

No. 43 October 26, 1981

# BEIJING REVIEW

北京周報

A CHINESE WEEKLY  
OF  
NEWS AND VIEWS

- Premier Zhao on International Questions
- N-S Economic Relations and Dialogue
- Life of the Elderly in China





## HIGHLIGHTS OF THE WEEK

### Premier Zhao on Major International Issues

Interviewed by a Mexican TV correspondent, the Premier enunciates the Chinese view on many important questions such as the establishment of a new international economic order, the problem of the neutron bomb, the reduction of nuclear armaments, and China's relations with Mexico and other Latin American countries (pp. 11-12).

### North-South Economic Relations

An in-depth discussion of the economic relations between the North and the South and their dialogue—a subject that is attracting worldwide attention with the 22-nation summit meeting taking place at Cancun.

Abundant statistics and facts show that a wide gap still exists between the rich and poor countries. Causes for such disparity,

the struggle to reduce it and the obstacles ahead are analysed in detail (pp. 13-19).

### Good Signs in Middle East

A news analysis: Some leading US statesmen change their approach to the Middle East question and receive a positive response from the Palestine Liberation Organization. This offers hope of breaking the long deadlock in this dangerous area. Now it is up to Israel to make a reciprocal move (p. 9).

### Old Age in China

A special feature about old people in China. Apart from a secure livelihood, to grow old in this country means to gain respect, both in the family and in society at large. The elderly find pleasure in caring for children, performing services for their communities or advising at their former workplaces. They feel they are still useful and needed (pp. 22-28).

### Fighting Erroneous Tendencies

In response to a call from the central authorities in charge of Party discipline, Beijing and Tianjin take measures to curb the unhealthy tendencies that are most widespread and most resented by the people (p. 5).

### Chinese Acupuncture

An introduction to the first book in English on this intriguing subject. The efforts of experts, professors and noted scholars from several colleges and institutes have combined to make the 432-page work a success (p. 31).



Giving granddad a quiz.

Photo by Zhang Yanliang

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### Opposing Right and "Left" Deviations

Now you are criticizing bourgeois liberalization. Does this mean you no longer oppose "Left" mistakes?

No. We are against both bourgeois liberalization and "Left" mistakes.

For quite a long time, the adverse effects of "Left" mistakes has been very serious in various fields of work resulting from errors in the guidelines. Though questions concerning the guiding ideology were solved at the Sixth Plenary Session of the 11th Party Central Committee held last June, "Left" deviations have not been completely eliminated in practical work. Continued efforts have to be made to eradicate the influence of "Left" thinking.

At the same time, liberalization tendencies should also be criticized and rectified.

These are two inseparable tasks. If we do not check and criticize liberalistic ideas, they will spread and provide a pretext for those who cling to "Left" thinking, thereby creating difficulties in correcting "Left" deviations. Unless "Left" thinking is eliminated, liberalization tendencies cannot be overcome. Therefore, a struggle on two fronts—rectifying "Left" mistakes and criticizing liberalization—must be carried out.

In doing this work, emphasis should vary in different areas and departments in accordance with specific conditions.

— Political Editor An Zhiguo

### Social Relief in Rural Areas

A responsibility system in farm production has been introduced in the rural areas and farm output quotas in some places are fixed on the household basis. Does this affect the old folks?

In the countryside where the collective economy holds the dominant position, the peasants do not enjoy the kind of welfare the government provides for the workers in the cities. But the old in the villages are well cared for even though they have no one on whom they can depend. They have their food, clothing, housing, medical care and burial expenses all guaranteed. Hence the term "households enjoying the five guarantees." The money used for this

purpose comes from the collective welfare fund. With the introduction of the responsibility system in production, they are leading a better life than before. Not long ago, the Ministry of Civil Affairs issued a circular instructing leading organs of various localities to see to it that the old people enjoying the five guarantees in the rural areas lead a comfortable life during the coming winter season.

How are these old people provided for? The various methods adopted in east China's Anhui Province are illustrative.

- They are looked after by the production team;

- They are supported jointly by the commune, production brigade and production team;

- A piece of land is allocated to them, cultivated by people assigned by the collective;

- They are taken care of in "homes of respect for the old" set up by the commune or production brigade.

Measures taken in other parts of China are by and large the same.

To look after the old and show respect for them is an important part of social life in a socialist country like ours, and it demonstrates in some measure the superiority of the socialist system.

In Feixi County, Anhui Province, where the system of fixing output quotas on the household basis was first introduced, per-capita ration for these old folks increased from 225 kilogrammes in 1979 to 325 in 1980, and their pocket money increased from 10 to 30 yuan.

The system of fixing output quotas on the household basis is also advantageous to the old. In the past, peasants in the poor production teams could hardly make ends meet, but with the rapid development of farm production in the last couple of years, they are now much better off and, as a result, the old folks are better cared for than before.

How do the old people feel? Are they happy? The following example may provide an answer.

Kou Zhan, an 82-year-old woman, now lives in Henan Province. In 1938 when the



# LETTERS

## Literary Policy

The contents of the article "Letting a Hundred Flowers Blossom" in "Notes From the Editors" (issue No. 38) are compatible with the four fundamental principles put forward by the Central Committee of the Chinese Communist Party, the most important of which being the Party's leadership and the socialist road. The major ideas of this article and of the report of "Achievements and Problems in Cultural and Artistic Work" by Zhou Weizhi, Acting Minister of Culture, are presented clearly. It is reasonable in a socialist country to carry out criticism and self-criticism while implementing the policy of "letting a hundred flowers blossom."

Starting from the desire for unity, you have used the approach of persuasion and education towards Bai Hua, author of *Unrequited Love*. You have not negated the writer, but, from beginning to end, criticized the mistakes in this film script. I am reassured by the way you have done this.

The Party and state officials have encouraged people to pay attention to the methods of criticism. I respect this way of leading. It further strengthens my confidence in your country's ability to realize the four modernizations.

**Tsuyoshi Seki**  
Chiba, Japan

## Personality Cult

Thanks for publishing in full the document "On Questions of Party History" (issue No. 27).

Huanghe River breached the dykes at Huayuankou, her village was inundated and she was the only survivor in her family. After liberation, she makes a living by engaging in household sideline occupations and has managed to save 500 yuan. Since she became infirm with age, she has moved to a "home

Not that I agree with everything contained in the document, yet I was impressed by the manner in which the document treats the question of Mao's personality cult, correctly relating it to the principles of collective leadership and democratic centralism. I have always held the view that personality cult is one of the most harmful of aberrations that have plagued the socialist societies, doing them incalculable damage.

Wherever there is a cult, scientific thought must retreat before blind faith, creativeness before dogma, and public opinion before arbitrariness. It is incompatible with criticism, and essentially anti-popular. The CPC document is right when it says that because of the personality cult and because of the fact that inner-Party democracy and democracy in the society were not institutionalized, the Party and the state could not prevent the initiation of the "cultural revolution" or check its development.

However, the fight against the cult is not an easy one in our economically and culturally backward societies. It can take diverse forms. You suppress it at one point, it comes out at another. What is required is a constant struggle against the cult of personality.

**Lajpat Rai**  
Delhi, India

## Responsibility System

I would like to congratulate the Chinese people for the adoption of the responsibility system by many farm brigades. The responsibility system will be helpful to the peasants because it allows them

of respect for the old" where she is leading a happy life. Earlier this year, when she learnt that Sichuan Province was hit by a serious flood, she donated all her bank savings to the people in the stricken areas.

—Economic Editor Wang  
Dacheng

to make their own plans according to their conditions, thus increasing the yield of the farmland.

I think *Beijing Review* does a very admirable job of reporting how the responsibility system works and the results that have been achieved through the implementation of the system.

**John G. Megna**  
Miami, Fla., USA

## Following Events

Reading *Beijing Review* over the past seven years has enabled me to follow the political events in China: fervent personality cult, extreme dogmatism, highfalutin, ultra-Left lines and then the sudden halt of the tendency in 1976, reactions of the people, and a preliminary summation of your experience. Recently, at its Sixth Plenary Session, your Party made a more rational summary. The train of socialism has once again been put back on to the track of Marxism-Leninism and is moving forward under excellent conditions.

**Sauvouriel Jean Claude**  
Malakoff, France

## Sino-Soviet Boundary Question

"The Crux of the Sino-Soviet Boundary Question" (issue Nos. 30 and 31) is very good. I learnt a great deal from it. It is the first time that I heard the explanation in full of at least one of the parties involved.

**J.M. van dek Hoeven**  
Lopik, the Netherlands

## Continue Your International Policies

Although I have some different views on some changes in China since the assessment of Mao Zedong Thought, I still respect your opinions. I hope that you will realize the desire to build socialism, thus benefiting the Chinese working people. We revolutionaries hope that you will adhere to your international policies, otherwise, the arrogant polar bear will devour the whole world.

**Gustavo Ortiz Salazar**  
Puerto Tejada, Colombia

*Beijing Review*, No. 43



## POLITICAL

**Combating Unhealthy Tendencies**

The Central Commission for Inspecting Discipline issued a circular in August this year, instructing leading organs at various levels to take effective measures to curb unhealthy tendencies that are most widespread and most resented by the people in their respective localities or departments. Acting in accordance with the directive, some provinces and municipalities have achieved satisfactory results.

In the port city of Tianjin in north China, the municipal authorities tackled the problem of distribution of newly built houses and made a breakthrough.

As houses in the urban areas are mostly built and owned by the state, rents are very low. So it's quite common for people to vie with each other for larger and more rooms. Reasonable distribution of houses has therefore become an important issue related to the people's livelihood.

In 1976, a strong earthquake that hit Tangshan affected Tianjin, rendering about a million inhabitants homeless. Under the leadership of the central and municipal authorities and with the help of various provinces and cities, the Tianjin people have since then built and repaired large numbers of houses while restoring and developing production. About 900,000 people have moved into newly built or repaired houses while the remaining 100,000 still live in temporary shel-

ters. Showing great concern for the matter, leading members of the central authorities urged that more funds be allocated to solve the housing problem. Construction has been speeded up since last June, and by the end of this year, 2.5 million square metres of floor space will be completed, enough to accommodate those living in makeshift houses.

In the course of allocating the houses, an unhealthy tendency began to spread among certain leading cadres who took advantage of their power and position to occupy apartments for themselves without showing concern for those still living in makeshift shelters. In one commercial department, for example, 93 per cent of the leading cadres have moved into the new houses, and one of them got a whole apartment for his son, but when he found that this apartment was high on the top floor, he flew into a rage. The bad example of these cadres brought harm to the prestige of the Party.

The Tianjin municipal Party committee and government took prompt action to rectify the mistakes. Those involved were sharply criticized and ordered to move out of the houses they had occupied without delay. Moreover, the leading cadres of this department made self-criticisms at a meeting of the workers' and staff members' congress.

The municipal Party committee of Beijing took stern measures to curb feasting among leading cadres at the expense of the government.

In Beijing, the site of the Party Central Committee and State Council, it had long been

an established practice for the big hotels and restaurants to "treat" leading members from the central and municipal authorities who had come on business or to inspect work. For a meal costing several or over 10 yuan, they had to pay only 0.25 yuan (worth about 12 boxes of matches). Realizing its harmful effects on the public, the municipal Party committee urged Party organizations at various levels to take effective measures to check this and other unhealthy tendencies. This has won response from 18 big hotels and restaurants which will co-operate to put an end to this practice.

## ECONOMIC

**Developing Animal Husbandry**

China's total output of pork, beef and mutton last year was 12.05 million tons, an increase of 13.5 per cent over that of 1979. This year's output is expected to be still higher.

In the Xinjiang Uygur Autonomous Region, one of China's major stock-breeding areas, the number of farm animals has been increasing for four years running. By the end of June this year, it had reached 32.95 million head, an all-time high.

As a result of encouragement from the government, many households now engage in stock-breeding and poultry raising. According to statistics collected from Liaoning, Jilin, Heilongjiang and Gansu Provinces and the outskirts of Tianjin, 83,700 households now specialize in raising pigs, sheep,





A well operated by wind power on the Inner Mongolian grassland.

horses, cattle and chickens, and the number will increase to 300,000 peasant households throughout the country in the not distant future. At the end of last year, the number of cattle and sheep raised by individual households in various parts of the country was 8.66 million and 86 million head respectively, accounting for 12 and 45 per cent of the country's total.

