop at an average annual rate of 12.5 per cent from 1951-80. Despite a 4,000-year agricultural civilization, China does not possess favourable natural conditions for farming. Though its land area comes to 9.6 million square kilometres, only about 14 per cent is arable. Moreover, because of the disequilibrium of rainfall, only one crop a year is possible in most areas whereas population grows very fast. To improve these conditions is vital to developing agriculture.

While carrying out the reform of its agricultural economic system after liberation, China devoted great efforts to technically transforming its agriculture. Since then, China has made headway in improved varieties of seeds, fertilizer production, irrigation and water conservation construction, and manufacture of farm machinery and other agriculture-related equipment. It has also built up large areas of farmland with consistently high yields. Statistics (see Table II) show that by 1983 China had built 86,000 reservoirs of all sizes with a total capacity of more than 420,000 million cubic metres. Of them, 335 are large ones, able to hold 300,000 million cubic metres. In the same period, 2.4 million machine- and electricity-driven wells had been dug. Total capacity of irrigation and drainage equipment reached 78.5 million horsepower and 44.6 million hectares were under irrigation. There were

more than 850,000 large and medium-sized tractors, 2.7 million walking tractors and 270,000 heavy-duty trucks for agricultural use. The total power capacity of farm and forestry machines reached 245 million horsepower. Electricity used in rural areas reached 43,500 million kwh, with each hectare of farmland consuming 455 kwh. There were 16.6 million tons of fertilizer applied in 1983, or 750 kilogrammes per hectare. The increased use of modern agricultural facilities and equipment, together with the introduction of agro-technology and agricultural education, greatly promoted farming and offered a material basis for further development.

In recent years, there have been marked increase in personal net income. A 1983 survey indicated that per-capita net income was more than 300 yuan, up 4.3 times from 1957 and 2.3 times from 1978. An increasing share of living expenses went to household appliances and housing. Despite all this progress, peasants are still not rich as they expected to be.

After the founding of New China, the Party, acting in accordance with the wishes of the peasants, began to carry out nationwide land reform. There was a rapid economic rehabilitation and development from 1950-52. In the next six years, there was a socialist transformation of the small farm economy, which basically underwent three stages. At the outset, the Party was prudent. Leaving private ownership of land as it was, it organized what were called mutual-aid teams. On the basis of these teams, it next organized agricultural producers' co-operatives, or elementary co-operatives, by asking the peasants to place their farmland under unified management on a share basis. The principles of voluntary participation and

Table II:

Growth of Advanced Farm Methods and Resources

	1952	1983
Total reservoir capacity (000,000s of cubic metres)	30,000	420,000
Capacity of irrigation and drainage equipment (000,000s horsepower)	1.2	787.6
Acreage under irrigation (000,000s hectares)	19.96	46.64
Large and medium-sized tractors	13,000	841,000
Heavy trucks for agricultural use	280	274,800
Total power capacity of farm machinery (000,000s of horsepower)	0.25	245
Electricity consumed (000,000s of kwh)	50	43,520
Fertilizer applied (1,000 tons)	78	16,598
Tractor-ploughed farmland (000,000s of hectares)	1.4	33.57



Farmers harvesting spring wheat in Ningxia Hui Autonomous Region.

mutual benefit were strictly adhered to. Some places were selected for trial and what was gained in exemplary areas was popularized step by step. By 1955, the co-operative drive had reached its height—the advanced co-operative, in which all farmland and other major means of production came under public ownership. This form, similar to the Soviet collective farm, was well received in some areas and rejected in others because the peasants there had not yet recognized its advantages. Generally speaking, however, the achievements obtained up till then in the agricultural co-operative drive should not be ignored, because production developed quite rapidly. The socialist agricultural economic system was by and large established. However, it is hard to say that the people's commune campaign from 1958-59 was a success. It was on too large a scale and moved too fast in putting farmland and other means of production under public ownership, the deployment of labour force was too concentrated, the form of management was uniform and egalitarianism was practised in distribution. All these stifled the peasants' enthusiasm and prevented the

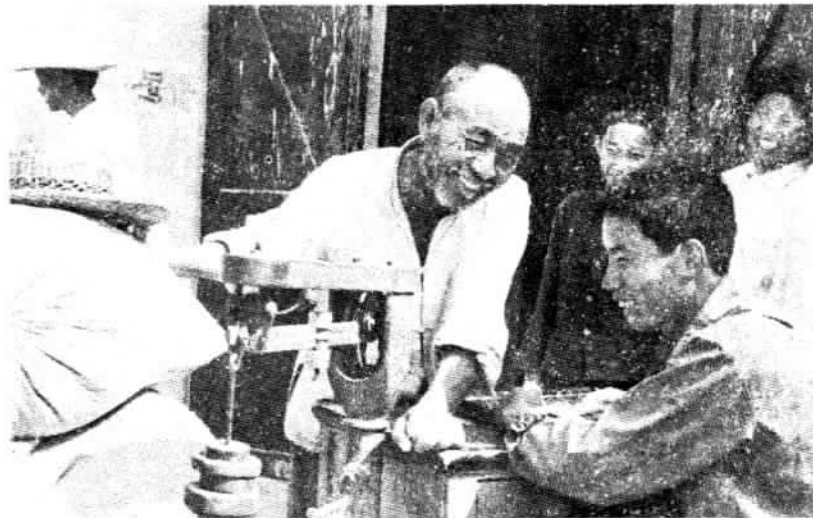
demonstration of the superiority of China's socialist agriculture. Production dropped drastically as a result. Handicapped as well by other unfavourable factors, China ran into economic difficulties that lasted three years.

With this in mind, the Party Central Committee and Chairman Mao Zedong worked out a series of policies and methods to try to steer the people's commune system on to the right track. They called for an end to deprivation of the peasants and a gradual, unhurried

introduction of the commune system where the peasants had not yet recognized its merits. They also called for opposition to egalitarianism, development of commodity production, exchange at equal value, distribution according to one's work, and rectification of the "Left" mistakes. Such documents as "Sixty Articles on the Work of People's Communes" were accordingly worked out to narrow the scale of commune operation and lower the degree of public ownership so as to retreat to where the peasants could accept the three-level system of ownership of the means of production by the people's commune, the production brigade and the production team, with ownership by the production team as the basic form. The situation thus became stable and began to turn for the better. By 1965, the rural economy was once again rehabilitated and developed. Some of the "Left" mistakes, however, were not thoroughly corrected.

The next 10 years, from 1966-76, saw the economy decline into chaos as the "Left" mistakes were carried to extreme, abetted by the counter-revolutionary Lin Biao and Jiang Qing cliques. Commune members' private plots, family sidelines, and free markets were cut off as "capitalist tails." Grain production was unduly stressed to

Bai Weilin (middle), a peasant in Henan, selling his wheat to the state.



the neglect and even damage of cash crops, forestry, livestock-raising, fishing and sideline production. As a result of a deformed structure, agriculture was once again led down a dead-end.

The counter-revolutionary Jiang Qing clique was destroyed in 1976, and two years later the Chinese Communist Party convened its historic Third Plenary Session of the 11th Central Committee. From then on, China entered a new historic period, a time of modernization. The focus of Party and national work was shifted to economic construction, with attention concentrated on developing agriculture as rapidly as possible, a prerequisite for national modernization.

