

北京周報

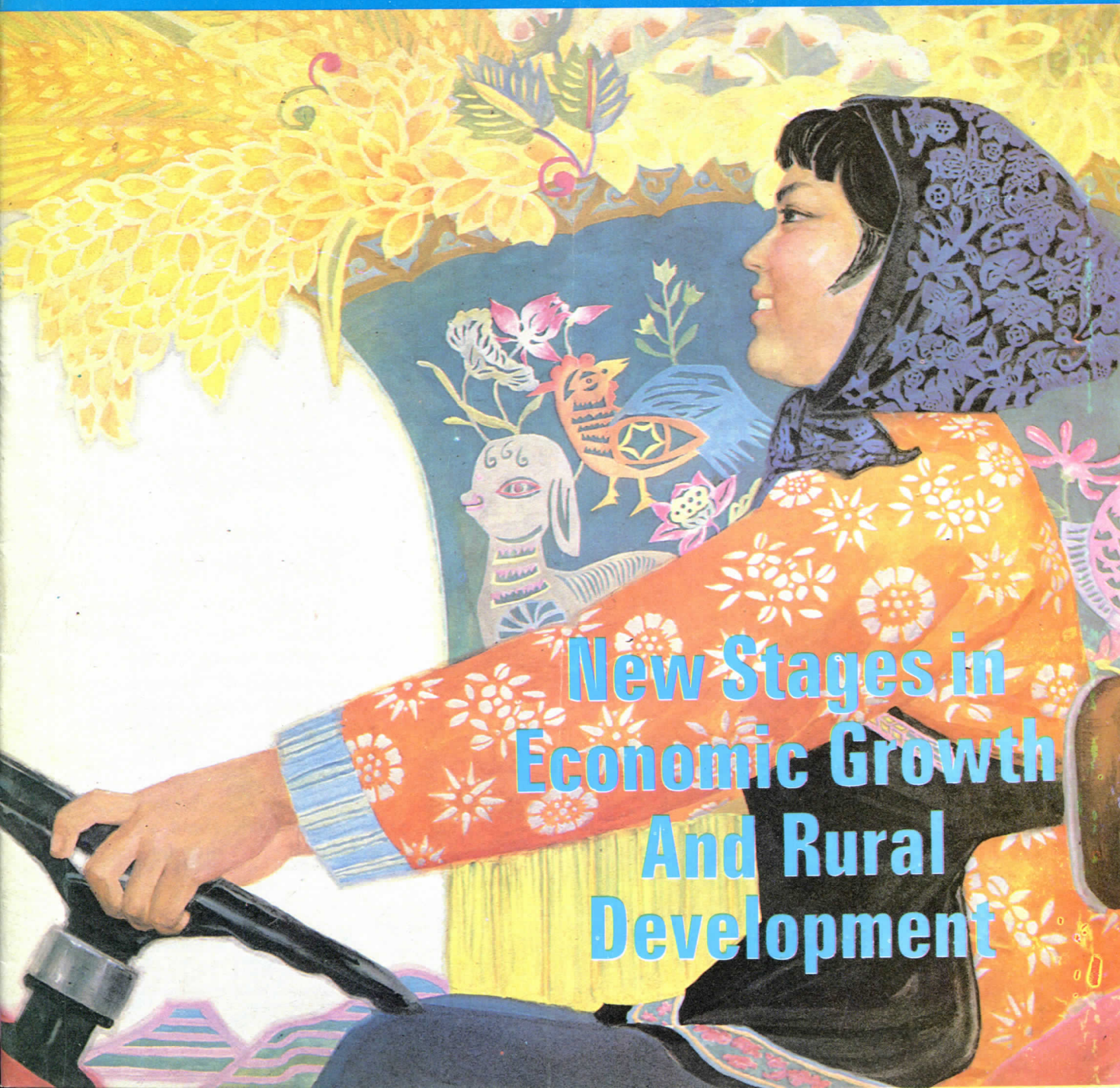
A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

Vol. 29, No. 10

March 10, 1986

## THE IMPORT OF TECHNOLOGY



New Stages in  
Economic Growth  
And Rural  
Development





Weaving rugs for export.



Processing paper boards and cardboards at home.

Manufacturing thick broad-bean sauce.



## Rural Women

Xipu Township, a densely populated area in Pixian County, Sichuan Province, has a surplus of labourers, particularly women. In order to make the most of the women's abilities, the local government has organized a number of women to engage in household side-line production and service trades.

**SPOTLIGHT**

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**COVER:** Bumper Grain Harvest.  
Poster by **Wang Linkun**

## HIGHLIGHTS OF THE WEEK

### Economic Growth and Rural Development

This article, contributed by the China Rural Development Research Group, gives a detailed theoretical analysis of the main factors for the economic growth from 1979 to 1984, the need to establish a new economic structure, and the importance of economic decisions on rural development (p. 14).

### China Stresses Technology Imports

China experienced an increase in technology imports last year after the implementation of laws that protect the legitimate rights of foreign businesspeople engaged in technology transfer and export. Recent structural reforms in foreign trade have also given Chinese enterprises increased independence in decision-making (p. 22).

### Making China Greener

In a recent speech Vice-Premier Wan Li called on the nation to protect its forests and plant more trees so as to make China greener. Stern punishment will be given to those found indiscriminately felling trees (p. 5).

### Family Planning Remains a Basic Policy

China has succeeded in controlling the size of its population over the last five years. However, a top leader warned the nation not to overlook the importance of family planning just because the birth-rate is dropping (p. 7).

### Aging Problem at the Door

Demographers have forecast to the next 15 years a continual rise in the number of China's elderly, who are estimated to account for 7.2 percent of the population by the turn of the century (p. 25).

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# China Positions Itself to Rejoin GATT

by Zhang Zeyu

In his recent talks with a visiting guest, Director-General Arthur Dunkel of the General Agreement on Tariffs and Trade (GATT), Chinese Premier Zhao Ziyang said he hoped China's position in GATT would be restored as soon as possible. Earlier, at the 41st GATT meeting of contracting parties in November 1985, Chinese representatives also indicated the Chinese government would formally file an application for restoration in due time.