A major reason for the development of animal husbandry is the adoption of policies conforming to the interests of the peasants and herdsmen, including various forms of responsibility system that directly link up labour with material remuneration. This has greatly enhanced enthusiasm for production. For instance, though severe drought

lasted for more than 12 months in the Inner Mongolian Autonomous Region which is another stock-raising centre in China, the total number of animals raised by communes and production brigades for the year ending June 1981 was 20.38 million head, a net increase of 8.58 per cent over that of the previous year.

In recent years, the work of improving the breed and surveying the pastureland has been strengthened. The number of fine-breed beef cattle and dairy cattle has increased to 2.09 million head in the country. Of these, 180,000 head of beef cattle can be

marketed this year. Nearly 20 fine strains of cattle have been introduced from abroad since the 1970s, and the government has invested 70 million yuan in improving the breed. Bases for this purpose have been set up in 140 counties. Twenty frozen semen centres have been set up, and another 15 are under construction. An artificial insemination network using frozen semen has been basically formed.

There are more than 4,000 million *mu* of grassland in north China (one *mu* equals one-fifteenth of a hectare) and 1,000 million *mu* of pastureland on the mountains and slopes in the south. Owing to the lack of attention to building up the pastureland and one-sided stress on reclaiming

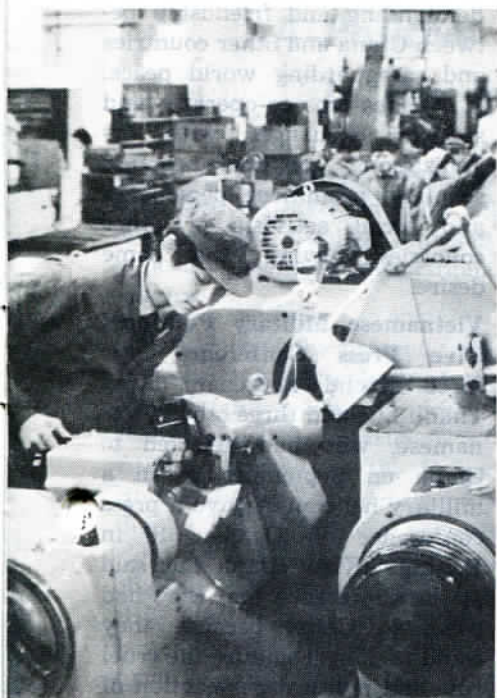
wasteland for growing crops in some localities, about one-fifth of the country's grassland has degenerated and ecological equilibrium has been affected. Measures have been taken to restore the pastures and to afforest the land to check the encroaching sands. In order to protect the grasslands and maintain an ecological equilibrium, a shelter belt is now being built in northwest, north and northeast China.

## Foreign Trade Expands

A favourable balance has appeared in China's foreign trade. In the first eight months of this year, the total value of foreign trade was 25,200 million US dollars, of which exports accounted for 12,800 million US dollars, 12.4 per cent more than that of the same period of last year, and imports accounted for 12,400 million US dollars, an increase of 8.7 per cent. It is estimated that the total value of imports and exports this year will top last year's by 10 per cent.

The growth of foreign trade reflects the excellent situation resulting from the readjustment of the national economy. In turn, it helps the work of readjustment. Light industrial, textile and handicraft products make up a considerable portion of this year's exports. Thanks to improved quality, China's machinery products have in recent years steadily made their way into the international market. Compared with the same period of last year, the export of machinery in the first eight months of this year upped by 47 per cent. There has been an increase in all major items of imports. These include grain, chemical fertilizers and raw materials for the light industry, such as cotton, synthetic fibre and pulp.





The Shanghai Machine Tool Plant producing more lathes for export.

According to reliable sources, export commodities for some years to come will mainly be labour-intensive products such as textiles, light industrial goods and handicrafts. Traditional items like bristles, casings, down and feathers, and rabbit hair as well as oil, coal, nonferrous metals and mineral products will also be high on the export list. The export of machinery products, including ships, machine tools and lathes, will also increase. Imports will include grain, chemical fertilizers and raw materials for the light industry.

#### Economic Briefs

- Another exploratory oil well has been drilled in southern Bohai Bay under a Sino-Japanese co-operative exploration plan. Test production shows that the well produces 360 tons of low-sulphur crude oil a day. Drilling of

the first exploratory oil and gas well, with a daily output of more than 1,000 tons of crude oil, was completed last May. Oil and gas bearing formations of the well were discovered in the arenaceous rock stratum of the Mesozoic era. Chinese experts are of the opinion that this might lead to the discovery of a new offshore oilfield.

- A suspension bridge with a middle-span length of 176 metres, China's longest, has been built and is now open to highway traffic in Liaoning Province. The bridge, 355 metres long and 10 metres wide, links the mainland with Changxing Island in Bohai Bay. Building of the bridge took four years.

- A rare earth chloride production line with an annual capacity of 6,000 tons, China's biggest, went into trial operation recently in northwest China's Gansu Province. China's rare earth deposits account for 90 per cent of the world's total. The ore contains little radioactive elements which can be basically eliminated through refining.

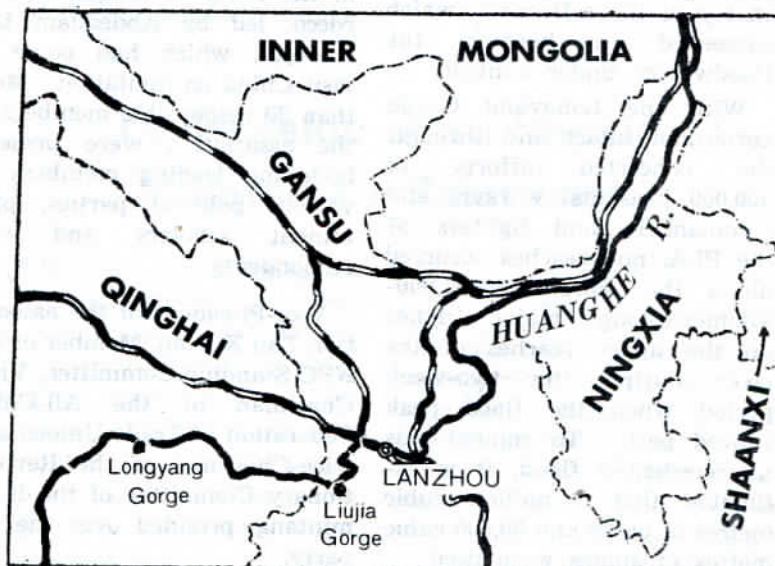
- A new big workshop producing 40,000 tons of polyester chips annually has been completed at the Beijing Yanshan Petroleum Chemical Corporation on the outskirts of the Chinese capital. Trial production has been successfully carried out, and its annual output is about one-sixth of the nation's total. If all the polyester chips produced in the workshop are used to make dacron, it means an additional 44 metres of dacron a year for Beijing's 9 million inhabitants.

#### SOCIAL

#### Huanghe River Flood Conquered

The biggest ever flood crest on the upper reaches of the Huanghe River in mid-September emptied into the Bohai Bay on October 8 without any serious damage to the people living along the banks, and there was not a single death.

Torrential rain continued for 28 days running since





August 16 on the upper reaches of the river, and the floodwaters posed a serious threat to the cofferdam of the Longyang Gorge hydroelectric engineering project now being constructed. If the cofferdam were to give way, according to experts, the floodwaters would rush downstream at a rate of 38,000 cubic metres per second, destroy the entire project and wash away all the villages, towns, roads and other facilities on both banks along the 200-kilometre stretch between the Longyang Gorge and the Liujia Gorge. It would, moreover, endanger the Liujia Gorge project and the industrial city of Lanzhou.

After hearing a detailed report by the Central Flood-Prevention Headquarters, responsible members of the State Council instructed that no effort should be spared to ensure the safety of the cofferdam. Emergency measures were taken to raise the level of the cofferdam. Working in three shifts for 10 days and 10 nights under extremely difficult conditions, 15,000 civilians and soldiers of the People's Liberation Army built a four-metre-high, 80-metre-long and 13-metre-wide dyke on top of the cofferdam, which succeeded in keeping the floodwaters under control.

With the Longyang Gorge cofferdam intact and through the concerted efforts of 300,000 peasants, workers and commanders and fighters of the PLA, no breaches occurred along the more than 1,000-kilometre-long major dykes on the upper reaches of the river during the two-week period when the flood peak flowed past. To combat this unprecedented flood, it is estimated that 8 million cubic metres of earth and 80,000 cubic metres of stones were used.

As a precautionary measure, inhabitants in the danger zones were evacuated in an orderly way. Leading members of the Party, government and PLA of Qinghai, Gansu, Ningxia and Inner Mongolia as well as Ministers and Vice-Ministers of Power and Railways were on the spot to organize and direct the fight against the flood.

The Huanghe River which has rich water resources was regarded as the "scourge of China" in the old days. In the 2,000-odd years before the founding of the People's Republic, the river overflowed its banks on more than 1,500 occasions, and the rulers were unable to cope with the situation. Since the founding of New China in 1949, the Party and government have made tremendous efforts to harness the river.

## FOREIGN RELATIONS

**Tea Party for Delegation of Party of Istiqlal of Morocco.** The Association for International Understanding of China gave a tea party in Beijing on October 19 for the Delegation of the Party of Istiqlal of Morocco, led by Abdesslam Ben Abdejilil, which had come to visit China on invitation. More than 30 responsible members of the association were present, including leading members of various political parties, prominent scholars and correspondents.

Vice-President of the association Zhu Xuefan, Member of the NPC Standing Committee, Vice-Chairman of the All-China Federation of Trade Unions and Vice-Chairman of the Revolutionary Committee of the Kuomintang, presided over the tea party.

The association was founded in Beijing on September 28. It aims at promoting mutual understanding and friendship between China and other countries and safeguarding world peace. It wishes to co-operate and sponsor exchanges with organizations, political parties, scholars, prominent personages and social activists of other countries having the same desire.

**Vietnamese Military Personnel Give Press Conference.** Air force second lieutenant Kieu Thanh Luc and three other Vietnamese, who had defected to China on September 30 in a military helicopter, gave a press conference on October 16 in Beijing. Kieu Thanh Luc said at the conference that they had come to China because they could no longer endure the cruel rule and political persecution of the Vietnamese authorities. He said that the aim of the conference was to tell the people of the whole world about the sufferings of the Vietnamese people today.

At the conference, the four Vietnamese exposed the atrocious activities of the Le Duan clique and its aggression against Kampuchea.

**Statement on the Picture Book "Xizang."** Versions of a picture book on Tibet published in certain countries contain material slandering and vilifying the People's Republic of China, said a statement by the Shanghai People's Fine Arts Publishing House on October 19.

The book, *Xizang* (Tibet), was produced jointly by the Shanghai enterprise and the Yugoslav Review Publishing House. But, said the statement, the Review Publishing House sent the master copy of the book to third countries where "some evil-intentioned anti-China elements

(Continued on p. 10.)



## A Positive Development In the Middle East

**R**ECENT contacts between parties involved in the Middle East problem represent a positive trend in international affairs.

The crux of the present stalemate in the settlement of the Palestinian problem results from Israel's intransigent attitude. Backed by the United States, Israel has consistently denied the Palestinian people's right to self-determination, including the establishment of their own state. In addition, Israel has refused to withdraw from occupied Arab land and repeatedly made incursions into Arab territories.

Disregarding the Arab people's just demands, the United States continues its traditional policy of supporting Israel. It has also refused to conduct talks with the Palestine Liberation Organization (PLO), the legitimate representative of the Palestinian people. Even its West European allies frown on this unrealistic policy.

However, there are signs that some leaders from the United States are beginning to change their opinions on the Middle East. Former US Presidents Jimmy Carter and Gerald Ford, on their way home from the late Egyptian President Anwar Sadat's funeral, issued statements calling for dialogue between the US and the PLO. On October 12, President Ronald Reagan said that the United States would consider talks with the PLO if it accepts Israel's right to exist.