On the right track, at last, the Party set out to thoroughly examine its work in the countryside and realistically analysed the conditions of China's agriculture, affirming what was right and correcting what was wrong. Finding that the former mode of production hindered the development of production, the Party promptly began a bold and systematic reform and accordingly worked out some policies and principles for the countryside. It also readjusted its rural policies regarding pricing, taxation, credit and the purchase of agricultural and sideline products and allowed the peasants to have private plots, and to engage in family sidelines and fair trade. It particularly respected the ownership and self-determination of the collective economic organizations at various levels. It forbade transfer and requisition of the production team's manpower, funds and materials without compensation. The policy now was to diversify the economy, institute various forms of production responsibility system, improve the wage method and implement a merit system of basing pay according to work. These changes have proved effective in stimulating peasants' enthusiasm and creativity.

The contract responsibility system introduced to the producers co-operatives is a new creation by Chinese peasants under the Party's leadership. Under this system the socialist nature of ownership is upheld while the farmland is contracted to the peasants for cultivation. It is called "two-level management," that is, the highly centralized management is changed into one in which centralized management is integrated with decentralized management. Its greatest advantages are that it sidesteps subjectivism in management and egalitarianism in distribution and changes the former practice of "everybody eating from the same public pot." Whoever is actually producing has the decision-making power and gets the benefits. Anything that is suitable for peasant households should be done by the peasants themselves. Any work which calls for joint efforts should be done collectively. This system assumes different forms across the country.

The Party has also rearranged the economic structure and the structure of production. In addition to the well-rounded development of grain, cash crops, livestock, forestry and fishing, it has called for the development of in-

dustry in the countryside (especially the processing industry), trade, transportation and various service trades. With such a diversified economy, it is possible to bring into full use China's abundant labour and rich resources and promote the division of labour and development of commodities, thereby encouraging its traditional, self-supporting agricultural economy to grow into a large-scale commodity economy and agriculture to modernize and allowing peasants to prosper gradually. The emergence of a large group of specialized households in the countryside marks a new development in the rural economy and in the division of labour and is expected to lead to a comprehensive development of the rural areas. This great transformation, after trial and error, has proved to be successful as China gropes for methods suitable for its agriculture.

Experience has shown that for effective agricultural production the manager and the producer should be one and the same. Agriculture, unlike industry, is influenced by nature and therefore requires that the producer displays a high sense of responsibility and has the right to make production

Members of the Zhou family, which specializes in growing flowers in Sichuan, readying the conference room they built for horticultural and business meetings.



decisions according to the changed situation. The former production pattern, however, had defects in this regard.

Relations of production should be transformed to conform with the development of productive forces. It is not an easy job to thoroughly change the small-scale private ownership and traditional peasant methods of production. It requires the socialization of material production, which depends on how far a country's modern industry has developed. Although this task can certainly be accomplished in an economically underdeveloped country like China, one should not expect that such a change can be brought about overnight; instead, its accomplishment requires the efforts of a whole generation.

Rural China now is in a period of transformation and in a favourable situation rarely seen since the founding of New China. This year's production, though affected to varying degrees in some areas by natural calamities, is expected to yield another good harvest. An important sign of this good situation is that the peasants' enthusiasm for socialism has been aroused and the road for developing the rural economy is becoming wider and wider. Everybody is concerned with the future and the trends of rural development. The economic transformation which has just begun in rural China is sure to advance even further.

In a series of documents formulated since 1978, the Party has outlined its long-term targets, which can be summed up as follows.

(1) To map out a socialist road suited to Chinese society and search for an economic pattern, which helps fully develop the productive forces and is acceptable to the local people.

(2) To encourage mutual aid between the city and countryside for joint development. Industrial



Gao Zhongjun (left) inspects an imitation tri-coloured Tang vase produced at a workshop run by himself and four other Henan peasants.

development should consider what agriculture needs and what the peasants can afford. Industry should serve agriculture. Township industries should also be properly developed to absorb surplus labour and narrow the undue gap between the city and the countryside.

(3) To secure a well-rounded development of the rural economy. The development of the rural economy should be co-ordinated with the development of society. Some areas and some people should be allowed to get rich first while other places and other people should be given help to prosper together. The countryside should develop not only agriculture but industry, trade and other undertakings to a degree. At the same time, education, health services and scientific undertakings should be developed.

(4) To co-ordinate the development of production with the protection of the ecological environment so that agricultural resources could be used rationally to avoid exhausting them.

Some foreigners ask whether the family-based contract responsibility system hinders the realization of the modernizations, which

require large-scale production. The responsibility system, though small in size, is an integral part of the co-operative economy, in which the peasants can co-ordinate their labour and work collectively if necessary. For example, they can build water conservation works, purchase large farm machinery and so on. This system takes advantage of family-based management while avoiding its limitations, as often seen in small-farm production. It sidesteps the shortcomings of overconcentration while inheriting the advantages of the co-operatives. This system is by far the best way to update agriculture with modern science and technology.

Small-scale family-based management needs to be enlarged gradually. But it should not go back to the past. It is necessary to diversify the economy, absorb rural residents into small enterprises and service trades, decrease the number of people specializing in farming and concentrate farmland in the hands of those good at farming. In the past, it was believed that the bigger the scope the better. This type of thinking is one-sided. Large-scale farming, if not well co-ordinated with other productive

factors, could not get good results. Over the past half a century, because of technological progress and specialization and socialization of production, agricultural production has become all the more intensive, with large investments sunk into small blocks of farmland to yield as high an output as possible. Family-based farming can get better results if only it is kept to a proper size.

Since we have implemented flexible rural economic policies in the past few years, it is certain that the commodity economy will make great headway. The development of a diversified economy has brought about prosperity to some areas and some people first. Under such circumstances, some foreigners have again asked whether this will lead to polarization of the rich and the poor.

In my opinion, polarization of the rich and the poor is meant that some people who control the

means of production become capitalists by exploiting others, while other people who have lost the means of production and are thus exploited by others become proletarians having no choice but to sell their labour. In China, where there is no exploitation and no come-back by the exploiters is allowed, everybody is guaranteed working and living conditions. Therefore, it is unlikely that such a situation could arise. Currently, some people are prospering quickly, some slowly and some not at all. To let all people eventually get rich, it is necessary to let some get rich first. At the same time, efforts are being made to let others get rich gradually. To prosper together does not mean prospering simultaneously.

In our country, the privately owned enterprise is not an independent socio-economic form and so cannot possibly become capitalist because China has a socialist system with political power at the

hands of the people. Farmland and other resources are owned either collectively or by the whole people. Big factories and banks are government-controlled so that the economic means are sufficient to keep China's socialist economy in a dominant position. Privately owned enterprises and other forms of business having the nature of private ownership are and will be no more than complements to the socialist economy. With rural productivity rising, further development will eventually be seen in the division of labour and commodity exchange — a phenomenon promising the further development of agricultural production. The way to rule a country well is to first let the people get rich quick. Only when the people become well-off can the country become powerful. When rural productivity has developed and 80 per cent of the peasants have prospered, the country will become powerful. □

Jialing Motorcycle Joint Enterprise Takes Off

by YANG ZURONG

EARLY this year, hundreds of peasants from 16 towns flooded into Lingbao County, Henan Province, to take part in a motorcycle race. The race commenced with a steady stream of various brands of motorcycles tearing along the street, and at its conclusion Jialing brand motorcycles had carried the day, riders on Jialing cycles walking off with 11 of the 12 prizes won that day.