Since China adopted the policy of opening to the world in 1979, its foreign trade activities have been greatly stepped up. It has established bilateral trade relations with more than 170 countries and regions around the world. During the Seventh Five-Year Plan period that began this year, China's import and export volume will be much greater than before. To meet this influx of international business, China will continue to develop bilateral trade relations while at the same time taking an active part in multilateral trade activities.

The General Agreement on Tariffs and Trade provides an important venue for multilateral trade negotiations. Trade among GATT member nations accounts for more than 85 percent of the world trade volume. The most-favoured nation treatment of GATT is more favourable to the development of trade between China and other countries than that of bilateral trade. GATT stipulates that the contracting parties can ask the import contracting parties for tariff reductions (commonly called restrictive tariffs) on their major export commodities and reach agreements through negotiations. The bilateral agreement contracting parties, however, cannot call for tariff reductions of their own accord. They can only enjoy the

tariff reductions as set down in the agreements reached between trade partners and other countries; moreover, these reductions are not necessarily for China's main export commodities. Bilateral most-favoured nation treatment cannot be fully guaranteed because a party can unilaterally revise it. The GATT multilateral most-favoured nation treatment, on the other hand, is different, because no contracting party is allowed to wilfully revise the restrictive tariffs reached through negotiations.

As early as March 1948, China signed the final document on the UN World Trade and Employment Conference held in Havana, and became a member of the executive committee of the provisional committee of the international trade organization. In April of the same year, it signed the GATT Provisional Suitable Protocol document and formally became a contracting party to GATT in May. After the founding of the People's Republic in 1949, for various historical reasons the government of New China, which is the sole legal representative of China, could not participate in GATT's activities, let alone restoring its position in GATT. It was not until October 1971 when the United Nations restored China's legitimate seat in that international community, and when GATT disqualified the Taiwan authorities as a GATT observer in November the same year that China began to re-establish relations with GATT.

In November 1982 China attended as observer the 38th GATT meeting of contracting parties for the first time. Later China continued to attend as observer the GATT meetings every year and in January 1984 it formally joined the Arrangement

Regarding International Trade in Textiles signed under the auspices of GATT; in November the same year, China applied for and was granted the status to attend as observer the GATT council meeting and the meetings of its associated organizations and to take part in related activities. When it attended the above-mentioned meetings as observer and joined the MFA, the Chinese government made it clear that these practices did not prejudice the Chinese government's stand on its legal position in GATT.

Judging from the attitude of most GATT member countries, China would be welcomed back into GATT. Some nations have doubts about this, however, claiming China's huge potential for economic development and competition may exert pressure on them or squeeze them out of certain markets. We believe such concern is uncalled for. As a developing country, China's current export only accounts for a small percentage of the world trade and therefore would not affect the overall situation. Even when China's economy develops and its export volume increases in the future, its export percentage of the world trade will still be quite small. Because China has a vast domestic market, its products are first of all consumed at home. China follows a policy of striking a balance between import and export; when export increases, its import will increase accordingly.

These dissenting nations worry that the centralized planned economic structure adopted by China will hinder the commodities of those market-economy nations from entering China's markets. Although the economic structures of both sides may differ, it should be noted that China is pushing through reform and instituting





## Green Drive Gets a Boost

**The whole nation is striving to turn the land greener, but faces continued damage to forests in some areas.**

a commodity economy, and attaches great importance to the role of the market. The results of this reform should lead to a closer tie between China and most of the GATT contracting parties in the fields of the foreign trade, prices and exchange rates. Today, the value of trade between China and GATT members has exceeded 85 percent of China's total foreign trade value. If China's status in GATT is restored, trade between China and the GATT member nations will further expand.

Yet another concern is that after China's position in GATT is restored, the resumption of China's sovereignty over Hongkong in 1997 will affect GATT's relations with Hongkong. But because the Chinese government will guarantee Hongkong's stability and prosperity after 1997, the region will continue to function as a free port and international finance and trade centre, and will maintain and develop its economic relations with various countries and regions, including ties with GATT and other related international organizations.

The restoration of China's standing in GATT conforms with China's open policy. While helping to promote China's foreign trade relations, it will also benefit the GATT contracting parties and facilitate the growth of international trade. For this reason, it is hoped that this will become a reality as soon as possible.

**V**ice Premier Wan Li recently said the greening of the motherland was of great importance to the future generations, and he urged afforestation workers not to indulge themselves in superficial figures but to do something tangible to raise the trees' survival rate.

"China's 9.6 million square kilometres of land would have been afforested several times had all the reported of seedlings survived," he said.

After hearing 11 speeches delivered by officials from various government institutions at the Fifth Plenary Session of the Central Afforestation Committee on February 27 in Beijing, Wan noted that despite optimistic reports on the number of trees to be planted, China must take into consideration the current low survival rate of the new seedlings.

"There has been no national ecological improvement despite some local successes, and the incidents of indiscriminate felling of trees in a number of areas still occur now and then," he said.

Wan is the first Chinese vice-premier to be appointed as the afforestation committee's chairman, thus giving the post the strong leadership it needs to speed up the nation's afforestation effort.

The vice-premier called on officials of the Communist Party, government and army to take the lead in planting trees and grass. "If the leaders of China's 300 cities and 2,000 counties set an example, I don't see why our country cannot be turned green," he said.

To involve more people in this endeavour, Wan stressed the expansion of the contract system in which farmers may sell their produce on the market after their state quotas have been met.

According to the committee, the development of this responsibility system on forest lands, including transferring to their children, will bolster afforestation by making the system a lasting affair. Financial assistance should be given to these farmers under this system, he said.

Wan added that large wooded areas will also be put under the care of farmers. However, he said, the ownership of state-owned forest zones and farms would remain unchanged, and that collective farms should not be nationalized.

"The contract system, which has proved so effective in agriculture over the last few years, will be improved step by step in the field of afforestation," he said.

He pointed out those who indiscriminately chop down the trees would be severely punished and those who made special contributions to the protection of the nation's forests or tree-planting would be rewarded.

He suggested that technological methods and scientific management should be applied to raise economic efficiency in making the nation green.