Charging that the primary hindrance to peace in the Middle East is Israel's refusal to recognize the PLO, Yassar Arafat, leader of the PLO, welcomed the proposals of the two former US presidents. Arafat also expressed his readiness to accept Saudi Arabia's proposal as the basis for peace talks. One of the key points in the Saudi proposal calls for the right of all countries in the region, including Israel, to exist in peace.

These indications of flexibility in the positions of the PLO and the US show that progress, however small, is being made. Now it is up to Israel to make a reciprocal move.

The deadlock might be broken if the Begin government renounces its policy of aggression and expansion, accepts the right of the Palestinian people to self-determination and recognizes the PLO. The United States should urge Israel to make these changes in its pol-

icies so that a comprehensive and just settlement can be reached.

The West European countries and Japan have recently intensified their efforts to get all parties concerned to reach an agreement. Japanese Prime Minister Zenko Suzuki held talks on October 14 with Arafat on Middle East problem. The Japanese have also invited Arafat to visit their country for the first time. While in Cairo, Japanese Foreign Minister Sunao Sonoda suggested to Israeli Prime Minister Begin that the PLO should recognize the existence of Israel and that Israel should recognize the Palestinian right to self-determination.

On October 13, the European Economic Community Foreign Ministers decided at a London meeting to promote a solution to the Middle East problem.

These developments indicate that progress is being made. Although no definitive breakthrough has occurred, every positive gesture by the parties concerned should be welcomed.

— Chen Weibin

## To Develop or to Impair Sino-Indian Relations?

**O**N October 10 a group of Indian parliamentarians jointly sent a message to the authorities in Taiwan, greeting the 70th anniversary of the founding of the so-called "Republic of China." It is surprising to note that this action should have come from India, which established diplomatic

relations with the People's Republic of China 31 years ago.

In their message these Indian parliamentarians expressed the hope of strengthening "the steadily growing friendship between the two peoples and the two republics." It is evident from this that they regard Taiwan — an inseparable part



of China's territory—as “a state.” The Indian Government severed relations with the Taiwan authorities in April 1950 when it established diplomatic relations with the People's Republic of China. It also recognized that there is only one China—the People's Republic of China. Accordingly, what these Indian parliamentarians have done runs counter to this stand of the Indian Government. They obstinately side with the handful of instigators of the “two Chinas” scheme to meddle in China's internal affairs. This is intolerable to the Chinese people who are resolutely opposed to a division of China and who long for the reunification of their motherland.

It is quite common for parliamentarians in some countries to entertain views at variance with that of their governments. But it is said that this “message of greeting” was signed by Indian MPs, including members of the ruling Congress Party. What makes it difficult to understand is that the Indian Government so far has made no objection to this. It is also quite abnormal for a country that has had long-term diplomatic relations with China.

India and China are neighbours. And despite some setbacks earlier, their relations have fared well in the past few years. The Chinese and Indian peoples ardently desire a further improvement of the relations between the two countries. When Chinese Foreign Minister Huang Hua visited India last June, both sides in their talks expressed this desire. But mu-

tual efforts are required to develop friendship. And this act of the Indian parliamentarians is most regrettable, for it goes against the desire of the Indian

## Japan

# Mining Tragedy and Energy Policy

JAPANESE measures to use less oil have begun to show some success and the recent drop in oil prices have helped a bit more to alleviate the country's energy problem. One measure introduced after the oil crisis of 1979 by the Japanese Government was to revive the country's coal-mining industry and use coal instead of oil to produce electricity. The Japanese Government has decided to allocate 26.7 billion yen to re-equip and develop, between 1981-83, the Yubari mine in Hokkaido, one of three subsidiaries of the Hokkaido Coal and Shipping Company, which had been losing money steadily for years. It racked up a cumulative deficit of 67 billion yen in 1980 and its Yubari mine, which produces a sixth of the country's coal output, was kept open only by loans and subsidies from the government and the big banks. The mine produces about 3 million tons each year.

On October 16, there was a gas explosion in the mine, which killed 42 miners and left 51 others still unaccounted for. It was the third big mine disaster in Japan in 36 years and has shocked the Japanese public. Japanese newspapers say that the disaster will set back the government's plan for 20 million tons a year and upset the energy programme.

The Japanese Ministry of International Trade and Industry has plans to use coal to produce

people to develop India-China friendship and impairs Sino-Indian relations.

—Xinhua Commentator  
(October 13)

30 million kilowatts of electricity by 1991, that is, 12.1 per cent of the national output. Today, only 5.26 million kilowatts are generated by coal-fired stations. Most of the coal is imported, as Japan produces only 18 million tons a year. Although plans are afoot to raise this output to 20 million within five years, it will not solve the energy problem or sever Japan's dependence on imported coal, but it will help to some extent.

—Chen Bowei

(Continued from p. 8.)

presumptuously tampered with the historical facts contained in the captions and text provided by our publishing house and inserted contents slandering and vilifying the People's Republic of China.”

The statement stressed that this is in violation of the agreement which stipulates that the Shanghai Fine Arts Publishing House is responsible for editing, including compiling, translation and photography, while the Yugoslav Review Publishing House is responsible only for such matters as book designing, binding, printing and publishing.

The Shanghai Fine Arts Publishing House has asked the Yugoslav Review Publishing House to prevent the exhibition and sale of this picture book in all languages in which anti-China contents are inserted.

CORRECTION: In the 5th line of paragraph two, left column, p. 11, issue No. 42 “September 17” should read “September 7.”



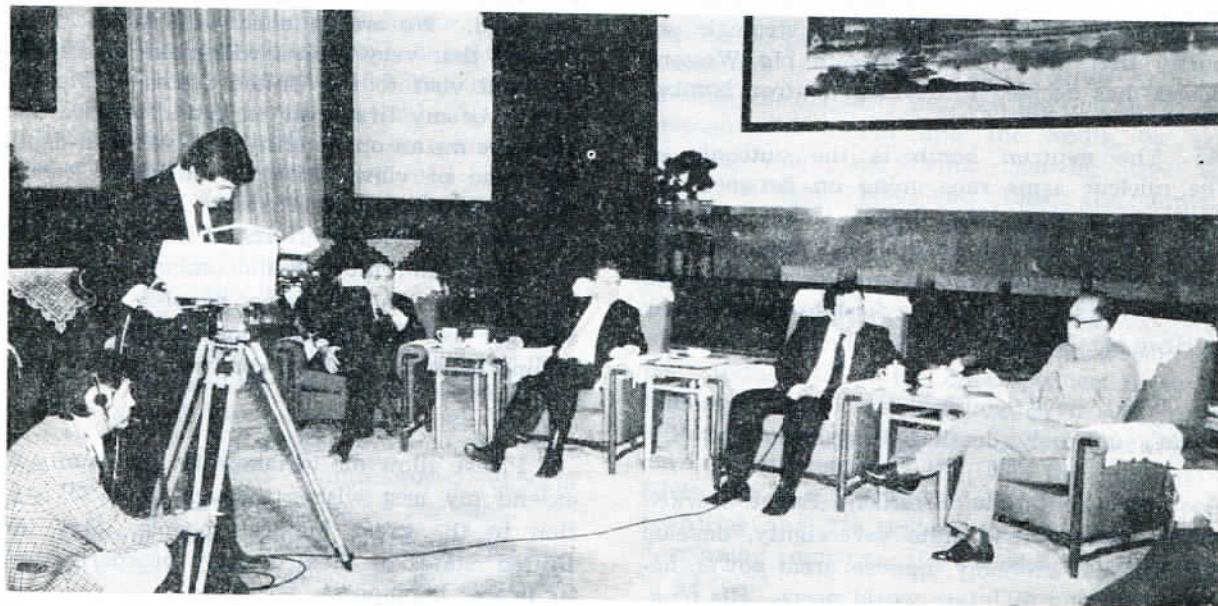
## Premier Zhao Ziyang Answers Mexican TV Correspondent's Questions

*On the afternoon of October 13, Premier Zhao Ziyang was interviewed by Fernando Alcala, Deputy Director of the News Department of the Mexican TV Station and answered questions put by him. The full text is as follows. — Ed.*

**Question:** From the viewpoint of a socialist country which practises a planned economy, what do you think are the ways to establish a new international economic order?

**Answer:** It is the trend of our time and the aspirations of all the developing countries to transform the old inequitable and unfair international economic order and establish a new international economic order in accordance with the principle of equality and mutual benefit and on a fair and reasonable basis. China is a developing socialist country. We share

weal and woe with other developing countries. We firmly support the position of the Group of 77. It is our view that Resolution 34/138 adopted by the UN General Assembly on launching the global round of negotiations should be fully implemented. In order to establish a new international economic order, the developing countries should close their ranks and support each other, and the developed countries should conform to the trend of our time and co-operate with them, and it is necessary to link the long-term objective correctly and closely with the immediate issues that call for urgent solution. An important task we face now is to work for the success of the Cancun meeting. It is our hope that the meeting will promote an early start of the global negotiations and yield positive results. This will be conducive not only to improving the North-South relations, but also to the main-





tenance of world peace in the present turbulent international situation.

**Q:** The Soviet Union has refused to take part in the North-South dialogue to be held in Mexico. Does this mean that it lacks interest and sincere desire in solving the problems facing the world today?

**A:** A superpower which keeps on styling itself the "natural ally" of the third world countries has adopted a very negative and indifferent attitude towards the meeting for which the third world countries show so much concern and attention. Does this not provide food for thought?

**Q:** International opinion agrees that the violence in El Salvador emanates from the hegemonist rivalry between the Soviet Union and the United States. Some people even say that Central America has become a boundary between the two superpowers. What are China's comments on this issue?

**A:** China has always maintained that the internal affairs of a country should be settled only by the people of that country. We are opposed to any form of foreign interference, no matter where it comes from.

**Q:** The arms race is undoubtedly intensifying without let-up. The US Government has declared that the United States will produce and stockpile the unthinkable lethal weapon — the neutron bomb. Do the socialist countries, China in particular, think that it is out of the genuine intention to defend its strategic security that the United States, a big Western power, has decided to develop neutron bombs?

**A:** The neutron bomb is the outcome of the nuclear arms race going on between the two superpowers, the Soviet Union and the United States. China has always been opposed to the nuclear arms race and holds that the two superpowers should be the first to reduce their nuclear armaments.

**Q:** What have you to say about President Sadat's untimely death by assassination?

**A:** In his lifetime President Sadat worked tirelessly to defend state sovereignty, develop the national economy, oppose great-power hegemonism and maintain world peace. His pass-

ing is a tremendous loss to the Egyptian people. The Chinese people have lost a sincere friend. We hope the Egyptian Government and the people will further strengthen their national unity and unity with other Arab countries and continue their efforts to defend state sovereignty and territorial integrity and oppose aggression and subversion by any outside forces.

**Q:** How about China's present relations with Latin America?

**A:** China and the Latin American countries all belong to the third world. We have always sympathized with and supported each other in the struggles against imperialism, hegemonism and colonialism. Our fundamental interests are the same, and there is no conflict of interests between us. The relations between China and Latin American countries will continue to develop.

**Q:** What do you think of the Sino-Mexican relations?

**A:** China and Mexico share many things in common. Both countries have a long history, and each has made its contributions to civilization. Our two peoples started friendly exchanges a long time ago. With the establishment of diplomatic relations between the two countries in 1972, our bilateral relations entered a new stage. Former President Echeverria and President Lopez Portillo paid visits to China and made contributions to the development of our bilateral relations. The relations existing between China and Mexico are good. We are satisfied with them. I am pleased that very soon I will make an official goodwill visit to the United States of Mexico. It will be my first visit to Latin America and will give me an opportunity to have an in-depth exchange of views with the Mexican leaders on issues of mutual interest. I am confident that with the joint efforts of both sides, the friendship and mutual understanding between the Chinese and Mexican peoples will grow stronger and the friendly and co-operative relations between our two countries will develop further.

Please allow me to take this opportunity to extend my best wishes through your TV station to the great Mexican people. May the United States of Mexico enjoy prosperity and its people happiness! □



# North-South Economic Relations And North-South Dialogue

by Xia Zhenxing

A MEETING on international co-operation and development, i.e., problems in North-South economic relations, with government and state leaders of 14 developing countries and 8 developed countries attending, is being held in Cancun, Mexico. People hope to see the summit break the deadlocked North-South dialogue and improve North-South relations because the situation brooks no further delays.