Within only five years, the Jialing motorcycle plant in Chongqing, Sichuan Province, has developed from being a trial operation to being a producer with an annual capacity of 150,000 motorcycles. Its cycles not only sell briskly in

the domestic market but are expected to enter the international market this year. The key to its success lies not in expansion but rather in its having entered into a joint production agreement with several existing enterprises.

Relying on Existing Enterprises

In 1979, with the beginning of readjustment in the national economy, the Jialing Machinery Plant, a former ordnance factory, decided to tap its latent potential and switch to producing durable consumer goods. Its well qualified technical staff and rather advanced equipment were turned to good advantage by deciding to produce the highly marketable, technically demanding CJ 50 type motorcycle.

Lacking the appropriate technol-

ogy and experience, they at first intended to import advanced technology from a foreign company. However, so agreement was reached because the price was too high, whereupon they were determined to manufacture it on their own. When the prototype turned out to be successful they were greatly encouraged.

In 1980, the motorcycle was put into serial production, but the output was only 2,500, one quarter of the planned quota. As the motorcycle is constructed from 1,500 components whose manufacture involve the high-precision technologies of metallurgy, mechanics, rubber, electricity and plastics, this project was far beyond the capacity of just one factory. They realized that only by entering into a joint production agreement with other enterprises could the vehicle be mass produced.

The author is a Xinhua correspondent in Chongqing.

At the same time, many other enterprises were also seeking opportunities to develop new products in joint production. With the help of the Chongqing city government, the Jialing Machinery Plant and other eight local factories formed a joint enterprise. Meanwhile, the plant also established cooperative ties with more than 110 enterprises across the country, causing the Jialing plant's production to enter a new stage of development.

These participating enterprises included state-owned as well as collective enterprises. Some were directly under the ministries of the State Council and some were under local authorities. They co-produced products according to each's specialities without changing their system of ownership. Beside being responsible for final assembly, the Jialing Machinery Plant also undertook to produce the axles and motorcycle frames. The Puling Machinery Plant and Huawei Electronic Instrument Factory both specializing in small-sized gas-engines, undertook to produce the motorcycle's engine, and the Changjiang Rubber Factory was entrusted with producing all of its 41 rubber components.

Following the establishment of the joint venture, a managerial committee was set up with members from each participating factory, and delegated with the responsibility of working out production plans, determining profit distribution and solving problems arising from production and sale.

Rational distribution of economic benefits has been the key factor in ensuring the stability of the joint venture. Profits are distributed by two steps.

The first distribution is based on target cost. The assembler (the Jialing Machinery Plant) pays the other manufacturers for the components they produce according to the target cost. Each manufacturer must then take care of its own

profits and losses, based on the actual cost of manufacturing the components.

On the second occasion, profits earned from sales are distributed. Each manufacturer is paid according to the proportionate value which its components occupy in the value of the vehicle as a whole. The common interest by which all members of the association are united has done much to arouse the enthusiasm of its participants, thereby promoting the production of the motorcycle.

Co-operation has saved Jialing time and money. It has been estimated that to construct a new motorcycle plant capable of producing 150,000 vehicles annually would take three years and require an investment of 60 million yuan. However, by relying on existing enterprises and tapping their potentials, the Jialing Joint Enterprise managed to set up a big production centre with a floor space of 80,000 square metres and 46 production lines equipped with 1,700 machines within a short period of time. It produced 50,000 motorcycles in 1981. The next year saw the figure jump to 70,000; and last year its production and sales both exceeded 100,000. The plant has now become the

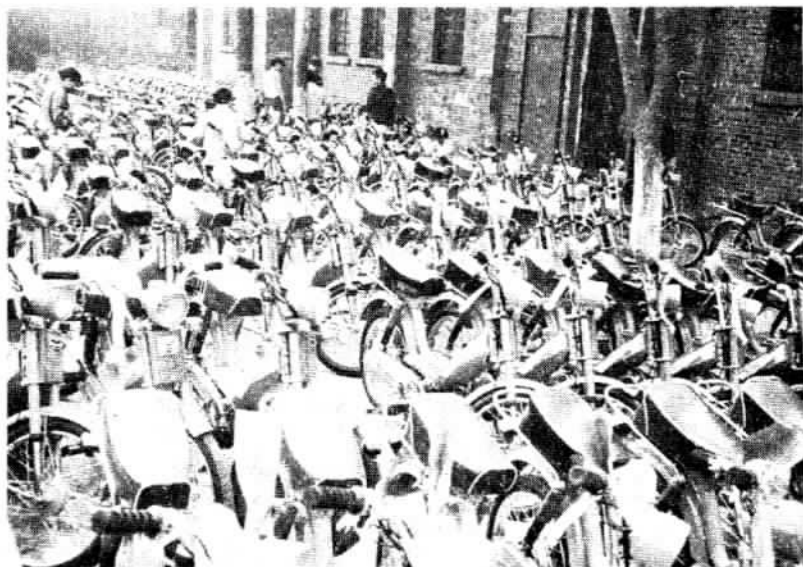
nation's largest motorcycle manufacturing centre, with an annual production capacity of 150,000.

Importing Advanced Technology

Motorcycles are durable, expensive consumer goods. In order to satisfy the customers' demand for better quality, the Jialing Joint Enterprise began concentrating on making improvements in this area.

In 1981, Jialing reached an agreement with Japan's Honda company, the world's largest motorcycle manufacturer, to import technical know-how.

Since 1982, Honda had provided the joint enterprise with 146 items of technology for the CJ 50 type motorcycle which were required to raise its horsepower from 2.5 to 2.8 and reduce its oil consumption from 2.2 litres per hundred kilometres to 1.43 litres at limited speed. A year later, the quality of the product was judged to be equal with that of the Honda's with certain features even surpassing its standards. Beginning in 1983, the Jialing CJ 50 type motorcycle formally adopted the joint trademark "Jialing, China — Honda, Japan."



The second step in co-operating with Japan was taken from 1984. With Honda providing the complete technology, the two parties agreed to co-produce a new type of motorcycle, JH-70 with a horsepower of six, and an oil consumption of only 0.95 litres per hundred kilometres (30 kilometres per hour, 20-degree slope climbing). After undergoing tests, this new cycle was put into production on March 11. It has been judged as being up to world standards and will enter the international market this year.

Useful Experiences

With a total investment of only 6 million yuan, during the past five years, the Jialing Motorcycle Joint Enterprise has produced 250,000 motorcycles without expanding its original plant or purchasing any equipment.

The last three years witnessed

the Jialing Machinery Plant alone create an output value of 150 million yuan, of which 12 million were profit and tax paid to the state. The plant has built residential quarters for its workers and staff and arranged jobs for more than 2,000 of their children.