In his speech at the meeting, Forestry Minister Yang Zhong said that China had succeeded in afforesting about 27 million hectares of land during the Sixth Five-Year Plan period (1981-85), which, according to Yang, surpassed the set target.

He said afforestation results were especially remarkable in 1985. A total of 1.8 million hectares of land were sown with grass and 939,000 hectares of land were turned into forest zones. Areas under aerial seeding amounted to more than 1.65 million hectares, a rise of 45

## China & the World

**China, Sierra Leone Sign Agreement.** China and Sierra Leone on February 27 signed an agreement on the provision of an interest-free loan by China to Sierra Leone and a protocol on economic and technological co-operation. Chinese President Li Xiannian and the visiting Sierra Leone President Joseph Saidu Momoh attended the signing ceremony.

**China Makes Spare Parts for Foreign Aircraft Manufacturers.** China has produced about 800 spare parts for foreign plane manufacturers since 1980. These include hatches, ailerons and water tanks. In 1985 China signed contracts with foreign airplane manufacturers for the production of spare parts valued at US\$ 25 million.

**Chinese Nobel Prize Winners Expected.** The Committee of the Nobel Foundation and its assessment committee hope that Chinese will win the Nobel Prize in the near future. Stig Ramel, chairman of the Committee of the Nobel Foundation, said recently in Stockholm.

The executive director, who visited China in 1972, said China had a civilization of more than 4,000 years, and that the Chinese people were ingenious. But for a long time China cut itself off from the rest of the world because of its conservative policy. He is sure that, however, with the current open policies that are favourable to the development of science and technology, China will produce Nobel Prize winners in science and other fields in the near future.

## No Slackening In Family Planning

**C**hina has succeeded in controlling its population over the last five years, but family planning will remain a top priority on the state agenda for a long time to come.

Addressing a national awards conference of family planning workers held March 1-4 in Beijing, Vice-Premier Wan Li said that by the end of 1985 China had 1.046 billion people and that the total number of new births during the 1981-85 period was 14 million below the ceiling fixed for the Sixth Five-Year Plan. He said that the success of the family planning policy, which had contributed to slowing down the growth of the world population as a whole, was conducive to China's effort to achieve well-coordinated economic and social development.

But he also called attention to problems which, if not handled properly, could mar the country's future. Some officials, he said, have overlooked the arduous work involved in pushing the population policy, and often believe that since the country is experiencing robust economic growth, more children is not a major concern. The result has been runaway population growth in some places. This, he said, may not do any harm to the job market

at present, but as China's current high employment rate is based on low work efficiency, problems are bound to occur with the development of the economy and production and with increased efficiency. Citing this example, the vice-premier warned participants not to overlook the importance of family planning just because the birth-rate was gradually dropping.

To do a better job in family planning, he said, one should take a regional approach to the situation. While the population should be strictly controlled in cities and developed areas with too many residents and a surplus in labour force, certain leeway should be granted in the countryside and places with rich natural resources, but handicapped by labour shortages, he said. More flexibility should be given to areas inhabited by minority people, especially among the smaller ethnic groups.

Wan Li called on all family planning workers to double their efforts in fostering the new concept of planned parenthood among the people, and to strengthen scientific research and ensure an ample supply of contraceptives.

The emphasis on producing healthy and intelligent children is major aspect of family planning work, he noted, and therefore it is necessary to disseminate related theories and knowledge.

percent over 1984. In addition, more than 110 million trees were planted in China's cities, and 8.3 million square kilometres were sown with grass last year.

Yang said China would continue its unrelenting efforts to reforest its vast territory to attain the goal of increasing the nation's forest cover from 12 per cent to 20 per cent by the end of the century - tantamount to the combined area of Qinghai Province and Tibet.

Yang said the "Green Great Wall" project, an effort that began in 1978 to build a sheltering belt along the boundaries of the sandy 130-million-hectare wasteland across northern China, now had extended thousand of kilometers with more than six million hectares of once barren land covered with trees, grass and bushes.

by Wang Xianghong



"Everyone should learn a little psychology, nutrition and public health methods, so that all our kids can grow up healthy," he said.

by Yang Xiaobing.

## Li, Zhao Welcome Aquino Government

**C**hinese President Li Xiannian has congratulated Corazon Aquino on her assuming office as president of the Philippines.

In a February 27 message to Aquino, Li said there was a long, traditional friendship between the peoples of China and the Philippines, and the friendly co-operation between the two countries had developed steadily since they established diplomatic ties.

Premier Zhao Ziyang also sent a message to Salvador Laurel, congratulating him on his assumption of office as Philippine vice-president and his appointment as prime minister.

The premier's message said China and the Philippines were good neighbours and the Chinese Government and people cherished the friendly co-operation between the two countries, which was based on the five principles of peaceful co-existence.

By working together, the message said, such friendly relations will be further developed.

## Lhasa Celebrates Prayer Ceremony

**T**he ancient Johkang Monastery in Lhasa, with its gilded statue of Sakyamni and his army of saints and warriors, was aglow with butter oil lamps as more than 1,500 lamas chanted in unison to the bleating of horns and chiming of bells and symbols. This was one morning scene of the monastery's annual Grand Prayer Ceremony held from February 17 to 27, the first since 1966, the year the traumatic "cultural revolution"

began.

Outside, pious pilgrims from all over Tibet and neighbouring provinces formed a queue several kilometres long. Muttering incantations with heads low and hands palm-to-palm before chests, they filed into the hall to pay homage to the Buddha and get a glimpse of the Grand Prayer itself.

The 10-day ritual was first instituted in 1409 by Tsong-kha-pa, founder of the Dge-lugs-pa, a Tibetan buddhist sect whose members are known as Yellow Hats from the colour of their head covers. During the ceremony, lamas from Lhasa's major monasteries joined their colleagues in the Johkang to recite the Sutras and implore the Buddha to grant social security, prosperity and a good harvest.

For the 100,000 participants, the most treasured part of the rite was receiving blessings from the Bainqen Lama, who made a special trip to Lhasa from Beijing to preside over the ceremony. In the first six days of the prayer, he received tens of thousands of worshippers, patting the top of their heads while wishing them good fortune and freedom from disaster.