## I. Wide Gap Between Rich and Poor

Since the developing countries (in this article, developing countries within the capitalist economic system) gained their political independence, they have made economic progress to varying degrees. Their annual average growth rate was 4.7 per cent in the 1950s, 5.6 per cent in the 60s and 5.3 per cent in the 70s, 4.1, 5 and 3.1 per cent<sup>1</sup> higher than those attained in the same years by the developed countries. The developing countries accounted for 9.1 per cent of the gross world output value in 1950 and 15.1 per cent in 1978.<sup>2</sup>

Changes have also occurred in the economic make-up of the developing countries. In 1963 the manufacturing industry contributed 31.5 per cent, extractive industries 10.2 per cent and agriculture 58.3 per cent to the total output value of the developing countries. Ten years later, agriculture's share had dropped to 48.1 per cent while the share of the other two had risen to 39.3 and 12.6 per cent respectively. The developing countries' contribution to the world's total industrial output value has risen from 8.2 per cent in 1960 to 8.8 per cent in 1970 and to 10.9 per cent in 1980.<sup>3</sup> During the 1955-79 period, the proportion of manufactured goods in exports of the developing countries went up from 13 per cent to 21 per cent. In the same period their share in the world's manufactured exports jumped from 4.8 per cent to 8.4 per cent.

However, these figures describing the economic growth and economic compositional

changes of the developing countries disguise the different conditions of the various types of developing countries. In general, relatively fast economic development was attained by the few oil-exporting countries and countries processing goods for export. The annual average economic growth rate of the oil-importing, low-income developing countries in the 1960s was 4.1 per cent, dropping to 3.3 per cent in the 1970s.<sup>4</sup> Fairly big changes in the economic composition took place only in a small number of countries processing for export. In 1977, the combined industrial output value of the so-called new emerging industrial countries or regions accounted for half the total industrial output value of all developing countries<sup>5</sup> and the value of their manufactured goods exported made up more than four-fifths of the total export value of manufactured goods of all developing countries.<sup>6</sup> As far as the majority of the developing countries are concerned, they are still producers and exporters of primary farm and mineral products.

The annual average economic growth rates of the developing countries have been higher than the developed countries but their average population growth have also been much higher. According to the per capita gross national product, the disparity between the rich and poor, between the North and the South, is expanding, not narrowing. During the 30 years between 1950 and 1980, the annual growth rate of the per capita GNP was 3.1 per cent for the developed countries, 3 per cent for medium-income developing countries, and only 1.3 per cent for low-income developing countries.<sup>7</sup> Calculated in US dollars (1980), the per capita GNP of the developed countries in 1950 was 3,840 US dollars, which was 22 times higher than the 164 dollars per person in the developing countries. By 1980, the per capita GNP had risen to 9,684 dollars for developed countries and 245 dollars for the low-income developing countries; the difference had grown to 39-fold.<sup>8</sup>



Within the economic system of the capitalist world today, the disparity between rich and poor is a glaring one. Developed countries have only 24 per cent of the world's population, yet they produced 80 per cent of GNP of the entire capitalist world. The developing countries have 76 per cent of the world's population, but produced only 20 per cent of the GNP of the capitalist world. The low-income developing countries, in particular, having 46 per cent of the world's population, possess only 4 per cent of the GNP.<sup>9</sup>

## II. Crux of Disparity Between Rich And Poor

Since their independence, the developing countries by and large have reduced their economic reliance on the developed countries. They have more or less put an end to the extra-economic means of colonial plunder and regained their right to manage their own customs and to issue their own currencies. They have adopted various forms of supervision and restrictions on foreign monopoly capital enterprises in their country, sometimes holding shares or nationalizing them. They have taken a big stride forward in attaining economic independence.

However, the old international division of labour is still around in the economic system of the capitalist world. At the same time, the developed countries are still holding on to their monopoly positions in various spheres, maintaining the unequal relations of controller and controlled, of exploiter and exploited, through exercising their economic might, through the activities of the multinationals and the employment of state monopoly capitalist mechanisms and levers.

The national economies of the developing countries are still heavily dependent on foreign trade. Two-thirds of the import and export trade of these countries are carried on with developed countries, with primary products making up four-fifths of the exports to the developed countries and industrial products making up four-fifths of the imports from the developed countries. As the agricultural industry of the developing countries is still producing cash crops for the developed countries, these countries are having to import more food grain. From 1960 to 1963, each year an average 18.3 million tons of grain were imported and from 1977 to 1979, 53.4 million tons.<sup>10</sup> As almost two-thirds of the food grain are imported

from the developed countries, the developing countries' foreign trade is basically the exchange of industrial products and food grain from the developed countries for their mineral products and cash crops. But the international monopolies still dominate today's world markets and have a fairly big say in determining the prices of commodities. They sell their industrial products and food grain to the developing countries at high prices, and buy cash crops and minerals at depressed prices, exploiting the developing countries through this exchange of unequal values. According to an estimate of the Secretariat of the United Nations Conference on Trade and Development, the terms of trade of the developing countries declined at an average of 10 per cent in 1972 compared to the mid-50s. If petroleum is excluded the average decrease was 18 per cent. This enormous loss incurred was 10 billion US dollars greater than the official development aid received from abroad in the corresponding period. After the Organization of Petroleum Exporting Countries recovered the right to adjust prices after 1973, trade conditions for its members have improved, but the trade parity of the developing countries that export other primary products has been dropping for many years. In 1980 it fell to the lowest level in 30 years.

Continually worsening terms of trade have prevented the developing countries from accumulating funds necessary for their economic development, so they are often forced to seek capital from abroad. However, direct private investments, commercial bank loans as well as official aid from abroad are mainly controlled by the developed countries. In the important field of international banking, the monopoly position of the developed countries is very visible, with the United States, in particular, acting as if having to some degree the right to issue a world currency. Even if they are members of official financial multilateral organizations, such as the World Bank and the International Monetary Fund, the developing countries have very little say. The developed countries try to influence the direction and process of economic developments and to get big profits and high interests through lending funds the developing countries need.

Despite a number of developing countries nationalizing some of the foreign-owned enterprises, the amount of direct private investments from the developed countries has risen from about 40 billion dollars in 1970 to 100 billion dollars in 1980. Most of these investments



have been put into the extractive industry and production of cash crops to ensure that the developed countries get the raw materials they need. At the same time, more and more manufacturing industries have been set up, but many have been moved out from the developed countries because they are labour-intensive, or highly polluting industries or ones which use huge quantities of raw materials. Some are, in fact, merely assembly or intermediate processing plants established in the third world by the multinationals. As every one knows, direct investments in the developing countries give the international monopoly organizations twice as much profits, sometimes even more, as investments in their own countries. It is estimated that annual profits extracted by foreign direct private investments in the developing countries exceed 20 billion US dollars.

The developed countries not only export direct private investments to the developing countries, but a growing amount of credits. Of the latter, the proportion of official development loans at relatively favourable terms is falling, while commercial short-term credits at high interests are increasing. This adds greatly to the debt burden of the developing countries. According to the report released by the International Monetary Fund, the long-term foreign debts of the non-oil-producing developing countries came to 97.3 billion dollars at the end of 1973, rising to 370 billion dollars in 1980, and estimated to reach 425 billion dollars this year. Most of these creditor nations are, of course, developed countries. Of the 370 billion dollars of long-term foreign debt outstanding at the end of 1980, 58 per cent were commercial loans. In 1973, the amount for principal and interest of these long-term foreign debts was 16.1 billion dollars, climbing to 96.4 billion dollars in 1981. Interest alone will be 33.6 billion dollars. In 1973, principal and interest in long-term foreign debts of the non-oil-producing developing countries accounted for 14 per cent of their total commodities and labour exports. The figure rose to 20.8 per cent last year.<sup>11</sup> As more and more developing countries are unable to repay their foreign debts, they are being forced to comply with the wishes of their creditors to readjust or even change their financial and economic policies. This is another illustration of the developed countries using their monopoly position in the international monetary world to control the developing countries.

To industrialize, the developing countries need not only capital, but also technology from

abroad, and the developed countries have a monopoly of this too. Most patents and most advanced technologies are owned by the multinationals. The United States, Europe, Japan and other developed countries provide 80 per cent of technological transfers in the world. The United States alone accounts for 50-55 per cent. When transferring technologies to the developing countries, the developed countries frequently apply discriminatory restrictions to maintain the unequal international division of labour. Although many oil-producing developing countries have recovered their right to extract their own oil and have plenty of funds for development, they still find it impossible to set up a complete oil industry, because the developed countries have a monopoly of the technologies. They have been forced to continue to be sellers of crude oil to the developed countries. Some technologies have been transferred to the developing countries, but at an unreasonably high prices. It is estimated that in recent years, direct expenses incurred by the developing countries for technological transfers have gone up 20 per cent each year.

After they have obtained funds and necessary technologies, some processing and manufacturing industries have been established by the developing countries, but a part or most of the products are for export. Again they meet with various forms of protectionism from the developed countries. The developed countries impose a system of graduated taxes for different grades of processing. For example, imported rice is exempted from tax by the United States and the European Economic Community. There is a 15 per cent tax on husk rice by the United States and a 13 per cent tax on processed rice and rice products by the EEC. With their economies stagnating in recent years, the developed countries have put up more non-tariff barriers. It is estimated that there are 900 kinds of non-tariff barriers at present. Furthermore, quotas are fixed for the import of competitive products from the developing countries. Apart from government measures, international cartels formed by the multinationals impose restrictive trade practices to stop products from the developing countries entering the world market. This is how industrialization of the developing countries is being obstructed by the developed countries. Manufactured goods from some countries processing goods for export are having more and more trouble entering developed countries.

In a word, as a result of the developing countries gaining independence after World



War II, the political situation in the world has undergone a tremendous change, but the old North-South economic relations in which the developed countries dominate has not been destroyed and it is playing more and more an obstructive role as the developing countries strive to attain economic independence and to accelerate their economic development. This is one of the crucial factors holding back the developing countries from getting rid of their poverty and backwardness, and is the fundamental reason why the developing countries are resolutely demanding the establishment of a new international economic order.

### III. Struggle and Results

The developing countries have waged a long and unremitting struggle to get rid of domination by the developed countries and their economic dependence on them, to win fairer and more reasonable treatment in international economic relations, and to speed up their national economic development.

In the 50s, a resolution adopted at the Bandung Conference of Asian-African countries explicitly stated that all countries, big or small, are equal, and should engage in economic co-operation on the basis of mutual benefit and mutual respect for state sovereignty and take collective action to stabilize prices of raw materials.

In the 60s, the developing countries gradually organized themselves in the struggle in the international economic field. Export organizations of petroleum, coffee, cocoa, groundnut, copper and copra have been established one after another. At a meeting of the United Nations Conference on Trade and Development in 1964, the Group of 77 was set up. The struggle by the developing countries against control and exploitation in international raw materials trade unfolded step by step.

After the 70s, the struggle in the economic field waged by developing countries entered a new stage. In 1973, the Arab states, with oil as their weapon, broke the international cartels' control of crude oil prices. It was a telling blow to the old international economic order. This victory spurred the development of organizations exporting raw materials and helped bring about the convening in 1974 of the Sixth Special Session of the UN General Assembly. The session adopted the "Declaration on the Establishment of a New International Economic Order"

and "Programme of Action." This was a milestone in the struggle by the developing countries in the international economic field. Many developing countries now recognize that to correct the unequal and unfair treatment that they receive in international economic exchanges, the international economic system which prevailed in most countries before their independence and which still remain basically intact, had to be tackled. Their call for a restructuring of the existing international economic order involved three main areas.

1. Changing the production, consumption and trade setup of the world economy and the international division of labour founded on an unequal basis between the developing and developed countries to establish a fair and reasonable international division of labour;

2. Guaranteeing that the developing countries have "full permanent sovereignty" over their natural resources, have effective control in the exploitation of their resources, and are able to restrict and supervise the activities of the multinationals according to the principle of sovereignty;

3. Changing the present position where the developing countries are denied decision-making powers in international economic affairs. To this end, existing structures and regulations of some international economic organizations must be reshaped to enable the developing countries to participate more fully and effectively in decision-making in international economic affairs.