The other participating enterprises have also benefited. The Puling Machinery Plant, for example, suffered a serious loss of 540,000 yuan in 1980 because its products were not marketable. After joining the Joint Enterprise, it earned a profit of 636,000 yuan in 1981 and a total of 2.87 million yuan in 1981-83.

At present, Jialing motorcycles enjoy high prestige throughout the country and particularly in the countryside, where a soaring economy has created a new market. This year the joint enterprise planned to produce 170,000 vehi-

cles, but before the year's end the orders placed have already exceeded 1,800,000. For instance, Lingbao County in Henan Province has placed orders for more than 10,000 at one time.

Groups of people from various parts of the country have flocked to Chongqing to tour the Jialing Machinery Plant and learn from its production methods. This is because the plant's successful experience offers something of broad significance: Economic development lies in expanding co-operative ties and tapping the potential of existing enterprises. This is seen as a good method to improve economic efficiency.

The city government of Chongqing has decided that the city's manufacturers of heavy-duty lorries, light and minicars should follow the example of Jialing Machinery Plant. □

Hainan—A Treasure Island (6)

by HAN XI

Our Correspondent

NOT only are Hainan Island's natural resources and huge economic potential constant attractions to investors from Hongkong, Macao and abroad; the preferential policies formulated by the Chinese Government to facilitate local development add to its appeal. These policies, embodied in the eight stipulations enacted by the State Council last year, grant greater decision-making powers to the Hainan Administrative Area in handling its economic and trade relations with the outside world. They are:

1) The Hainan Administrative Area may, upon state approval, exploit some of its important mineral resources in co-operation with foreign companies.

2) The Administrative Area is entitled to examine and approve

any capital construction project or technological transformation undertaken with foreign capital, if the total investment in fixed assets is below US\$5 million, if the central authorities or the province are not required to provide production conditions, and if the project is not likely to affect the fulfilment of state export quotas.

3) Equity and contractual joint ventures and wholly owned foreign enterprises in the Administrative Area are exempted from income tax in their first two profit-making years. Starting in the third year, they will pay income tax at a reduced rate of 15 per cent. Reduction or exemption of the industrial and commercial consolidated tax may be granted by the Administrative Area to enterprises unable to pay it three years after they begin production. Foreign representative offices in the Administrative Area

will pay income tax at a reduced rate of 10 per cent on dividend, interest, rental and royalty incomes. The profits which duly belong to the foreign partner of a joint venture are exempted from income tax when they are remitted out of China.

Building materials and equipment, machinery, raw materials, seed and breeding stock imported for projects undertaken with foreign investment are exempted from import duties.

4) The Administrative Area should unfailingly fulfil minimum production quotas for delivery to the state or export by the central or provincial authorities. Surplus products over which there is no strict state control may be exported by the area itself or through state trading corporations. Provided that state regulations and minimum prices are met, the Administrative

Area may directly export its products, a task formerly handled by the provincial trading corporations, and the state and Guangdong Province will grant preferential provisions for the export of Hainan's special products.

5) The Administrative Area may, in the light of actual needs, approve the import of capital goods needed for its industrial and agricultural development. It may use foreign exchange granted by the state to import consumer goods that are in short supply (including the 17 commodities whose imports are controlled by the state) so as to activate the local market and ensure a supply for tourists and those who, on strength of foreign remittances, enjoy the right to buy certain sought-after products.

Of imported materials and commodities, those destined for use in production are free from customs duties and industrial and commercial consolidated tax for five years. Certain consumer goods are granted a tentative 50 per cent reduction in import duties.

6) The Administrative Area may adopt effective methods to develop tourism in co-operation with foreign companies. Imported materials needed in building equity and contractual joint ventures are exempted from customs duties, as are equipment and articles imported to run them.

7) The Administrative Area may keep at its disposal foreign exchange earned from exports after state quotas are fulfilled, and from compensatory trade, tourism and processing and assembling materials and components supplied by overseas Chinese and compatriots from Hongkong and Macao to their families, who, in return, get equivalent amounts in Renminbi.

8) The Administrative Area may grant visas to foreign business personnel wanting to visit Hainan for economic activities or trade.

These stipulations, according to a US reporter, have interested



The beaches at the southern tip of Hainan Island are ideal tourist resorts.

many entrepreneurs in other countries. The low income tax rate and the long period of tax exemptions — or "tax honeymoon" — granted to joint ventures are particularly appealing. Foreign investors have already flocked to Hainan in search of business opportunities.

A year has hardly passed since the island was opened to the world, but Hainan has already signed 58 agreements with foreign companies concerning economic co-operation in energy, metallurgy, transportation, communications, light industry, tourism, agriculture, aquaculture and fishing, for a total investment of US\$83 million.

Thirty-three of these agreements are now being carried out, including an 8,000-hectare oil palm plantation in Chengmai County in northern Hainan, run jointly by a local overseas Chinese farm and a Singapore-based company. According to the agreement, the Chinese side provided land and manpower, and the Singaporean side provided funds, equipment, technology and select strains of seedlings. The plantation will set up a factory extracting 28,800 tons of oil a year.

On a stevia plantation run jointly by two Hainan farms and a Japanese company, sowing was

completed earlier this year. (Stevia is a shrub grown for the sugar in its leaves.) The islanders are also raising cattle, high-grade ducks and chickens jointly with businesspeople from Australia and other countries. An automobile repair shop in Haikou now fixes 11 times as many vehicles a month as it did before in the same period by opening a service centre in collaboration with a Japanese company.

A nylon zipper factory with an annual capacity of 15 million metres of zippers, built with imported equipment by Dangan County in co-operation with a Hongkong firm is by far the largest of its kind in China. Between May 1985, when production began, and December, the factory produced one million metres of zippers. Wenchang County in eastern Hainan has, through compensatory trade with Hongkong companies, greatly developed its fishing capacity, becoming an important supplier of lobsters, prawns and groupers.

On a large island like Hainan, these success stories are only a drop in the ocean. However, they eloquently show that Hainan's preferential policies have already caught the attention of investors from overseas. □



Individual Economy Under Socialism

Individual economy in China, which is encouraged by current policies and has developed quickly in recent years, is suited to the consumption needs of the people. It is, however, only a necessary complement to the public economy. Guidance through enacting correct policies and control exercised by necessary legislation will ensure its development always to serve socialism.

by **SUN PING**
Our Correspondent

If one wants to buy a pack of cigarettes late at night, one might go and knock on the door of a small store with a light still on. If one is having trouble repairing an old watch, one might try an individually run watch-repair stall. If one would like a change from the everyday diet, one might have a look round the free markets, where the prices are a bit more expensive.

These are just a few tangible conveniences brought to the consumer by the restoration and development of the individual economy towards the end of the 1970s.

Individual economy is necessary

to satisfy the consumer needs of the people. It has developed as a necessary complement to the socialist public economy and is encouraged by China's new policies. In recent years, China's individual economy has developed very quickly. In 1983, the individually owned industrial and commercial undertakings employed nearly 7.5 million people, of whom about 2.1 million were in the cities and towns, a 15-fold increase over 1978.