The Bainqen Lama serves as vice-chairman of the Standing Committee of the National People's Congress and honorary president of the China Buddhists Association. On February 24, Bainqen took the floor of the ceremony explaining the sutra to the lamas and thousands of onlookers. He was so moved by the new-found zest for Buddhism that he could not help talking a little about politics after his formal preachings. He told all those present that the Party's policy towards religion was both correct and sincere. "The Communists do not believe in religion, yes, but they have formulated a policy that respects religious freedom," he said. Citing the fact that major Tibetan Party and government leaders had all turned up to distribute tea, food and other alms

## Senior Official Expelled From Party

Zhou Erfu, vice-president of the Chinese People's Association for Friendship with Foreign Countries, has been expelled from the Communist Party of China for transgressing disciplinary codes for conduct in foreign affairs, according to a recent announcement from the CPC Commission for Discipline Inspection.

The decision said Zhou's "serious violation of the discipline required of officials engaged in foreign affairs resulted in a loss of national dignity and personal integrity" during a visit to Japan from October 20 to November 12 last year.

During the visit, Zhou, as head of a delegation of the friendship association, visited the Yasukuni Jinja Shrine, at which Japanese war criminals are honoured, in spite of dissuasion by others. In so doing, the announcement said, Zhou tarnished the national integrity and dignity of a socialist country.

Zhou's arrogance towards some of Japan's friendship organizations also harmed Sino-Japanese friendship. His corrupt lifestyle violated Communist moral standards and reflected badly on the Party, the decision notes.

By these mistakes Zhou Erfu deviated from the accepted behaviour of Communist Party members, the decision says.

It was learned from official sources that Zhou Erfu had also been dismissed from his other posts.

Zhou, a well-known writer in China, was once vice-minister of culture. *Morning in Shanghai* is his most famous novel.

A *People's Daily* commentary said that in foreign contacts, people, including Party members, should remain dignified, while also avoiding blind opposition to everything foreign. It is very important to enforce discipline in foreign affairs, the article said, and to prevent the occurrence of actions that result in the loss of dignity for one's self and one's nation.



CHEN ZONGLIE

## Manchurian Tiger Cubs Come Home

Two tiger cubs arrived in Beijing from Hongkong on February 22 as gifts presented by the British Wonderful World Circus to the China Wildlife Conservation Association. The one-year-old cubs were the offspring of a couple of Manchurian tigers China presented to Britain in the 1950s.

among the lamas, he said that this in itself was a vivid example of the Communists' sincerity and respect for the local people's habits and beliefs. He once again invited the Dalai Lama, who is now in India, to come back to China. "Both the Dalai Lama and I are disciples of Tsongkha-pa. I wish he would return to China as soon as possible to perform this prayer ceremony," he said.

Bainqen's confidence in the Party is well backed by a string of statistics to which he did not refer. Since 1980, the government has allocated 27.6 million yuan for the refurbishment of 229 temples and monasteries in Tibet. Fifty of these temples have been repaired and opened to the public. The Jahkang Monastery was given a complete facelift a few years ago, and all the dilapidated houses nearby were levelled last August to make way for a large park to accommodate

the swelling ranks of worshippers. It is estimated that from 1980 to 1984 the monastery received more than 4.8 million pilgrims and more than 10,000 foreign tourists.

An integral part of the 10-day ritual at the Jahkang was debates initiated centuries ago by Tsongkha-pa, at which competing monks seek to reach, by means of formal logic, unassailable conclusion on a chosen topic. This time around, six monks passed the examinations by a board of more than 100 abbots of great learning, and were made "dge-bshe" (the philosopher), a title that enables them to enjoy a great deal of esteem among Tibetans, as well as greater clerical powers.

The Grand Prayer Ceremony reached its climax on February 24 when 200,000 Tibetans flocked to the Johkang Monastery for the celebration of the Tibetan Lantern

Festival. From sunset to dawn, the celebrants—many of them foreigners who had come to see the festival—danced and sang, while feasting their eyes on the numerous lanterns and alms that lined the street.

The Johkang event proved to be a big financial success for the temple. By the sixth day, the lamas received from worshippers and benefactors 700,000 yuan in cash, 3,500 kg of butter oil, 2,500 kg of tea, 1,250 kg of *zanbo* (baked *qingke* barley dough), and 10,000 kg of *qingke* barley. Each lama attending the prayer earned an average of 350 yuan in cash. Bang Jue, a 75-year-old herdsman, contributed more than 150 kg of beef and 170 yuan in cash. In doing so, he had two wishes to fulfil. "May Buddha bless the Communists and may He bless the souls of my parents," he said.



## Condolences on Palme's Death

Premier Zhao Ziyang on March 2 sent a message of condolences to Ingvar Carlsson, deputy prime minister of the Royal Swedish Government, on the death of Prime Minister Olof Palme.

Zhao said in his message that he was "deeply shocked to learn the grievous news of the tragic assassination of Prime Minister Olof Palme."

He praised Palme as "a renowned international activist who made positive contributions in his lifetime to the cause of maintaining world peace and the development of friendly relations between China and Sweden."

Palme was assassinated on the night of February 28 as he and his wife, Lisbeth, walked unguarded on a central Stockholm street after watching a Swedish film at a nearby cinema.

## Kid Music Training: Order of the Day

In Beijing these days, one of the ways currently in vogue for up-and-coming young parents to show their love and devotion to their children is to sign them up for music lessons. One sign of this is the hundreds of ads which can be seen posted around the city announcing violin, piano or other instrument classes for children.

A typical example of these classes is the violin programme offered by Zeng Minde, former first violin at the Song and Dance Ensemble of the People's Liberation Army (PLA) General Political Department. Zeng teaches two groups of about 40 four-to-seven-year-olds in basic violin technique and solfeggio, the practice in sight-reading vocal music using the sol-fa syllables. The classes take place in a kindergarten attached to the PLA General Staff Headquarters.

Such has been the popularity of

courses like Zeng's that violins, pianos and other training instruments have been chronically in short supply. Although the Beijing Violin Factory's production of 1,200 training violins monthly in 1985 represents an increase of 12 times over the previous year, demand has far exceeded supply.