It is obviously a long-term and arduous task and results cannot be expected overnight in accomplishing these structural reforms to establish a new international economic order. It can only be the cumulative result of continuous struggles, of gradual advance, of solving successively the most pressing and solvable problems.

After the Sixth Special Session of the UN General Assembly in 1974, the developing countries negotiated with the developed countries through various channels and achieved some results. Among them are:

Adoption by the UNCTAD of the "Programme for Integrated Commodities" aiming at stabilizing export prices of primary products and promoting the processing of these products in the area of their origin; the agreement reached by the parties concerned to set up a common fund to finance the implementation of this plan. The UNCTAD also drew up pacts of positive significance to promote the foreign trade of the developing countries, such as the "Convention



on the Carriage of Goods by Sea" which protects the maritime shipping interest of the developing countries and another pact on the control of restrictive business practices which imposes certain restrictions on the market operations of the multinationals. Another example can be found in the GATT which has been compelled to some degree to recognize the principle of "generalized system of preference" for exports from the developing countries.

Some developed countries have agreed to reduce or remit official development assistance debts incurred by some developing countries (particularly the least-developed countries). The board of the UNCTAD has also drawn up some measures on how to handle future debt problems of the developing countries.

The International Monetary Fund has met to some degree the demands of the developing countries to sell a part of the Fund's gold holdings to finance the Trust Fund Loans, relax conditions for loans and increase the amount of compensative financing facilities for exports; and increase the ratio and voting rights of the developing countries in the respective organizations.

In 1977 the International Fund for Agricultural Development with a capital of one billion US dollars was set up to fund the developing countries in promoting agriculture, especially the production of food grain. Contributions come separately from the developed countries and OPEC, and levying only one per cent service charges for some of the loans, with repayment in 50 years.

Agreement has been reached between the developed and developing countries to establish a 250 million dollar Science and Technology Fund for Developing Countries.

Particular mention must be made of the emergence of some equality between developing and developed countries in some international economic organizations. For example: The voting structure of the Common Fund of Commodities has given developing and developed countries equal voting rights. The provisional committee of the International Monetary Fund which is charged with the study of restructuring the international monetary system has 22 members at present, half of whom are developing countries (including China). In the managing organization of the International Fund for Agricultural Development, the developed countries, OPEC and the recipient developing countries have a third each of control.

However, these gains, in view of the urgent problems which need to be solved in North-South economic relations, are far from satisfactory. This is because the developed countries, particularly the principal ones, are trying to maintain the old international economic order even though they are turning to dialogue instead of confrontation and making certain concessions in some specific issues.

To spur the North-South dialogue, the developing countries in 1979 suggested a new round of global negotiations under the auspices of the United Nations, to discuss major issues in connection with all five areas — raw materials, trade, development, energy and money and finance. A resolution to this effect was adopted by the 34th UN General Assembly. Nevertheless no agreement has been reached on the agenda and procedure of global talks by the 11th Special Economic Session of the UN General Assembly and the 35th UN General Assembly because of obstruction by some principal developed countries. They tried to turn the global negotiations into empty talk without practical use and allow economic organizations they control (such as the World Bank, the International Monetary Fund and GATT) to play the decisive role in the North-South dialogue. In view of the danger of global negotiations dying before they saw the light of day, Mexico and Austria proposed convening an international conference on co-operation and development, with 22 heads of state participating, to spur the global negotiations. In August this year, the foreign ministers of the 22 nations met to prepare for the October summit. The press communique issued after the meeting affirmed that the goal of the summit was to promote global negotiations.

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#### IV. New Obstacles

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Just when people were hoping that the developed countries would adopt a more positive attitude towards the North-South relations so that global negotiations could go ahead and ease the North-South conflict, a most discordant note was sounded by the United States. A responsible official of the United States declared that the developing countries' demands for lower trade barriers, higher prices for their exports, a bigger volume of aid for development and the restructuring of the International Monetary Fund were "impractical or inefficient." He described the promised 0.7 per cent of the GNP of the developed countries for official development aid to developing countries as "a form of international



taxation without a structural institution." He also said that he took "a very sceptical, 'we're from Missouri,' view of commodity agreements." He was "not sympathetic to a proposal from the poor nations that would give them more votes without increasing their contributions." In short, the United States' stance was one of not preparing to make any "concessions" in the North-South negotiations. He even asserted that the developed countries had already made "too many concessions" to the developing countries, and said that the General Agreement on Tariffs and Trade the developed countries had adopted on exports from the developing countries was "wasting asset."

The United States refused to make concessions, instead it demanded that the developing countries should give way. Another US official not only stressed that multinationals should be encouraged to play a greater role in the development process of the developing countries, but also "firmly demanded" that the enterprises set up by these multinationals in the developing countries concerned "should be accorded the same treatment as the local enterprises." In other words, such enterprises should be treated the same as those of domestic investors. He said that developing countries should be "encouraged" to remove restrictions on foreign investments. As everyone knows, under certain circumstances developing countries can appropriately utilize private investments from abroad to accelerate their economic development, but certain restrictions must be imposed and supervision exercised over them. In order to protect the weaker and smaller national industries and commercial enterprises, the developing countries cannot treat foreign-owned enterprises the same as those of the home country.

The "Declaration on the Establishment of a New International Economic Order" stipulates the principle of "regulation and supervision of the activities of transnational corporations by taking measures in the interest of the national economies of the countries where such transnational corporations operate on the basis of the full sovereignty of those countries." The formulation and implementation of this provision marks a big step forward by the developing countries to win economic independence and establish a new international economic order. Now, certain people are going so far as to demand that the developing countries should remove restrictions on foreign investments. Do they mean that the developing countries should go a big step backwards?

The above reflects the fact some people still want to hold on to their hardline posture on the question of North-South relations. In their own defence, they attack others, accusing the developing countries of not wanting to "create greater wealth" but wanting "to grab a share of the existing wealth," of wanting to have "free dinners." It is saying in other words that the developing countries are bent on getting advantage at the expense of the developed countries, asking the developed countries for "charity." This is ignoring history and also distorting the present situation. If "creating wealth" and "grabbing a share of wealth" must be discussed between the North and the South, then who was it that has grabbed huge quantities of wealth created by others? Wasn't it the exploitation of the colonies and semi-colonies over the centuries that played a tremendous role in the origin and development of the whole capitalist system? In one sense, the prosperity of the developed countries in the 1960s grew out of the cheap fuel and raw materials from the developing countries. Right up to today, the amount of profits from direct investments and interest in loans the developed countries extract each year from the developing countries is more than twice the amount of "official development assistance" to the developing countries. (It must be pointed out here that some of the "official development assistance" are in the form of loans.) The developing countries' striving to establish a new international economic order is not an attempt to benefit themselves at the expense of others and is definitely not soliciting charity. The developing countries ask only for a change in the inequitable and unfair relations between developed and developing countries, for a share of the wealth more or less commensurate with the amount of wealth they create.

If developed countries, particularly the principal developed countries, stick to their hardline attitude in the North-South negotiations, it will ultimately hurt themselves.

The developed countries are increasingly dependent on the developing countries for their fuel and raw material requirements and markets for their manufactured goods. Seventy-five per cent of the oil requirements of the developed countries come from the developing countries. In addition to oil, the developing countries provide the developed countries with 60 per cent of the chief agricultural products and minerals they require. Even the United States, abundantly endowed with natural re-



sources, has to import 40 per cent of its petroleum needs, and of 13 vital materials for US industry, only four were imported in 1950, but the number has now gone up to nine, each amounting to more than one half the domestic consumption.

And take the consumer goods market. The developing countries are taking up a larger proportion of the total exports from the developed countries. Comparing 1979 and the years between 1969 and 1971, for the United States it rose from 29.6 per cent to 33.8 per cent, for the EEC from 14.2 per cent to 21 per cent, and for Japan from 40.9 per cent to 45 per cent. Consequently, if the productive forces of the developing countries continue to be fettered by the old international economic order and their economies continue to deteriorate, the situation becomes more unstable and their ability to buy from abroad diminishes, then the economic development of the developed countries will be unfavourably affected. Conversely, if a new international economic order is gradually built up so that the economies of the developing countries develop and thrive, it will have a beneficial effect on the developed countries. Some people in the developed countries already see this and believe that the South can become the driving force boosting the economies of the North. They see economic developments in the South helping to pull the economies of the North out of the current doldrums.

It must also be pointed out that establishing a new international economic order is not merely an economic issue but is also a major political issue concerning the maintenance of peace and stability of the world. The struggle of the developing countries to win economic independence so as to consolidate their political independence and their demand for real equality in the world is an irresistible tide of history. If the developed countries go against this tide it will only exacerbate contradictions between themselves and the developing countries. At the same time, the economic difficulties of the developing countries and the resultant internal political unrest will provide the Soviet hegemons with loopholes to exploit. The Soviet Union is at present pushing hard its drive southwards and the developing countries are the first to be affected. The developed countries face the threat of having their oil and raw materials supply lines cut. If the developed countries are to join the developing countries in resisting the expansionism of the Soviet hegemons, they must take into consideration the

vital interests of the developing countries and relax the North-South conflict. Likewise, if the United States wants to attain a "strategic consistency" with the Middle East countries vis-a-vis the Soviets, it must respect the national rights and interests of the Arab people in the Arab-Israeli conflict. French Minister for Foreign Affairs Claude Cheysson said in August after the foreign ministers meeting at Cancun that if the developed countries continue to refuse holding global negotiations under the auspices of the United Nations and the meeting of the 22 heads of state ends in failure, then there could be a period of five to ten years of tension between the developed and the developing countries and not only would the world economy deteriorate, but this could cause the developed countries to be politically isolated, unable to accomplish anything anywhere.

Today, the world is faced with the arduous tasks of stimulating the economy, upholding peace and stability and opposing hegemonism. This increases the urgency and importance of improving North-South relations. People hope that the leaders of the developed countries, those of the principal developed countries in particular, will correctly assess the situation, conform with the current of the times, and from the strategic point of view and from the economic-political angle, consider and appropriately handle the relations between the North and the South.

## NOTES

1. *Handbook on International Trade and Development*, 1977, p. 235, and World Bank: *World Development Report*, 1980, p. 99.
2. *United States in the Changing World Economy* published by the US Government, 1973, and the 1980 US *Economic Report of the President*.
3. Renmin Ribao, April 14, 1981.
4. *World Development Report*, 1980, p. 99.
5. Economic Co-operation and Development Organization: *Observer*, January 1980, p. 26.
6. G.K. Helleiner: *Protectionism or Industrial Adjustment*, 1980, p. 52.
7. *World Development Report*, 1980, p. 34.
8. Ibid.
9. *World Development Report*.
10. *World Development Report*, 1980, p. 23.
11. International Monetary Fund: *World Economic Outlook*, 1981, pp. 132 and 135.

(This is a translation of the article which appeared in the quarterly "Journal of International Studies" No. 2, 1981.)



# What Taxes Should Foreigners Pay in China?

by Zhao Suzheng

*The publication of the Income Tax Law of the People's Republic of China Concerning Joint Ventures With Chinese and Foreign Investment and the Personal Income Tax Law last year aroused the interest of many foreign companies, enterprises and other economic units as well as foreign friends. They would like to know more about the current Chinese tax laws.*

*According to China's current tax laws, there are mainly six kinds of taxes which concern foreigners residing in China. This article briefly describes the particulars of these tax laws. — Ed.*

## Personal Income Tax

**A**NYONE who has resided in China for a full year, irrespective of nationality, should pay a personal tax on income earned in and outside of China. Those who are not residing in China or who have resided in China for less than one year should pay a tax on income gained from sources in China only. As to those who have lived in China for less than five years and earn an income from sources outside of China, a personal income tax shall be levied only on the part of their income remitted to China. But those who have resided in China for more than five years should pay, beginning in the sixth year, the tax on the whole of their income gained from sources outside of China.

**Tax Scope.** The items to be taxed consist of wages, salaries, compensation for personal services, royalties, interest, dividends, bonuses, income from leases on property and other kinds of income specified as taxable by the Chinese Ministry of Finance.

**Rate.** Income from wages and salaries shall be taxed according to a progressive seven-scale rate, ranging from 5 to 45 per cent, whereas income received in compensation for personal services and other items mentioned above shall be taxed at a proportional rate of 20 per cent.