Now, productive undertakings and service trades owned by individuals are mushrooming throughout the country, whether in the cities where most state-owned enterprises are concentrated or in the mountainous areas where there are few industries and commercial

activities to speak of. They have given added vitality to the country's economy.

Some friends abroad do not understand why China wants to develop individual economy and they worry that it might engender capitalism. This, of course, is not true.

Historical Experience

Individual economy has existed since ancient times. It still exists in different societies. However, it does not exist independently but is affiliated to a major economic form, serving it and at the same time controlled by it. Under socialism, it is affiliated to public economy, serving it and at the same time controlled by it.

In China, the owners of individually operated economic undertakings are at the same time labourers. Their management is scattered and flexible and adapts quickly to the changing conditions. Historical experience shows that individual economy can remedy the deficiencies of the socialist state-owned and collectively owned economy in management scope and methods, and can meet the mounting demands of the people. This is especially so in an economically underdeveloped society like ours.

However, due to the influence of "Left" guiding ideology, the development of individual economy in China has suffered many twists and turns.

In 1949 when New China was founded, there were 7.24 million individual industrialists and businessmen in the country's cities and towns. In 1953, the number increased to 8.38 million, an all-time high.

During the socialist transforma-

tion in 1956, large numbers of individual labourers were organized into industrial and commercial co-operatives and some were recruited into state enterprises. By the end of that year, the number of individual industrialists and businessmen dropped to 160,000, the number of commercial undertakings decreased by 32.1 per cent and the number of catering establishments dropped by 44.8 per cent as compared with the previous year. This caused many inconveniences to the daily life of the people.

A policy readjustment later enabled the individual economy to pick up in 1957 and the number of people involved rose to 1.04 million. This figure remained almost unchanged until 1965.

During the 10-year "cultural revolution," individual economy was considered capitalistic and was practically eliminated. By 1978, only 140,000 people were engaged in individually owned undertak-

ings, and they were mostly small retailers and repairers. The decline of individual economy brought greater and greater pressure to the public economy in the supply of daily necessities. In many places people had to queue up to buy things. This seriously affected the daily life of the people. For instance, in the early 1950s, there were more than 100 cities which had 50 catering establishments per 10,000 families. By 1978, however, there were only a few cities which had even five catering stores per 10,000 families.

The comparison provided food for thought. Since 1979, China has corrected its "Left" guiding ideology, formulated a series of policies to invigorate the domestic economy and laid stress on energetically developing the collective and individual economy while consolidating the public economy.

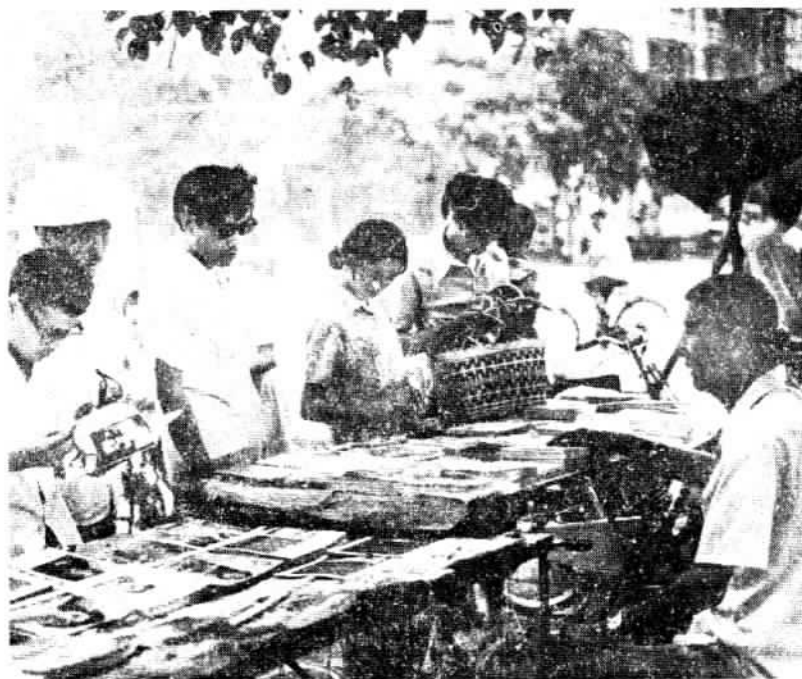
A Necessary Complement

In July 1981, the State Council adopted Some Policy Decisions on Developing Non-Agricultural Individual Economy in the Cities and Towns, with specific regulations on the scope of operation, methods, taxation and market control. This is China's first document elaborating policies concerning individual economy since the founding of the People's Republic.

China's 1982 Constitution stipulates: "The individual economy of urban and rural working people, operated within the limits prescribed by law, is a complement to the socialist public economy. The state protects the lawful rights and interests of the individual economy."

Premier Zhao Ziyang once pointed out that state economy and collective economy are the basic economic forms in China, and the individual economy operated by labourers within certain limits is a

A bookstall run by an individual labourer in Chongwen District, Beijing.



necessary complement to the public economy.

In Beijing there is an individual bicycle repairer who sets up his stall by a state-owned bicycle repair shop. When asked why he does this, he says: "The state shop does not accept any business that might present trouble, or anything urgent or trivial. And the attendants there do not work after-hours. So I work more than a dozen hours a day and manage to finish all the tasks I accept on the same day."

Because of the good service provided by these individual labourers, they are welcomed by the people. One customer said: "I like to buy things from the individual retailers because I can choose what I want and bargain with them."

The rapid development of the individual economy in recent years gives expression to its strong vitality. In 1983, the sales volume of individual commerce reached 18,450 million yuan, accounting for 6.5 per cent of the total volume of retail sales in the country. The output value of individually owned industry (mainly handicrafts) was 600 million yuan, accounting for 0.1 per cent of the country's total industrial output value. The number of commercial and catering establishments increased by some 2.43 million over 1982, of which those run by individuals accounted for 97.1 per cent. The sum total of taxes handed over to the state by individual economic undertakings increased from 411 million yuan in 1980 to 1,600 million yuan in 1983, and the number of individual labourers increased sevenfold.

The development of the individual economy has just started. For instance, there was a catering establishment for every 276 people in 1952. In 1983, however, there was only one for every 1,169. This shows that there is still a great potential for the development of the individual economy.



Xing Xiaoyu, a middle school graduate, has set up her own dress-making shop.

Important Channel for Employment

Another important function of the individual economy is to provide job opportunities for large numbers of people.

From 1979 to 1983, about 39.16 million people were given jobs, of whom 2.16 million were employed by individual economic undertakings. This means an average annual increase of 170 per cent, which is much higher than in the state and collective economy. Of the individual labourers in the cities and towns in 1983, 380,000, or 23 per cent, were young people. In Beijing, Guangdong and Guangxi, the ratio of young individual labourers was more than 45 per cent.

One reason for this is that individual economic undertakings are usually of a small scale. They can easily pool small amounts of idle funds and do not need any investment from the state. For instance, in Beijing, individually owned catering establishments started with an investment of less than 200 yuan accounted for 70 per cent of the total.