Various theories have been suggested as to the reason for this sudden upsurge in popularity of child music training. Zeng's theory is that this "music craze" is not a new phenomenon. A similar occurrence took place during the "cultural revolution" (1966-76) when many youths, their normal lives upset by the political chaos, picked up musical instruments to distract themselves from their despair or to provide a means of employment.

The present music craze, in contrast, is characterized by its focus on preschool children and a new-found optimism for the future. Many of the youths who were adolescents during the "cultural revolution" are now parents. Remembering the ten years of their lives wasted during the turmoil, these parents are determined to provide for their children as many benefits as they can afford, especially since in most cases the child is their only one. In the case of music training for their preschoolers, said Zeng, parents

don't necessarily mean for their children to become professional musicians, and in most cases, children will quit as they get older and their school work gradually encroach upon their time. However, regardless of whether the child actually goes on to study music, it is widely believed a musical education at an early age can be a positive influence on a child's intellectual development. Emphasizing ear and eye training, and hand co-ordination, music training teaches children discipline and self-confidence, and has been used successfully in the treatment of hyperactive children.

Zeng estimates there are at least 10,000 children taking violin classes in Beijing, and another 10,000 signed up for classes in piano, accordion or other instruments. Both figures would have been much larger, he said, had it not been for the shortage in the supply of training violins on the market. To meet the demand, music classes have been set up in dozens of Beijing kindergartens.

With increased prosperity in recent years, it is clear people are able to think more about their cultural enrichment. Investing money in children's intellectual development has therefore become the order of the day.

by Wang Xin

Zeng Minde is coaching his kids in an army kindergarten.

XUE CHAO



## Peaceful Solution Averts Disaster

*With Ferdinand Marcos relinquishing his position and fleeing the islands, newly elected Philippine President Corazon Aquino has assumed office and is committed to restoring order in the ASEAN country.*

**T**he mounting political crisis in the Philippines came to a dramatic ending as the country's former President Ferdinand Marcos admitted defeat by leaving the Malacanang Palace on February 25, and handing over his office to opposition leader Corazon Aquino. The development has been seen worldwide as a contribution to stability in the Philippines and in Southeast Asia.

The power transition largely resulted from the intensified social contradictions in the Philippines. Despite some progress made in the country's economy during the two decades that Marcos was in power, the gap between the rich and the poor was widened and more than half of the Filipinos lived below the poverty line.

The recession of the Western economy in the early 1980s further aggravated the country's social unrest by slashing Philippine exports and increasing its foreign debts. With the lag in agricultural products on the international market and high interest rates, the country was left with a negative growth rate in 1984, one that was 5.5 percent lower than that of the previous year. The 1985 rate of increase in the Philippines' debt payments—which amount to US\$ 2 billion annually in interest on its US\$ 25 billion total foreign debt—further set the Southeast Asian nation up for civil discord.

The assassination of opposition leader Benigno Aquino in August 1983 enraged the dissatisfied Filipinos and fomented turmoil in the country's political arena. To stabilize the situation in the Philip-

pinos. Reagan sent his special envoy to Manila to put pressure on Marcos to implement some reforms.

To deflect the demand for reform at home and abroad and undercut the opposition, Marcos announced last November a snap presidential election.

Instead of stabilizing the situation as was conceived, the February 7 election bogged the Marcos regime down even more. Although the national assembly hurriedly proclaimed Marcos president-re-elect, the opposition dismissed it as invalid because of fraud by the ruling party. Even Marcos' long-time friend, Ronald Reagan, said in a statement that the election was "marred by fraud,

perpetrated overwhelmingly by the ruling party."

During the elections, the opposition parties nominated their joint presidential and vice-presidential candidates and issued a programme for the election. Some young officers broke away from Marcos and organized a reform movement of the army, while some governors turned to the opposition parties and many diplomats abroad issued resignations. Thus, Marcos' entire military and governmental apparatus began to crumble by the hour before his eyes. After the elections, the internal situation was on the brink of disaster and the US attitude stiffened.

On February 22, Philippine Defence Minister Juan Ponce Enrile and Army Deputy Chief of Staff Fidel Ramos broke with the Marcos government, turning over their support to Corazon Aquino.

Announcing a national state of emergency, Marcos tried in vain to suppress the rebellion. Most of the military, government officials and diplomats had turned over to the opposition, obtaining support from abroad, especially the United States. In a diplomatic

Filipinos in Manila rejoicing in their victory before the Malacanang Palace.





move on his part, a doomed Marcos snatched a promise for his safety and a meaningless oath-taking performance before fleeing his country to the United States.

The peaceful solution to the crisis has many angles. The Filipinos, members of the armed forces included, did not want to resort to blood over the presidential elections. The Southeast Asian nations and countries around the world appealed to both sides of the conflict to adopt a policy of restraint and peacefully solve their conflict. The policy of nonviolence adopted by the opposition parties headed by Aquino and her running mate Salvador Laurel, and the shrewd move Marcos made to leave the country avoided the bloody civil war that people around the world had feared.

Life in the Philippines has nearly returned to normal. Officials and personnel of government agencies began to go back to their offices in response to President Corazon Aquino's call. Banks and other business establishments have reopened. The Philippine Airlines (PAL) resumed its domestic and international flights and the trains within the country have also started up again.

While the Filipinos are still jubilant over their history-making advances towards democracy and freedom, President Aquino must now settle down to a job her slain husband had once fought for, and attempt to restore prosperity and stability in the Philippines.

by Mei Zhenmin

## SOUTH KOREA

# Democratic Campaign Gains Momentum

*A petition drive aimed at constitutional revision and direct presidential elections is sweeping through South Korea.*

**T**he campaign, launched on February 12, to collect 10 million signatures to press for changes in the existing South Korean constitution, is gathering momentum despite suppression by the ruling authorities.

The opposition forces led by the New Korea Democratic Party (NKDP) and the Council for the Promotion of Democracy maintain constitutional amendments and direct presidential elections are the most crucial aspects of social democracy facing South Korea today. Autocratic rule has persisted since 1971, when Park Chung-Hee abandoned the system of direct presidential elections. After Park's assassination in 1979, a new constitution was approved in October 1980 under Chun Du

Hwan's rule, and, like the one adopted by his predecessor, it provides in effect a legal justification for the practice of the intensified autocratic system.