**Method of Computation.** As for income from wages and salaries, a monthly deduction of 800 yuan shall be allowed and that part in excess of 800 yuan shall be taxed. As for income from labour remuneration, royalties or leases on property, a reduction of 800 yuan shall be allowed

if the income received in a single payment is less than 4,000 yuan; if the income received in a single payment is more than 4,000 yuan, a 20 per cent deduction shall be allowed and the remaining sum shall be taxed. As for interest, dividends, bonuses and other kinds of income, a tax shall be levied on the full amount received in each payment. RMB is taken as the unit for calculating income.

**Procedures.** As for personal income, income earners are obligated to pay a tax; the paying unit shall be the withholding agent. Tax payers not covered by this withholding process are required to personally file a declaration of their income to the tax office. Those who earn an income outside of China should, within 30 days after the end of the year, pay the tax to the state treasury and send in the form to the tax office.

## Income Tax on Joint Ventures

Joint ventures with Chinese and foreign investments which are run inside China should, according to the regulations, pay taxes on their income derived from production, business and other sources.

**Rate.** The tax rate on income from joint ventures shall be 30 per cent. In addition, a local income tax of 10 per cent of the assessed income tax shall be levied. In the case of a foreign participant in a joint venture remitting his share of profit from China, an income tax of 10 per cent shall be levied on the remitted amount.

**Procedures.** The income tax on a joint venture shall be levied on an annual basis and paid in quarterly instalments. Provisional payments shall be made within 15 days after the end of every quarter. A final settlement shall be made within three months after the end of a year. Excess payment shall be refunded by the tax authorities or deficiencies made good by the tax payer. A joint venture shall file a declaration of its income tax payment, an annual report for income tax and a balance sheet for the final settlement of the tax to the local tax office.

**Exemption.** A newly established joint venture scheduled to operate for a period of 10 years or more may be exempted from income tax in the first profit-making year and allowed a 50 per cent reduction for the next two years.



Joint ventures engaged in such low-profit operations as agriculture and forestry or those operated in remote, economically undeveloped areas may be allowed a 15 to 30 per cent reduction in income tax for a period of 10 years in addition to the above three years' exemption and reduction.

A participant in a joint venture which reinvests his profits in China for a period not shorter than five years may obtain a refund of 40 per cent of the income tax paid on the reinvested amount.

Losses incurred by a joint venture in a tax year can be carried over to the next tax year and made good with a matching amount from that year's income. Should the income in the subsequent tax year be insufficient to make up for the said losses, the balance can be made good with further deductions from income year by year over a period not exceeding five years.

### **Industrial and Commercial Income Tax**

The industrial and commercial income tax shall be levied on income earned from business and other sources by all industrial and commercial enterprises in China, including foreign enterprises and permanent agencies of other economic organizations in China, and joint ventures engaged in production and business, except those for which there are specific regulations.

**Rate.** According to the Provisional Regulations for Industrial and Commercial Tax, the tax rate consists of 21 grades which range from 5.75 to 34.5 per cent of the total income. An additional tax of 10 to 100 per cent of the industrial and commercial income tax shall be charged according to the size of income. Finally, a 1 per cent local surtax shall be charged on total of the above two figures.

**Procedures.** The tax shall be levied on an annual basis, paid in quarterly instalments and the tax balance finally settled at year-end. Excess payments shall be refunded by the tax authorities and deficiencies made good by the tax payers. At the end of each quarter and each year, the tax payer shall send in, on the date fixed by the tax office, a report on the payment of income tax and relative accounting papers to the tax office and pay the tax to the state treasury.

### **Industrial and Commercial Consolidated Tax**

All those units or individuals engaged in industrial production, purchasing farm produce,

importing foreign goods, retailing, communications, transport and service trades should pay an industrial and commercial consolidated tax.

**Rate.** The tax shall be levied according to the items and rates as provided in the Regulations for the Industrial and Commercial Consolidated Tax of the People's Republic of China.

**Procedures.** According to the date and items of the tax as fixed by the tax office, the payer should calculate the amount of tax and pay it to the state treasury.

Imported industrial and agricultural products are to be taxed by the Custom House at the time of importation.

### **Urban Real Estate Tax**

Within Chinese territory, in cities where a real estate tax is imposed, all units and individuals who own real estate should pay tax according to the regulations. If the real estate is mortgaged, the tax is to be paid by the mortgagee. In case the above owner or mortgagee are absent from the city or there is an unsettled dispute about the property, the tax is to be paid by the user of the estate or its keeper.

**Rate.** Calculated on an annual basis according to the standard value of the house, the house tax rate is 12 per cent.

Calculated on an annual basis according to the standard value of the landed-estate, the landed estate tax rate is 1.8 per cent.

Calculated on an annual basis according to the standard value of the house-and-landed-estate, the house-and-landed-estate tax rate is 1.8 per cent.

Calculated on an annual basis according to the standard value of the house-and-landed-estate rent, the house-and-landed-estate tax rate is 18 per cent.

**Procedures.** The real estate tax is to be levied once every quarter or half year. The payer should report in detail on a fixed date to the local tax office about the estate's location, structure, area and number of rooms. After looking into the matter, the tax office will direct the payer to pay tax to the state treasury on a fixed date.

### **Tax on Vehicles and Ships**

A tax shall be levied on all vehicles and ships used in districts within China.

**Rate and Procedures.** According to the Provisional Regulations for the Tax on Vehicles and Ships, a fixed amount of tax is to be levied on a yearly or quarterly basis. □



# Growing Old in China

FOR the working people of pre-liberation China, there was little hope of a comfortable old age. Many slaved and scraped, only to find their sorrows compounded by their senility. Infant mortality, disease and starvation meant a life expectancy of 36 years.

Nonetheless, there was a deep-rooted tradition of respect for older members of society. The title "Lao," literally translated "old," was and is a term of great respect conferred upon older men and women in all walks of life.

Today, despite the many problems still facing the country, considerable gains have been made for China's senior citizens, because of the state commitment to express concern and respect in concrete improvements. The average life-span exceeds 68 years according to 1980 figures from the Ministry of Public Health. Women outlive men, with an expected life of 69.5 years compared to men's 66.9. Life expectancy is highest in the major cities—Shanghai leads with 70.64 for men and 75.48 for women, while in Beijing men average 69.51 years and women 72.26.

**Retirement.** With more people living longer, retirement benefits are increasingly important. About 8 million retired workers and staff members collect pensions today, according to the State Bureau of Labour. They include factory workers, managers and directors, office workers, service employees, and professionals such as engineers and college professors.

Men workers and staff

members retire at 60, women workers at 50, and women staff members at 55. Mine workers and those who work high above the ground or in extreme heat retire five years earlier. All retirees receive free

medical care in addition to their pensions. Pensions are a percentage of salary which is calculated by length of time on the job, work performance and service to the country (see Tables I and II).

TABLE I CHINA'S PENSION SYSTEM

Requirements (for retired workers and staff members)	Pension's percentage of former wages
Those who started work after the founding of New China (October 1, 1949)	
— worked consecutively for more than 10 but less than 15 years	60 per cent
— worked consecutively for more than 15 but less than 20 years	70 per cent
— worked consecutively for 20 or more years	75 per cent
Those who joined revolutionary work during the period of the Liberation War (on or prior to September 30, 1949)	80 per cent
Those who joined revolutionary work during the period of the anti-Japanese war (on or prior to September 2, 1945)	90 per cent

Notes:

1. Those who have been honoured as National Model Workers, Labour Heroes or Combat Heroes and those who have made special contributions can receive a pension 5 to 15 per cent higher than the above figures.

2. Cadres who began revolutionary work before July 7, 1937 receive a pension equal to their wages.

TABLE II CHANGES IN THE PENSION SYSTEM

Period	Pension's percentage of former wages
Old China	No pension except in a few departments or enterprises
Prior to 1949 (in north east China's liberated areas)	30 to 60 per cent
Early post-liberation years	35 to 60 per cent
1958-78	40 to 70 per cent
1978 to present	60 to 90 per cent



## Old Customs Enriched With New Content

**S**ONS were the only means of livelihood for people who became too old to work in the old society. Those who had no sons adopted nephews or other young males as "social security" to ensure support in their later years. In New China, the custom of filial care has been made into law, with daughters as well as sons responsible for retired parents.

While many sons struggled to support their parents in old China, some also abused and neglected their elderly relatives without intervention from society. In New China, maltreatment of parents is punishable by law (see box on this page).

**"Five Guarantees" for Childless Older Peasants.** Most of China's senior peasants are supported by their children. But those who have no children are also protected by social institutions. In the countryside, the "five guarantees" were introduced in the mid-1950s following the agricultural co-operative movement. Childless peasants are guaranteed: food (including fuel, cooking utensils and pocket money), clothing (including bedding), housing (including furniture and home repairs), medical treatment, and a burial.

More than 110,000 "five guarantees" peasants live in 8,200 retirement homes built since 1958. The costs are primarily borne by local communes and brigades but some state aid is available for poorer places. Generally the retirees who live in homes for the aged have a higher living standard than those who remain in their own homes.

**Pensions for Peasants.** In recent years, some relatively prosperous people's communes and production brigades have introduced pension plans for their retirees, with variations in

age requirements and benefits according to local conditions.

**Remaining Active.** Senior citizens are encouraged to remain active members of society. They are provided opportunities to care for small children, perform services for their communities or advise at their former workplaces.

To grow old in China is to gain respect.

### Legal Protections for Senior Citizens

**Constitution.** Article 50 stipulates: "Working people have the right to material assistance in old age."

**Marriage Law.** This statute governs marriage as well as family relations in China, including the rights of elder family members.

The General Principles state: "The lawful rights and interests of . . . the aged are protected." "Within the family maltreatment and desertion are prohibited."

Article 15 clarifies: "Children have the duty to support and assist their parents." "When children fail to perform the duty of supporting their parents, parents who have lost the ability to work or have difficulties in providing for themselves have the right to demand that their children pay for their support."

Article 18 states: "Parents and children have the right to inherit each other's property."

Article 22 further stipulates: "Grandchildren or maternal grandchildren who have the capacity to bear the relevant costs have the duty to support and assist their grandparents or maternal grandparents whose children are deceased."

Article 35 stipulates: "In cases where the relevant party refuses to execute judgments or rulings regarding . . . costs of support, the people's court has the power to enforce the execution in accordance with the law."

**Criminal Law.** Chapter 7 (On Offences Against Marriage and the Family) states: "Whoever vilely mistreats a member of his family shall be sentenced to imprisonment for not more than two years, or to detention, or to public surveillance." "Whoever . . . causes grievous injury or death shall be sentenced to imprisonment for from two to seven years." "Whoever, having responsibility for the support of an aged person, flagrantly refuses to support that person, shall be sentenced to imprisonment for not more than five years, or to detention, or to public surveillance."

(Detention is a sentence of 15 days to six months in which the convicted is deprived of his freedom.)

Public surveillance is a sentence of three months to two years in which the guilty party is released and supervised by the masses of the unit where he works and in the neighbourhood under the guidance of the public security organ. Such a person is expected to reform himself and his freedom is partially restricted.)



## Aging in the City

*Dalian, a beautiful coastal city in the northeast, has a population of 4.5 million, one-third of whom live in its five urban districts while the remainder live in five suburban and rural districts.*

*In Dalian our Correspondents Kong Yong and Zhuang Hongchang investigated the day-to-day lives of Chinese retirees both in the countryside and in an urban setting, and they report:*

Dalian has 110,000 retired workers and staff members, most of whom live with their children. In return, the "yeye" (grandpa) and "nainai" (grandma) are likely to care for the grandchildren and manage family affairs, according to Lin Baoquan, a leading member in charge of the affairs of retired

District with the oldest of his three daughters, her husband and their two children. "My daughter and son-in-law look after me," he said, "and in return, I help them manage some household chores." He contributes his pension of 90 yuan a month to the family income (75 per cent of his original

wage), while his daughter and son-in-law bring in a total of about 100 yuan.

He shares a room with his grandsons who give him "a great deal of happiness," he said. He talks with pride about the accomplishments of his three-year-old grandson who besieges him with questions, asking him to tell stories or to go outside and play.