Now, 6 million urban youths have to be given jobs every year

and it is impossible for state enterprises to employ them all. So the government supports and encourages these young people who cannot obtain jobs from the state enterprises but have some skills to create job opportunities for themselves. For instance, the banks in 1983 granted 150 million yuan of loans to 160,000 households to start individual businesses.

The government is currently investigating ways to solve the problems of labour insurance and retirement pensions for individual labourers. One possible way is to institute social insurance, whereby the individual labourers receive labour insurance and retirement pensions by paying insurance premiums to the insurance companies at regular intervals.

Even with the support of the government, the phenomenon of looking down upon and discriminating against individual labourers still exists. This is mainly due to the influence of "Left" ideas, and it can only be solved through ideological education. Last year, at a meeting to commend model individual labourers in Beijing, General Secretary of the Chinese Communist Party Hu Yao-



Shoe-repairer Zhang Renbao does good business because of his excellent service.

bang said that after the elimination of the exploitative system in China, all jobs which are beneficial to the state and people should be respected.

Trend of Development

Can the development of an individual economy give rise to capitalism? With this question in mind, I interviewed Zhou Boyong, a section head under the Department of Individual Economy of the General Administration for Industry and Commerce.

He said that individual economy can only develop into a capitalist economy under the conditions that money can be turned into capital and labour becomes a commodity. These conditions do not exist in China. The individual economy in

present-day China is a combination of the private ownership of the means of production and individual labour. The purpose is not to exploit the labour of others but to enable the labourers to support themselves. Even when they solicit the help of others, the individual labourers still do the major part of the work themselves. At present, the owner of an individually operated undertaking is allowed to employ no more than eight helpers. After delivering taxes to the state, the individual owner's wage is only two or three times that of the hired hands. So they are still labourers, not capitalists.

For instance, there is an individual bicycle repairer in Beijing called Chen Wanzhong. He has hired eight apprentices. In the first three months, he paid 15 yuan a month to each of his apprentices.

From the fourth month on, the apprentices' wages were increased by two yuan each month. If this continues, the average per-capita monthly wage of the apprentices will be 87 yuan in three years' time. When various kinds of bonuses and rewards are added, the average monthly income for an apprentice would amount to 100 yuan. In addition, Chen also pays for their food, medical care and recreational activities. This once again pushes up the actual income to around 180 yuan.

As for Chen Wanzhong himself, he earns about 300 yuan a month. This is reasonable and compatible with the socialist principle of more pay for more work, because Chen is a skilful and hard worker and unsparingly passes on his techniques to his apprentices.

Zhou Boyong said that we of course should not turn a blind eye to the spontaneous capitalist tendency which the development of individual economy might engender. But under socialism, the state can give guidance to it through enacting correct policies and exercise control over it through legislation and management. The government can mete out economic punishments to those who engage in illegal operation, speculation and profiteering, and evade taxes, or bring law suits against them. All this, Zhou said, ensures that the individual economy will develop healthily and play a positive role in national construction and in the daily life of the people.

He said finally that China's individual economy will develop more vigorously in the future. Even so it will remain a complement to the socialist public economy and will develop only within prescribed limits. It is not a free economy now and will not become one in the future. It is still less possible for it to influence the nature of the socialist economy.

Individual Undertakings in Beijing

A Knitting Girl. On a street near the Beijing Hotel, there is an individually owned wool-knitting shop specializing in knitting woollen clothes for people with special types of build. As it offers reasonable prices, it attracts many customers.

The owner of the shop is a girl named Wang Yanxian. She told me, "If for money, I would not knit this type of woollen clothes. Although I earn 20 per cent more in knitting one such garment than I would in knitting an ordinary one, it takes me twice as much time."

"Then why do you do it?" I asked.

She did not answer my question directly, but told me a story.

Some time ago, an old professor came to her with a bundle of knitting wool and asked for her help. The old man said, "I have got narrow shoulders and a big abdomen and no one would bother knitting a jumper for me. I wonder if you could help. If you cannot do it, please don't hesitate to say so." Wang complied with the request and finished the work despite difficulties. The jumper fitted well and the old professor was deeply moved. He expressed his thanks again and again.

Wang Yanxian said, "The customers come to me because they trust me. I couldn't bear turning down their requests. Moreover, if I do, my shop would close sooner or later."

A Well-Paid Chef. I went to an individually owned restaurant near the downtown Qianmen area. Cui Yuqi, its master, welcomed me and brought what I ordered. During our chat, he told me with some pride, "My pay is higher than that of our mayor."

Cui was a chef before retire-

ment. Now, he has set up a restaurant of his own and specializes in meat dumplings which are much liked by people in north China. He does brisk business and more than 300 people take their meals in his small restaurant every day. After

China's individual economy will develop more vigorously in the future within prescribed limits. It will not become a free economy and engender capitalism as people formerly held.

paying taxes and wages to his helpers, Cui earns more than 200 yuan a month.

In China until recently, the highest-paid positions have generally been those of high-ranking offi-

cials, veteran intellectuals, and veteran actors and actresses. Now, individual labourers with special skills, such as Cui, can earn the same amount. Generally speaking, individual labourers can earn twice as much as workers and staff in state enterprises if they do well in management. However, they do not have labour insurance, such as free medical care, retirement pensions and various kinds of subsidies. In addition, there is a widespread tendency in society to look down upon individual labourers.

Cui Yuqi told me, "My son prefers to earn a little over 40 yuan in a state enterprise rather than work in my restaurant."

Micro-carving. Has anyone seen a piece of ivory the size of a watermelon seed on which are carved more than 100 human faces and over 400 Chinese characters? Has anyone heard that 30 English letters can be carved on a piece of hair four millimetres long? An individual handicraftsman in Beijing can do it and his name is Wu Yuqing.

Wu is 64 years old now. He started to carve various kinds of patterns on objects the size of a rice grain when he was 20.

Chef Cui Yuqi brings the dishes for his customers.





Wu Yuqing and one of his carvings on a tiny piece of ivory (inset) the size of a grain of rice, showing Deng Xiaoping and one of his quotations on promoting material and cultural development in China.

In Wu's home, I saw one of his works. On a piece of ivory the size of a rice grain, he had carved 10 world-famous figures, including Lu Xun, Li Shizhen, Bernard Shaw, Balzac, Zhang Heng, Gorky and Ibsen. Under a microscope, they all looked real. The work had been displayed in Japan and Brazil, creating quite a stir.

He was also the first to create hair carving. People can see the Chinese characters and foreign letters clearly through powerful electronic microscopes. In 1963, a businessman from Singapore bought some of Wu's works at very high prices and exhibited them together with unearthed cultural relics from China. A local newspaper put the unique skill of hair carving on a par with the terra-cotta warriors unearthed in the tomb of Qin Shi Huang (the first emperor of the Qin Dynasty).

All handicrafts in China have been created by the people. The development of the individual economy will enable us to inherit and develop them.

Change of a Young Man. Zhou Fuping was once a young delinquent. Now, he has become a model young individual labourer.

"How did you become an individual labourer?" I asked.

"I was 22 years old when I came back from a reformatory," he said. "I looked for a job everywhere, but people were unwilling to take me on when they heard of my past. My parents were worried. Later, the department in charge of industry and commerce under the district government recommended that I sell watermelons on the free market. I also made up my mind to start anew.