Amidst South Korea's growing call for social democracy, the NKDP has attained in recent years 67 of the 276 seats in the National Assembly, thus becoming the largest opposition party. The rising opposition force has been calling on the Chun regime to not only adopt constitutional amendments and new presidential election, but also for freedom of speech and the release of political prisoners.

The statement issued on February 12 by the NKDP and Council for the Promotion of Democracy said that the existing constitution enacted by the Chun

Du Hwan authorities in 1980 was drawn up and promulgated in an undemocratic way and was therefore lacking legitimacy. The petition campaign is intended to "demonstrate the aspirations of the people," the statement added.

Another catalyst to the spreading campaign is South Korea's sluggish economy, which last year experienced a record-low growth rate since Chun took office in 1980. Debts have mounted, factories are operating under capacity, while unemployment is on the rise.

The South Korean authorities have adopted a bulking oppression policy to quell the growing campaign. Denouncing the petition drive as illegal, Chun immediately banned the movement and declared anyone violating his political orders would be arrested. On February 13 the authorities made illegal searches of the headquarters of the NKDP and the office of the Council for the Promotion of Democracy. Among the members arrested were the leaders of the NKDP and all its assemblymen, together with hundreds of students and opposition party members. The well-known democratic patriot Kim Dae Jung was placed under house arrest.

The authorities' large-scale armed oppression will not daunt the hopes of democracy. South Korean opposition party leaders Kim Dae Jung and Kim Young Sam rejected on February 25 the proposal made by President Chun that the proposed constitutional amendments be postponed until 1989. They pledged to continue the 10-million-strong signature movement for constitutional revision.

The rising campaign indicates that the opposition forces have united to co-operate in a push for constitutional amendments, and that more and more South Korean students are expressing support for the movement. Several universities, including Seoul University, have set up constitutional amendment boards, and 15 unions have

sprung up among university students in Seoul alone.

Whatever the outcome, the petition drive seems to be yielding

an enormous impact on the democratic process in South Korea.

By Xu Baorang

## MIDDLE EAST

### Yet Another Hurdle in Peace Process

*Although Jordan has decided to end formal co-operation with the Palestine Liberation Organization, both sides still hope to sink their differences and push forward with the Middle East peace process.*

**K**ing Hussein of Jordan in a TV and radio address to the nation on February 19 said he would cut ties with the Palestine Liberation Organization (PLO) in his search for a Middle East peace process. On the halt to co-operation with the PLO he stated that "we are unable to continue to co-ordinate politically with PLO

leadership until such time as their word becomes their bond, characterized by commitment, credibility and constancy."

In appearance this decision has resulted from the different views between the Jordanian government and the PLO, but in essence it is closely related to the fact that the United States and Israel have

refused to recognize or hold discussions with members of the PLO.

To end the stalemate in the Middle East, Jordan and the PLO announced on February 11, 1985 in a joint action accord that would form a joint Jordanian-PLO delegation to begin talks with the United States and Israel. The main points were to solve the Middle East issue based on the principle of "peace in return for land;" accept all the UN resolutions concerning the Arab-Israeli conflicts; and to exercise the right to the self-determination by the Palestinian people who have been claiming their right to a homeland in the Israeli occupied territory since 1967.

This accord had drawn great attention. It looked as if the wheels of the Mideast peace process had begun to finally turn around. But it was clear that the fate of progress on the Arab side was in the hands of its adversaries—the United States and Israel.

At first, the United States was rather cold towards the accord. After some Arab leaders indicated

## IRAN-IRAQ

### The Gulf War Battles On

*The war between Iran and Iraq, which has raged on for five and a half years, has greatly escalated since early February. The international community is calling for an end to the Gulf war, in the interest of the conflicting nations and the Middle East as a whole.*

**I**ran's new offensive against the Iraqi port town of Faw continues with claims of victory by both sides. Observers believe that with Iran's new thrust, the Gulf countries will face difficulties politically and militarily.

The operation, the third of its kind in the past three years, was a surprise attack launched just one day after the Iraqi Revolutionary Festival. About 100,000 Iranian

troops crossed the Shatt Alarab and captured the Um-al-Rasas Island, where an important oil complex is located and Faw, a strategically important port in the northwestern Gulf near Kuwait.

After two days of fierce fighting, Iraq claimed it had totally recaptured the Island Um-al-Rasas. But it declined to give a clear explanation about the fate of Faw, saying that "the enemy is

being encircled." But at the same time, Iran was hailing the "victory" of the operation. Meanwhile, both sides are busy planning new countermeasures as the battle rages on.

On the second day of Iran's offensive, the Iraqi foreign ministry said that the Iranians have two possible aims: To threaten Basra, the second largest city in Iraq, which is less than 100 km from Faw; and to cut off the transport line between Iraq and Kuwait, which is crucial for Iraq as it gets much of its imports via Kuwait. This would impose a threat to other Gulf states in general.

But observers do not believe it is easy for the Iranians to hit their targets.

Basra has been a target of Iranian forces in the past four years, but they have tried in vain to



that the accord was actually moving closer to American position, the Reagan administration began to make some conciliatory gestures. However, its basic stand to side with Israel did not change. Since last October, when a series of violent attacks set back the peace process, the situation has been made even worse by the American escalation of its show of forces.

There are three points holding up the movement of the peace process: The decision whether to recognize the rights of the Palestinian people including the right to establish a Palestinian state; whether the PLO can join the Mideast peace negotiations as the only legitimate representative of the Palestinian people; and an agreement on the form and role of the international conference on Middle East peace.

US State Department official said on February 10 that the United States regarded the Palestinian issue as "more than a refugee question," acknowledging

the legitimate rights of the Palestinian people," and that the Palestinians should join the negotiations at each stage. But in an apparent reverse of policy, US Assistant Secretary for Middle East Affairs Richard Murphy in his February 19 speech stated the United States will not recognize the Palestinian people's right to self-determination before the PLO recognizes the UN Security Council resolutions 242 and 338, which implies recognition of Israel. If Washington acquiesced in the PLO leaders' demand for recognizing the right of Palestinian people to self-determination, it would be tantamount to US agreement to an independent Palestinian state. Such an option was not acceptable to Washington which seeks Palestinian self-rule on the West Bank and Gaza strip in a confederation with Jordan, he said. The white House position on the issue seemed to vacillate every other day. And the main reason the peace process has come into a holding pattern is the denial by the

United States and Israel of the Palestinians' right to self-determination.