He is content with his life and proud of his family, he said. "On holidays my children in other cities all come back to see me. Then our little house bustles with excitement. Since we don't have enough beds, we have to improvise a bit."

Soon after he retired in 1975, he was elected a leading member



Retired man and his grandson join other retirees with their birdcages in a park after daybreak.

people in the city's council of trade unions.

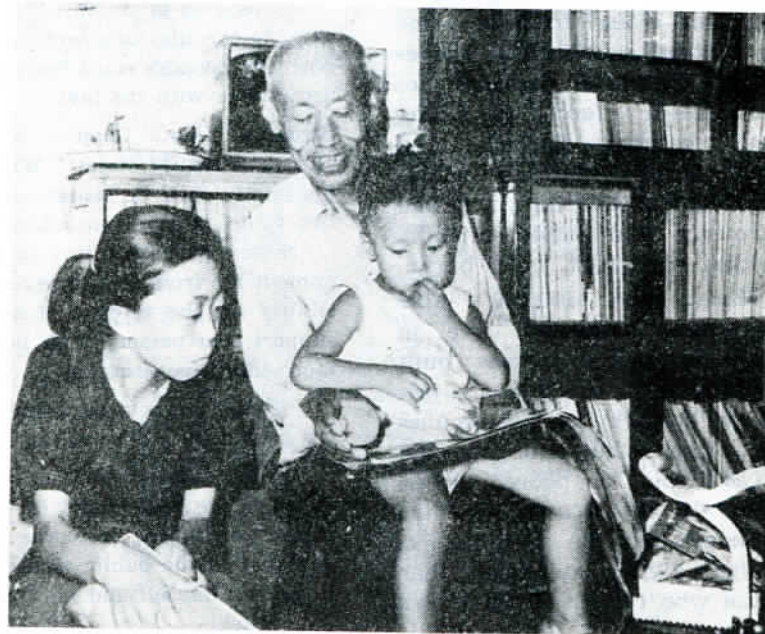
Retired railway staff member, Liu Peilin, 66, has a typical arrangement. His wife died many years ago and his two sons work in other cities. He lives in Minle Street of Xigang

### Average Life-Span in China

Life expectancy of Chinese now exceeds 68, nearly double the pre-liberation figure of 36.

This is due to the betterment of people's social and economic conditions and the improvement of medical and health services.

According to an analysis of the causes of death made by health departments in some areas, heart disease, strokes, and cancer are now the main causes of death. The rate of death from respiratory diseases, pulmonary tuberculosis (TB), ailments of the digestive system and acute infectious diseases has noticeably declined.



Liu Peilin, a retired worker, reads to his daughter's children.





Three inspectors (all over 70) from the Dalian city government on an inspection tour of a factory. The younger man on the left is a leading member of the factory.

of the Party branch of the neighbourhood committee. He also helps handle the affairs of retired workers and staff members. In addition, in 1979 he was appointed an assessor in a grass-roots people's court.

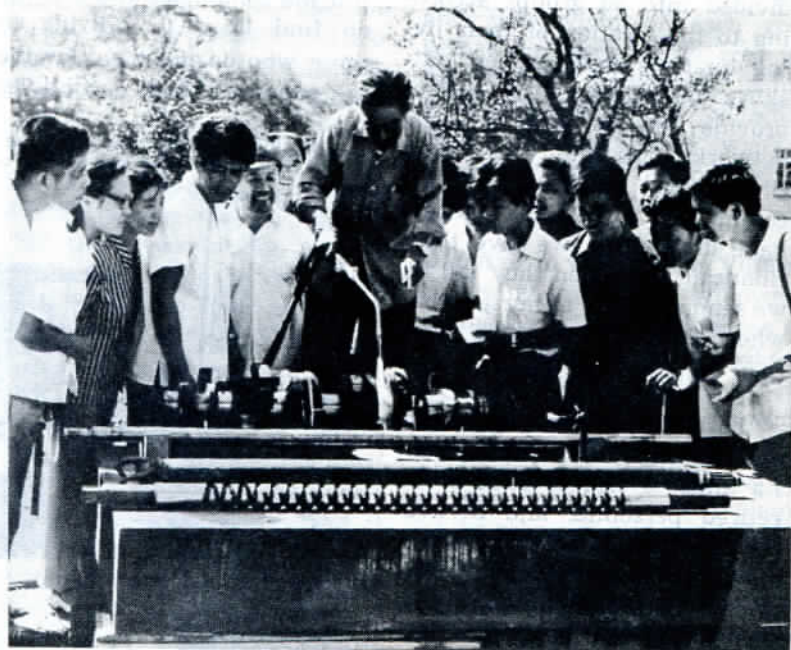
He reads voraciously and the room he shares with his grandsons is piled high with hundreds of books, magazines and newspapers. Because he and his family are relatively well-off he can afford to spend over 10 yuan a month on reading materials. Liu often lends his books to friends and youths in the neighbourhood, prompting people to refer humorously to his home as a library without a signboard.

**Active Retirement** Many senior citizens see it as their civic duty to remain active in local affairs. Some take part in neighbourhood committees, help mediate

in civil disputes, provide after-school counselling for children; or assist the people's traffic police.

For instance, four 70-year-olds volunteered in 1979 to inspect old age homes in Dalian's countryside and to investigate the well-being of retired workers. They were veteran cadres who joined the revolution during or before the War of Resistance Against Japan (1937-45), therefore their pensions are 90 to 100 per cent of their original wages and they have no need to work. But their contributions were welcomed and their reports contained useful suggestions and criticisms.

Another service senior citizens perform is technical advising. Ten highly skilled retired workers constitute an advisory group which provides skills training for the Technical Co-operation Committee of Dalian People. Sixty-one-year-old Guo Lianchun, who gained a citywide reputation for his skilfulness, teaches electrical welding. Another welder, Zuo Zhenzhong, teams up with Professor Qian Lingxi, 66, Vice-President of the Dalian Engi-



Retired worker Zuo Zhenzhong (centre, with spectacles) passing on welding techniques to workers from seven provinces and cities.



neering Institute, to teach the principles and practical application of specialized welding for the committee.

In Xigang District's Hongyan Neighbourhood, of the 1,292 retired workers and staff members, 655 are involved in local activities, according to an official investigation.

**Committees for Retirees.** Because retired workers are still looked upon as members of their original work units, many enterprises set up retired workers "management committees" which keep in touch with the retirees as well as helping them with personal or financial problems.

"This company was founded by the people who have now retired," said a member of the Dalian Fishery Company's Party committee. "We must pay special attention to their well-being now that they are elderly."

The fishery's retired workers management committee looks after 779 members who are divided into 50 groups according to the location of their living quarters (city proper, outskirts or other). The groups provide retirees with a social network, according to Song Chengtang, chairman of the committee. "When the retirees have difficulties, we give them financial aid; when they fall ill, we send someone to nurse them; when they die, we help with their funeral," he said.

"Last May Day (a big festive day in China), the company sent 7.5 kilos of fish to each of its retired personnel and invited them and their wives to see a movie at a city cinema," continued Song Chengtang, who was vice-chairman of the fishery's trade union before he retired in 1980.

Retired workers are also looked after by "working committees" under the Dalian city and district governments and their agencies. These committees provide medical and financial aid and arrange leisure time and political activities.

"We often organize senior citizen outings, card games and chess competitions," said Jing Guoyou, vice-chairman of the retired workers committee of the Hongyan Neighbourhood in Xigang District. "We also explain the Party's policies and principles to the elderly, and district heads or chairmen of neighbourhood agencies make it a point to seek their suggestions

and criticism of government work."

Another retired workers group in the Leye Neighbourhood holds discussions and study meetings where local retirees with special knowledge are invited to speak. One lecture by a retired head nurse was entitled, "Dietetic Hygiene and the Prevention and Treatment of Disease Among Old People." Another was "How to Cook Sauteed Fish" by a retired chef.

"At first we were worried that we would feel lonely after we retired. We never expected that we would find so much joy in life," was a sentiment echoed again and again among Dalian's older residents.

## Retirement in the Countryside

THE countryside, where most of China's population lives, does not have as many resources as city enterprises. Most senior citizens there live with their children, although in a few more prosperous communes pensions have been introduced. But the communes and brigades do find ways to provide for those who do not have families to support them. Childless

widows and widowers have the option of living in homes for the aged in 120 of Dalian's 124 suburban and rural communes. While the homes account for only 2,500 in a rural population of 3 million, their success is a reflection of China's developing welfare system. The measures to support the aged are designed to allow commune-dwellers an escape from the historical

Residents of the home for the aged run by the Lingshui Commune having lunch. The two young women (standing) are service workers.





necessity to raise large families. Eventually everyone will be able to comply with the one-child family campaign without fear of a destitute old age.

**Senior Citizens Homes.** In 1958, when the Lingshui Commune decided to open a retirement home, they chose the best house in the commune—the former landlord's manor—with buildings arranged around a central courtyard in the traditional Chinese style.

The Chinese character *fu* (blessing) is posted above the entrance so that the home's 18 residents will be reassured of a "blessed life in this home," said Wang Desheng, chairman of the commune administrative committee. "The purpose of running a home for the aged is to guarantee that older peasants can live happily," he added.

Only those who want to serve the elderly and respect them as they would their own parents are qualified to serve as staff members, Wang Desheng said.

In addition, commune leaders often visit the home for a meal or a discussion, sometimes for a few days' stay. "Comrade Wang has even helped me and others bathe," said one elderly resident.

The commune Party committee makes certain the home is supplied with necessities like nutritious food and with entertainment, like screenings of new films. Every commune organization has been directed to help the home whenever necessary. On festival days the residents' former neighbours and local cadres stream into the home with gifts and other special treats.

At the end of each year the commune management meets with the home's residents to review the work, to listen to

suggestions, and to plan the following year's activities. A residents' committee functions democratically to carry out the plans and to manage the home's day-to-day affairs.

All residents are guaranteed the following freedoms:

- Freedom to enter and leave the home. Retirees may visit or stay for a short time before making a final decision about whether to move in.

- Freedom to move about. Once they move into the home, it becomes their own home. Their relatives and friends may visit them at any time. They may leave to visit their relatives. The home covers traveling expenses for the residents and provides close relatives with free lodging and food when they visit.

- Freedom to work. To keep physically fit and make life more interesting, retirees may volunteer to do light manual labour such as raising chickens or growing vegetables and flowers.

- Freedom to drink liquor. Many people who were exploited and oppressed in the old society had the habit of "drinking liquor to drive away sorrows" and some older peasants feared that the home would force them to stop drinking. Lao Xu, a resident, said, "It is out of respect for our dignity that the home has no restriction on drinking." Honouring this principle has paid off. Home director Zhou Zhenxiang believes the heavier drinkers are imbibing less than before because "they are living a happier life." Of course, the staff tries to "see to it that they don't get drunk," he added. "For it is harmful to their health and it might cause bickering among them."

**Costs to the Commune.** While the commune as a whole reaps



Wang Shuying growing maize plants beside her house in her leisure time.

social benefits from the home's existence, the financial costs are substantial. In 1980, the commune's average per capita income was 380 yuan, while the living costs for each retirement home resident was 600 yuan (including food, clothing and medical care). One hundred and fifty yuan of each resident's expenses are covered by his former production team, with the remainder collected from the commune's welfare fund and from the profits of commune-run enterprises.

#### Old Age in One's Own Village.

Seven widows and widowers in the Lingshui area choose to stay in their own homes, where they are looked after by their production brigades. One widow, 84-year-old Wang Shuying of the No. 4 Team of the Luanjin Production Brigade explained, "I know the home is alright, but I've been living here for decades. My team leader and neighbours all show great concern for me so it's quite pleasant to stay here."





Pang Qinghai (centre) seated with four generations of his family.

"Once I was terribly sick and the girl next door attended to me for two days. My neighbours are wonderful. Whenever they have some delicacies, they share them with me. During the last Spring Festival I was asked to many dinners and often they insisted I take some delicacies home. It took me several days to finish them."

She collects a monthly pension of more than 20 yuan and her production team gives her free grain, firewood and vegetables. A young neighbour carries water for her. "As to shopping, sometimes my neighbours help me, or when I feel fit I go myself," she said.