"It was not easy for me to discard my bad habits overnight. Once an old man came to buy a watermelon, and spent a long time choosing. I got angry and gave him a dressing down. Later, I was overcome with regret. The next day, I went to his home to make an apology."

Zhou Fuping has changed. In the past, people were afraid of him

because he always made trouble. Now he is praised because he serves them wholeheartedly.

Now, his business has become bigger and bigger, selling not only watermelons but also various kinds of fresh and dried fruit as well as articles for daily use. He said to me that he is preparing to merge his business with other individual economic undertakings and set up a department store.

Zhou's story spread far and wide among the individual traders in Beijing. Formerly, Zhou was worried that he would not be able to find a girl friend. In 1982, however, he found a girl friend and they were married not long after. She has not only forgiven his past mistakes but become a good assistant.

Recalling his experience, Zhou said with some feeling, "Young people should have the spirit of self-reliance. We should not ask favours from the state and our parents. The government now advocates the development of individual economy. We should grasp this opportunity and create jobs for ourselves."



Quick Glance at Economic Reform

from "SHIJIE JINGJI DAobao"
(World Economic Herald)

THE following is the substance of the economic reform being carried out in China.

The economic monotony of state ownership is to give way to diversified economic management and modes suited to Chinese conditions. Of course, state ownership of the means of production will remain a fundamental tenet.

For a long time, undue emphasis was placed on highly centralized and planned economic management in production and circulation, with little consideration for market demand. What is being cast off in the current reforms is the rigid adherence to the state plan and targets. The planned economy will continue to play a major role, but regulations by the market will be implemented.

In the past, the powers and responsibilities of localities and the state were not clearly defined, and there was irrational division of labour between the Party committees, administrative units and enterprises. Too much power was concentrated in policy-making bodies of the administrative departments at various levels. Efforts are devoted to instituting a multi-layer policy-making structure that centralizes important powers and decentralizes minor powers, creating clear division of labour between the Party committees, administrative departments and enterprises.

Irrational barriers between departments, regions and trades should be removed. As well, economic management according to administrative system and regions

will be changed, so as to establish a new system in which the urban economy occupies the dominant position, while production is to be guided according to the division of the trade.

An administrative system which combines economic means with administrative method is needed. The duties and powers of enterprises should be integrated with their interests.

To improve distribution, taboos fettering the enterprises should be abolished.

The management result is no longer allowed to divorce from

the economic interests. The era of everyone eating from the "big public pot" should end, and the enterprises should have more decision-making power. It is necessary to set up a system of distribution in which the economic interests of the central and local units, the state and the enterprises, the collectives and the individuals are co-ordinated, and the duties powers and interests of all sides are clearly defined.

Also to be changed in the current economic restructuring are the financial system of unified state allocations for state-owned enterprises and unified collection of receipts from them, the standardized pricing system, and the rigid "eight-grade" wage system.

Household Help Becoming Popular

from "JINGJI RIBAO"
(Economic Daily)

ACCORDING to a joint study by a research office under the Beijing Municipal Government and the Beijing Economics Institute, there were more than 30,000 housemaids and nannies in Beijing by July 1983, not including those living outside their employer's household and those working for several employers or for their relatives.

The study also found that senior cadres and intellectuals no longer hire all the helpers. Worker families employ 28.6 per cent.

About half the helpers come from the southern countryside. Half are between 16 and 20 years old and 38.2 per cent have

graduated from junior or senior high schools.

Pay is not the only incentive. Young helpers reported they chose this line of work so they could visit Beijing, see the world and enrich their experience.

Hiring of helpers is not uncommon. With more wives working and the proportion of elderly parents and one-child families increasing, there is more need for them. As well, demand has risen with the general increase in disposable income.

In view of this, authorities in Beijing studied how to administer household services, and the first household service company was established in the Jinsong residential quarter in December last year. Since then a host of similar companies has appeared.

Changes in Young People's Clothing

from "ZHONGGUO
QINGNIAN BAO"
(Chinese Youth News)

SHANGHAI is known as "China's fashion window." Since the beginning of June, young Shanghaiese have changed their jackets and Western-style clothes for elegant summer clothing including embroidered silk blouses, shirts of the latest design and polyester georgette women's dresses.

Nowadays people no longer judge clothing purely on its simplicity, informality and durability, but also on its beauty, convenience and good quality.

Now the most popular style of young men's clothing is the tasteful and water absorbent towelling shirt and the convenient Western-style shorts. The young women are trying short or long sleeved dresses, pure silk blouses and checked thin woollen skirts. This year, Western-style skirts are about 6.5 cm. below the knee, some with one, two or more pleats and some with slits up the sides. In the past, symmetry was considered very important in dress design. But this year, the emphasis is on the beauty of the whole, and the fashionable dress closely follows the lines of the body, making the young wearer look fresh and spirited.

Nowadays, Shanghai fashions have the tendency to spread to other parts of the country. The famous Pengjie Women's Clothing Shop is always crowded with customers, many of them are not local residents.

Although Shanghai's fashions have become very popular in other places, fashions from other places have attracted Shanghai clients too. An old designer told the reporter that in Guangzhou pedal pushers were once in style. He

estimated that this style of trousers would be very popular in Shanghai this summer and in the other provinces in the near future.



Ye Deqian, a celebrated designer in the Research Institute of the Shanghai Clothing Company said. "It is good to see the young people trying to prettify their clothing. The main reason why today's styles are so well received by the people is that they are artistic, practical, tasteful and involve simple tailoring. For instance, Western-style clothing has been very popular for a long time, but it is still well received. Although very popular in the past few years, the unconventional bell-bottomed are now not in fashion." "Chinese clothing should be suited to our nation's customs, and should be civilized and tasteful," he added.

Leader Follows Frugal Lifestyle

from "XINGUANCHA"
(New Observer)

FOR years the secretary of the Liaoning provincial Party committee has shared an ordinary worker's flat in a small apartment building with workers, bus drivers and technicians.

Since becoming head of an institute, Li Tieying has continued to live in the same apartment block on a noisy Shenyang street

despite numerous promotions to the city and provincial Party committees. By living and mingling with the rank and file, he believes he will hear a lot of things as provincial Party secretary which he would not hear in the office or at meetings.

His 12-square-metre room is both bedroom and sitting room. During the day Li handles his work and receives guests; at night he sleeps on a fold-out bed. His visitors range from workers to students, scientists to post-graduates, cadres to former law-breakers.

There is nothing conspicuous in the simply furnished room — an old writing desk, two shelves stacked with assorted books and some wooden boxes also brimming with books. Li, a senior electronic engineer, has had innumerable opportunities to buy a high-quality television set or fashionable gadgets in his travels abroad. But on his desk sits an old-fashioned valve radio. It's difficult to imagine that its owner designed and produced the first integrated circuit in China.

But Li considers the simple and frugal life a blessing, believing that an obsession with material goods will ruin a person politically. The way to serve the people, in his opinion, is to acquire as much knowledge as possible.

Opera Movies Over the Years

Audiences in 10 large cities had a chance to see dozens of outstanding Chinese opera films when recently the Chinese Dramatists' Association and Chinese Film Artists' Association co-sponsored an opera film festival, the first of its kind.