On other hand, it should not be overlooked that the leadership of the PLO headed by Yasser Arafat, and the Arab countries themselves wound up in contradictions. Some Arabs charged Arafat with capitulating towards Israel and the United States, while others have said he has not made enough concessions. The Arab countries and the PLO must first come to terms with each other, for the best weapon they can bring their adversaries to the negotiating table is unity among themselves.

While King Hussein has cut off formal discussions with the PLO, he has stressed that the principles of the Jordanian-PLO accord are still the guiding light. Egyptian President Hosni Mubarak declared recently that Egypt is mediating between Jordan and the PLO to seek a rapprochement between the two for the promotion of the Middle East peace process.

**by Wang Lianzhi**

capture it in several big operations. Now the third corps of the Iraqi army, heavily equipped with modern weaponry, is defending the city and creating a powerful barrier against the Iranians.

On February 14, the third corps waged a counteroffensive on the Majnoon Island, which has been occupied by the Iranians for more than two years, and recaptured part of it.

As for the threat to other Gulf states, it is difficult for the Iranians to cross the large area of waterland to reach the Kuwaiti border. Politically it would further evoke hostilities among the Gulf countries which have openly expressed their support to Iraq in fighting against the Iranian invasion in the past few days.

Furthermore, the Iranian threat might arouse opposition from other Arab countries. The 7-

nation follow-up committee of the Arab League, which has improved relations with Iran since last year, met in Baghdad on the third day of Iran's offensive. The foreign ministers of Jordan, Tunisia, Saudi Arabia, Kuwait, Arab Yemen and Iraq agreed at the meeting that urgent measures must be taken against Iran's "new aggression." The meeting also resolved to ask the United Nation's Security Council to hold an emergency meeting to discuss "the current development of the Iran-Iraq war." The member countries of the Council for Gulf Co-operation have drafted a peace programme.

In the past few days, leaders of Saudi Arabia, Kuwait, Arab Yemen, Jordan, Egypt and the Palestine Liberation Organization have expressed their support for Iraq in one way or another. But Syria and Libya have stood by the

Iranians, voicing support for the offensive.

Some international observers believe an end to the Iran-Iraq crisis would not only be in accordance with the interests of the conflicting nations, but also in accordance with the interests of the Middle East and the world. On February 18, the UN Security Council held an emergency meeting at which Chadli Klibi, secretary general of the Arab League, spoke. He urged the Security Council to adopt immediate measures in order to realize full peace in Iran and Iraq. On February 21, the Security Council unanimously adopted a resolution asking Iran and Iraq to cease fire and draw back their own troops. The resolution also asked other countries not to involve themselves in the conflict so as to prevent a further escalation of the war.

# Economic Growth and Rural Development

by the China Rural Development Research Group\*

**A**s it stands today, China's rural development is linked more closely to the growth of the country's economy as a whole. The countryside, in which roughly four-fifths of the nation's 1 billion people reside, is facing several important choices to secure its continued economic and social progress.

## Major Factors for Growth From 1979 to 1984

From 1979 to 1984, China's total product of society \*\* averaged an annual increase of 8.96 percent, and national income grew by 7.92 percent, for rises of

1.03 percent and 1.94 percent respectively over the 1953-78 period. In terms of per-capita national income, the average annual growth rate increased from 3.9 percent in the first period to 6.6 percent in the second.

This soaring economic growth resulted from, among other things, the release of cumulative potential that was stifled by the country's original economic structure. Since 1979, the country has

experienced several unconventional economic changes. The most striking is the kaleidoscopic changes in the rural economy, along with expanded urban employment and the unprecedented apartment construction boom in the cities. The national economy as a whole has changed from an accumulation-oriented pattern to one that is based on consumption.

This change first took place in

**The Changqing Development Co. Ltd. of Beijing established a modern factory in which vegetables are grown without soil. More than 20 varieties are now under cultivation.**

YU HUIRU



\* The research group is affiliated with the State Council Rural Development Research Centre.

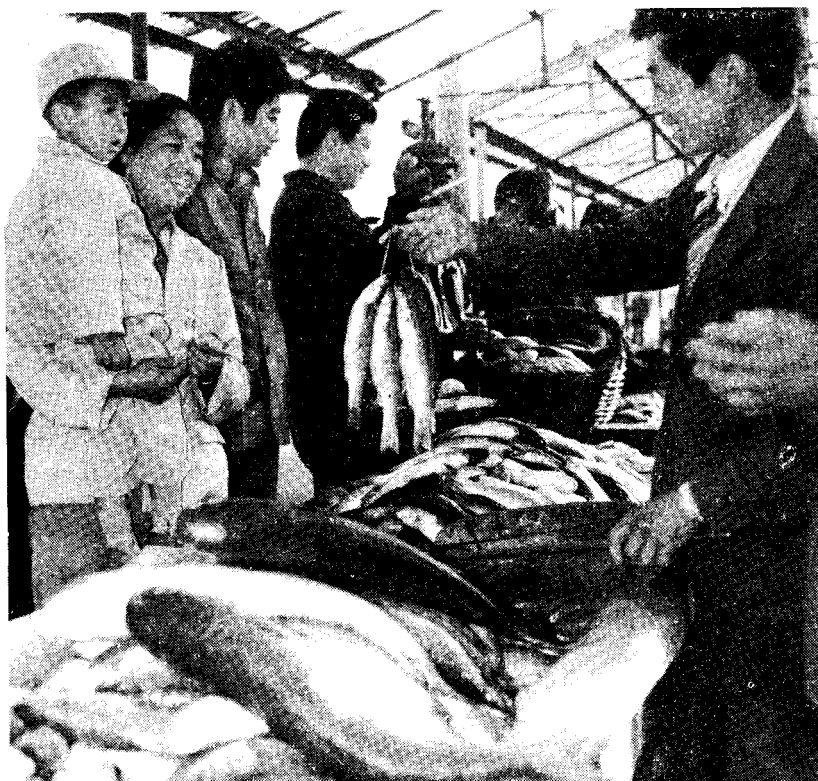
\*\* Total product of society is the sum of the gross output value of agriculture, industry, construction, transport and communication.