She continues to do some light work but says that her team leader is concerned that she might get overly tired, often saying, "You'd better rest. Do you think our team cannot support you?"

The other six retirees who live at home lead similar existences, according to Teng Xiuzhen, a brigade leader. "They are reluctant to leave

their villages where they have lifelong friends," she said.

**Old-Age Pensions.** Several communes and production brigades in rural Dalian have introduced pension plans in the years since 1976. The pensions are paid from public welfare funds of the teams and brigades, and are calculated on years of work instead of on work points, which are the basis for wages. In Lingshui Commune where retirement benefits were instituted in 1980, each pensioner is paid one yuan per year worked in collective labour (i.e., since 1956 when agricultural co-operatives were established). At present 520 people, 5 per cent of the commune's population, collects pensions.

Retirement age is 65 for men and 60 for women, ages that are too high, according to Wang Yunsong, vice-director of the commune management committee. "We don't have an abundant public accumulation fund. When we have more funds, the age will be lowered," she said.

Pensions for peasants are unprecedented in China and, like other new policies, aroused a

lot of comments. "Originally I was unable to comprehend the government's call for one-child families," remarked a middle-aged peasant. "I worried that nobody would look after me when I got old. But now that I see the home for the aged is well run and what's more there is a pension system, I am less concerned."

Life for Lingshui Commune's elder members is markedly better than before liberation. Pang Qinghai fled famine in Shandong Province to Dalian 50 years ago. Then he moved from one poorly paid job to another in pre-1949 China. But his life improved with the advent of collectivized farming, which has allowed him to live to the ripe old age of 73.

Today he lives with his only son and daughter-in-law and five of their children in a 10-room new brick house. "Before liberation I lived in a shed," he said. He is the happy owner of a heating pad, a transistor radio and a television set, all gifts from his grandchildren, two of whom live with their spouses. He is particularly proud that he recently became a great grandfather.

On top of all these comforts, with his 22.40 yuan monthly pension he can have milk each morning, snacks and an occasional bottle of liquor.

"I have experienced life's bitterness in the past. Now I enjoy its sweetness," he said.

Another old peasant praised the pension system by saying, "I have a monthly income of more than 20 yuan. Even if my children could not help me, I could still support myself." A young peasant interrupted: "I approve of giving pensions. Today, we enjoy the fruits of hard labour of our elders. Anyway, we all will be old one day." □



## PALAEONTOLOGY

### Dinosaurs

A large cluster of dinosaur fossils has been found in the suburbs of Zigong, Sichuan Province. The excavation was begun in 1979 by the Institute of Vertebrate Palaeontology and Palaeoanthropology together with local archaeologists. Since then, 200 boxes of fossils weighing 40 tons have been collected.

Eight skeletons of dinosaurs are included in the discoveries. Some have been classified as *shunosaurus*. Fossil skulls of stegosaurs which are quite rare were also unearthed. Chinese scientists have now believed that the stegosaur did not originate in Europe but in Asia.

The scientists believe that Sichuan Basin was a seabed 180 million years ago. Later on the earth's crust folded and the basin bulged. The water was pushed towards the ancient Mediterranean Sea. Lakes and rivers were created in the basin, and Zigong was on the shore of one of the lakes. Later, due to hot weather, the lake became a marsh where dinosaurs thrived among thick forest and lush aquatic plants.

At the end of the Mesozoic Era, the weather turned cold and food resources became scarcer. Dinosaurs could no longer survive.

In the group of dinosaur fossils discovered near Zigong, there is one complete skeleton with its head and tail raised high—a vivid reminder of dinosaurs' desperate struggle against extinction.

The area where the fossils have been discovered covers 2,500 square metres. The strata belongs to the middle stage of the Jurassic Period some 150 million years ago. The new excavation has contributed valuable information to the study of the evolution of dinosaurs. It has also shed new lights on the study of ancient geography and meteorology about the Sichuan Basin.

The excavation work is still going on.

### Ichthyosaur Fossil

Last year, Chinese geologists discovered part of the skeleton fossil of a big palaeovertebrate in a layer of late Triassic Period near Xiangyun County, Yunnan Province. Scientists from the

Institute of Vertebrate Palaeontology and Palaeoanthropology have determined that it is the fossil of an ichthyosaur and have dated it to be more than 160 million years old.

The first ichthyosaur fossil was found near Zurich, Switzerland, in 1708. But views remained divided on exactly what kind of animal it was until 1814 when Mary Anning, a British girl, discovered the first complete ichthyosaur fossil by the English Channel. It was then believed that the ichthyosaur was a fishlike lizard which lived in seas.

Ichthyosaur fossils have mostly been found in European and North American marine strata of Mesozoic Era; only partial remains have been found in Asia. China's first ichthyosaur fossil was discovered in 1964 on the Triassic Period layer of Mount Xixabangma.

The newly found ichthyosaur fossil in Yunnan Province is similar in size and dating to that unearthed on Mount Qomolangma in 1966. It has helped prove that this area of Yunnan Province used to be a sea linking the ancient Mediterranean and Himalayan Seas during the early and mid Triassic Period.

### Ancient Elephant

The fossil remains of a mammoth elephant found on Inner Mongolia's Hulun Buir Grassland in spring last year has been pieced together by the Inner Mongolian Museum. The giant skeleton now stands on its own four legs without any other supports.

The ancient elephant skeleton is 9 metres long, 4.7 metres high, with tusks of 3.1 metres.

Dinosaur fossil being excavated near Zigong.





It is much larger than the intact fossil of a stegodont elephant discovered in China's Gansu Province.

Specialists have determined that this elephant, who lived 30,000 years ago, died in the prime of life. The fossil is well preserved. Its tusks, jaw-bones, backbone and limbs are unbroken; even the rarely known tongue-bone is found.

This mammoth elephant belongs to the same species as the one found eight years ago in China's northeast Heilongjiang Province.

## SPORTS

### *International Swimming And Water Polo Invitational Tournament*

Chinese athletes won one gold, seven silver and nine bronze medals in the recent Chengdu International Swimming and Water Polo Friendship Invitational Tournament.

China's Feng Dawei was the gold medalist in the men's 200-metre individual medley final with a time of 2:9.69. Chen Chao was the runner-up in the men's 100-metre butterfly final with a time of 57.09, the best time for an Asian swimmer in this event this year.

Approximately 90 swimmers from Australia, the Federal Republic of Germany, Romania, Singapore, Japan and China took part in the 29 events. Excepting China's gold medal, Australia — which had a particularly strong team — took all the other gold medals in the 15 men's swimming events.

The Federal Republic of Germany and Australia each captured five gold medals in the

14 women's swimming events. Japan won the other four.

The American water polo team, which won each of its matches, was the gold medalist in that event. The Australian team, with six wins and one loss, placed second. The Chinese water polo team took the bronze medal on the strength of its four wins, one draw and two losses.

The seven-day event, which concluded on October 17, provided a good indication of the extent to which China will need to improve in order to become a consistent winner in world-class swimming meets. Particular attention will need to be devoted to improving the performance of China's women swimmers. Chinese swimmers also need to increase their speed, strength, stamina, racing dives and turning techniques.

### *Football: China Beats Kuwait 3:0*

The Chinese national football team defeated Kuwait 3:0 on October 18 in the fourth match of the 1982 world cup Asian-Oceanian zone qualifying round.

Playing before an enthusiastic home crowd, the Chinese team put forth one of its best performances in recent years. Displaying both confidence and skill, the Chinese team launched a series of fierce attacks immediately after kick-off.

Rong Zhihang, who has recovered from the ankle injury

### *Time Table for the Asian-Oceanian Zone Qualifying Round*

China — New Zealand, September 24, Beijing  
China — New Zealand, October 3, Auckland  
New Zealand — Kuwait, October 10, Auckland  
China — Kuwait, October 18, Beijing  
Kuwait — Saudi Arabia, November 4, Riyadh  
Saudi Arabia — China, November 12, Kuala Lumpur  
Saudi Arabia — China, November 19, Kuala Lumpur  
New Zealand — Saudi Arabia, November 28, Auckland  
Kuwait — China, November 30, Kuwait  
Kuwait — Saudi Arabia, December 7, Kuwait  
Kuwait — New Zealand, December 14, Kuwait  
Saudi Arabia — New Zealand, December 17, Riyadh

he received on September 24 in the Sino-New Zealand match, scored the first goal 25 minutes into the game. Shortly thereafter, Gu Guangming slammed another ball into the net.

Shen Xiangfu scored the third and final score of the match not long after the beginning of the second half.

The Kuwaiti team, which won the gold medal in the 7th Asian football match in 1980, launched several unsuccessful counter-attacks.

The Chinese team's two earlier matches with New Zealand ended in a 0:0 tie and a 0:1 Chinese loss. Kuwait defeated New Zealand 2:1 on October 10 in Auckland.

According to world cup competition rules, the winners of the four groups in the Asian-Oceanian zone qualifying round are to compete for the first two places in order to qualify for the world cup finals. Each team must play two matches with three other teams. The group winners are Kuwait, New Zealand, Saudi Arabia and China.



## Chinese Acupuncture

**Essentials of Chinese Acupuncture** (in English)

《中国针灸学概要》

Published by Foreign Languages Press, Beijing,

Renminbi: 35.00 yuan,

Available in all Waiwen Bookstores in China's major cities, distributed abroad by Guoji Shidian (China Publications Centre), P.O. Box 399, Beijing.

*Essentials of Chinese Acupuncture* is the first English-language publication from China which introduces foreigners to an important component of traditional Chinese medicine.

It is a 432-page systematic description of both acupuncture and moxibustion, disciplines to prevent and treat disease by focusing on certain points. Acupuncture pierces the body with needles; moxibustion applies heat with ignited moxa wool.

Sponsored by the Ministry of Public Health, the book was compiled by experts, professors and noted scholars of the colleges of traditional Chinese medicine in Beijing, Shanghai and Nanjing and the Acupuncture Institute of the Academy of Traditional Chinese Medicine.

The authors have distilled the basics of these disciplines from their own clinical experience as well as from ancient classics and modern medical literature, which are reviewed briefly in the text.

Principles and methods of treatment for 52 common diseases, including a theory of their causes and symptoms, reveal that acupuncture and moxibustion evolved as unsophisticated practical medicine. "They are summaries of experience of

the Chinese labouring people of many centuries in their struggle against disease," the book's introduction says. As early as the New Stone Age some 7,000 to 8,000 years ago, people used stone needles for curative purposes. Moxibustion originated after the introduction of fire into man's life, and with the progress of production, the book asserts.

The book consists of three parts. Part I is devoted to a general description of the basics of Chinese medicine. In Part II, channels, collaterals and acupuncture points are introduced. Points on the body which have proved good for acupuncture and moxibustion therapy are linked together, according to their function, into channels by a logic which is explained in detail.

Part III describes the therapies themselves, including ear acupuncture therapy and acupuncture analgesia. Traditional Chinese medicine sees the ear as the converging site of a number of channels. The ancient art of stimulating the auricle with a needle has been improved according to the book.



After the founding of New China, handed-down knowledge of traditional methods were combined with knowledge acquired from foreign literature, notably works by French ear acupuncture doctors.

Acupuncture analgesia, a method of relieving pain by manipulating needles inserted into acupuncture points, is also described with appropriate technical instruction. Another integration of traditional and Western medicine, this form of pain relief is safer and promotes earlier recovery than the use of Western drugs, the book says, citing numerous clinical proofs.

Useful full-page drawings and small illustrations appear throughout the text. Traditional Chinese medical terms are defined using standard Western medical terminology, for the benefit of those unfamiliar with traditional Chinese medicine. Although this is not a do-it-yourself acupuncture book, for a serious student of the techniques of traditional Chinese medicine it is a well organized and useful guide.

Since its publication in Chinese in 1979, it has been used as a textbook for the Beijing acupuncture training class for foreign doctors. The 1980 English version was well received abroad, particularly by foreign acupuncture doctors who used it as a basis for learning Chinese techniques.

Associate Professor He Meisheng, the translator, returned to China in the 50s after residing for some time in the US. Her experience in translating Chinese traditional medical books and teaching traditional Chinese medicine in English is evident from the clear, concise presentation.

—Meng Xiankun



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