Chinese opera, which has a long tradition in this country, is characterized by a unique style of performing that varies from region to region. The graceful performances, though stylized, are also able to express a wide range of emotions and are in a class by themselves on the world stage.

The advent of film in China began to bring these operas to the rest of the world, where they were long unknown. At the same time, broad Chinese audiences have also been able to appreciate the colourful performances from different parts of the country.

Opera films have played a great role in the development of China's movie industry, from the silents to talkies and from black-and-white to colour. The first silent movie made by Chinese was one in 1905 adapted from a Beijing opera called *The Capture of Junshan Mountain*, which involved acrobatic fighting. The first sound movie made in 1931 *Sing-Song Girl Red Peony*, although a feature film, was spiced with quite a few long arias from Beijing opera, the first time movie audiences ever enjoyed charming opera arias.

In 1948 China made the first experimental colour movie *Life-and-Death Love*, also a Beijing opera, in which Mei Lanfang, the renowned Beijing opera master who specialized in female roles, acted

the leading role. After liberation, New China made its first colour movie *Liang Shanbo and Zhu Yingtai*, a Shaoxing opera. Since then, China has produced about 300 opera films of 70 different genres.

Opera films developed in four stages. The first stage was the pre-1940s method of filming exactly what was presented on the stage, documentary-style. The second stage was characterized by the artists' efforts to apply movie techniques to stage arts and to include real scenery and real props. (Traditional operas use few props.) This proved unsuccessful.

From the late 1950s to the 60s, opera film grew into maturity. A large number of outstanding films were produced, marked by the ingenuity with which the film-makers eliminated the problems arising in trying to integrate the stage and the screen.

Chinese opera has traditionally not employed realistic backdrops. As well almost all settings and material objects are implied through the actors' and actresses' expressions and gestures, which had symbolic meanings. The Chinese audiences are so accustomed to these symbolic movements, some of which are exaggeratedly stylized, that they accept them as natural. To introduce real sets and props would diminish the operas' unique character.

To produce films with both the essence of opera and the expressiveness of film, directors have sought what is common to both and made full use of those points, working out an integrated composition and design, thus bringing out the best in each other. The use

of close-ups, for instance, has helped audiences to see characters' innermost feelings through the detailed facial expressions. Different camera angles and varied scenes have eliminated repetitive stage movements. In some mythological plays, which are often full of scenes of heaven and earth and transformations of celestial beings, special effects can be used, adding surprises, mysteries and endless changes unattainable on the stage.

Singers Win Championships

Chinese tenor Zhang Jianyi and *coloratura* mezzo-soprano Zhan Manhua won two championships in the recently concluded Third Vienna International Opera Singers' Competition.

In the finals, Zhang Jianyi sang the aria *Che gelida manina* of Rudolf, a poet and the chief character in the opera *La Boheme* by Giacomo Puccini, and an aria from *Martha* by the Italian composer Friedrich Von Flotow. The first aria, serving to demonstrate a tenor's range, was a great challenge. Zhang's natural and free singing full of feelings exquisitely expressed the pure affection of the poet in his first love.

Zhang, now 30, was once a porter and a fireman. He joined a spare-time art group only because he was born with a good voice; he was entirely ignorant of music theory and scientific voice production techniques. But he threw himself into private study in his spare-time, and his efforts were rewarded when he entered the Hangzhou



Zhang Jianyi (left) and Zhan Manhua waving to the audience on receiving their awards.

Song and Dance Troupe in 1978. In 1981, he enrolled through examination in an advanced-study class of the Shanghai Conservatory and was tutored by Professor Zhou Xiaoyan, a noted soprano and the Vice-President of the conservatory. In an effort to make full use of these two years, Zhang worked so hard that he often locked himself all day long in the practice room. In a little over two years, he has worked at many difficult operatic works by Beethoven, Puccini, Schubert, Gounod, Mozart, Verdi and Rossini.

Zhan Manhua, 24, a graduate this year from the vocal department of the Shanghai Conservatory, has a sweet and mellow voice, and a good grasp of the skills of the Italian *bel canto*. At the finals, she sang arias from the French opera the *Puritans* and the famous Italian opera *La cenerentola*. The latter aria, with wide compass and complicated *coloratura*, requires high skills. Bringing her best into play, Zhan overwhelmed the audience with her light and free performance.

The Vienna International Opera Singers' Competition, held once a year, is sponsored by the Vienna Chamber Opera Troupe. Two hundred and fifty young opera singers from more than 40 countries and regions took part in this year's competition. The Chinese vocal music group, made up of Zhang Jianyi, Zhan Manhua and two

other soprano singers, Hu Xiaoping and Gao Manhua, and headed by Zhou Xiaoyan, was China's first group to take part in the competition in this famous "city of music" Vienna.

The four Chinese singers, after the divisional competitions and two intermediate rounds, all entered the finals, for which only 13 were eligible. With their fine tone quality, capability to exquisitely express feelings and accurately depict characters, and especially their high skills shown through the use of the orthodox Italian *bel canto*, they received unanimous praise from the adjudication committee and famous figures in international vocal music circles.

UNESCO Exhibition Held in Beijing

An exhibition covering the cultural and environmental programmes of the United Nations Educational, Scientific and Cultural Organization (UNESCO) was run for two weeks in early July in Beijing. For the Chinese this was a window through which to see the rest of the world.

With pictures, publications, films and slides, the exhibition illustrated part of the work done by UNESCO: Wiping out illiteracy,

safeguarding 29 cultural sites with historical remains across the world and protecting the environment and natural resources through a network of 215 nature reserve areas in 62 countries.

China was one of the founding states when UNESCO was set up in 1946. After its legitimate seat was restored in 1971, and especially since 1979 when the China National Commission for UNESCO was established, China has fruitfully co-operated with UNESCO in various fields such as education, natural science, social science, culture and journalism. As one of the most ancient sources of world culture, China is willing to make its contribution to world peace and security. Every year, it participates in hundreds of UNESCO conferences, exchanges and joint activities. Two examples are the Asian Dance Symposium and the Seminar on Archaeological Studies in Asia held in Beijing and Xian respectively (for details see *Beijing Review* issues No. 46, 1982 and No. 44, 1983). The development of the "Man and Biosphere" programme in China, one of the UNESCO's major campaigns, was also reported in *Beijing Review*, issue No. 16, 1983.

One of the films shown at the exhibition was about Beijing opera, which reflects the traditions of Chinese operas. Another interesting scene in the exhibition hall was that 10 Chinese child painters were invited to paint there each day. Some of their works would be sent to children of other countries through UNESCO.

Culture — Dialogue Between the Peoples of the World, a UNESCO magazine published at irregular intervals, also published a special issue on Chinese culture with articles on contemporary and ancient paintings and calligraphy, horticulture, music, literature, performing art, acrobatics, sports, cooking and handicrafts.



ART PAGE

Woodcuts by Dai Huiwen

Born in 1941 in Nanan County, Fujian Province, Dai Huiwen is now an art editor with *Guangming Ribao* (Guangming Daily). After a long and hard apprenticeship, Dai specializes in landscapes, flowers and plants.



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