**Farmers working in rice fields on Hainan Island. This spring the acreage planted with improved varieties of rice is expected to reach 1,700 hectares—the most in recent years.**

PAN JIAMIN



the countryside. The introduction of the individual responsibility system in agriculture, in which each farmer fulfilled the quota of a state contract and was allowed to sell the remainder of his products on the open market, put an end to the practice of "everyone eating from the communal pot" and brought about a rapid increase in the production and supply of farm produce. Total agricultural output value averaged an annual increase of 8.98 percent from 1979 to 1984,



FAN DEYUAN

**The corner of a fish market in Leping County in Hebei Province, where farmers have paid great attention to freshwater fish farming. The total output of fish in the county reached 500 tons last year.**

of which the crop output value grew an average of 6.61 percent annually. China produced 17 million more tons of grain and 650,000 more tons of cotton every year, raising the per-capita grain supply from 318.5 kg to 395 kg and per-capita cotton provision from 2.3 kg to 5.9 kg.

The rapid growth of agricultural production, in turn, has brought about a rapid increase in farmers' income. Rural production teams and farmers throughout the country made 150.1 billion yuan by selling their products in 1984, as compared with over 92.1 billion yuan in 1978, averaging an increase of 17.2 percent each year. In contrast, the annual growth rate was 5.5 percent from 1953 to 1978. The increase in farmers' income in turn has created a brisk domestic market. Statistics show that about two-thirds of the additional 179.8 billion yuan worth of retail products sold in the

1978-84 period came from the countryside.

Continuing the growth cycle, the expanded market has further stimulated the development of industry. China's total industrial output value registered an average annual increase of 8.88 percent from 1979 to 1984. While various factors come into play, the most significant are the mounting demand for the means of agricultural production and the increased flow of manufactured consumer goods into the countryside. Farmers' investment in township industrial production has a direct bearing on the increased supply of industrial products as well.

Statistics indicate that the total product of society in the past several years registered an average annual increase of 9 percent, of which more than 5 percent resulted from the development of the rural economy. The main

factor characterizing the growth of the national economy from 1978 to 1984 was the unconventional increase in primary farm produce.

The rapid growth of the national economy resulted from a chronic shortage of farm produce, a shortage that has gradually been reduced since 1983, when a slight surplus of grain and cotton materialized. However, China now has a granary crisis, in which it has produced more grain than it is able to store, for the first time in its modern history. Neither the people's purchasing power nor the country's financial resources can bear the strain if the policy of purchasing more grain and cotton at higher prices continues to be implemented. Strained demand will logically stall the high-speed growth of grain production. If the population control continues to be successful, as it now is, China will not need an annual grain and cotton production growth rate of more than 3 percent to meet domestic demand until the end of the century. It is economically unreasonable to maintain the annual 5 percent growth rate of grain chalked up in the past several years. The same is true in the case of cotton. Therefore, if China does not curb the rural economic growth rate, it is likely that the very factors that pushed the economy forward under its former economic pattern will eventually cause an economic recession.

### **Living Standards and Market Characteristics**

The two most significant questions facing the Chinese economy today are whether it can afford to keep up the same pace as it has in the past several years, and whether the course of the growth rate can or should be altered. In an attempt to answer these questions, it is necessary to analyse the present level of consumption and the characteristics of the domestic market.

From 1979 to 1984, per-capita



national income registered an annual increase of 6.59 percent to 532 yuan in 1984, while consumption levels rose by 10 percent annually. The Chinese people's consumption patterns are as follows:

—An average Chinese takes in 2,877.4 kilocalories, 82.8g of protein and 47.2g of fat each day.

—An average Chinese uses 10.3 metres of cloth a year, up almost 30 percent over 1978.

—Spending on daily necessities is rising rapidly to occupy a considerable proportion of total consumption expenditure. Spending on daily necessities such as stationery and newspapers registered an average annual increase of 16.95 percent from 1979 to 1983, an increase much higher than that of any other commodity.

—An average urban dweller occupies 5.9 square metres of housing, and his rural counterparts, 11.6 square metres, up 40 percent and 43 percent respectively over 1978.

A considerable portion of an urbanite's actual spending is subsidized by the state, but on the average he still spends somewhere between 40 percent and 45 percent of his annual income on food. For the rural resident, the average figure stands at 50 percent. According to Engels' law, the poorer a family is, the greater proportion of its income is spent on food. So the above figures indicate that the Chinese people spend more on food than their foreign counterparts with about the same income. The proportion of spending on food stands at less than 40 percent in other countries.

An analysis of other consumption indexes in comparison with international levels will give a clearer picture of the actual standard of living among the Chinese. On the World Bank scale of 126 countries each with a population exceeding 1 million, China is near the bottom—102nd—with per-capita GNP less than US\$410. However, it ranks 62nd when it comes to per-

capita calorie intake; 60th in infant mortality rate; 47th in adult literacy; 46th in life expectancy; and 32nd in birth rate. When added up, these figures suggest China is among the medium-income countries.

The days are gone when all a Chinese wanted was a "warm back and full belly." Consequently, continuing the production of primary farm products and low- and medium-grade industrial products will no longer have much impact on the growth of the national economy. Therefore, the growth of China's national economy can no longer be promoted by low-level consumption.

A new pattern of consumption has settled into everyday life in China. Daily necessities in a wide variety are now available in most cities and throughout the countryside. Luxury consumer goods are finding their way into the rural areas. The income elasticity of demand for different kinds of consumer goods has changed. Roughly speaking, the income elasticity of demand for goods has decreased to about 0.7 in both urban and rural areas, while that for some goods and services is

higher than 1; and that for durable consumer goods and housing is higher than 3.

The current consumption wave is moving towards household electric appliances. A recent survey shows that China's urban residents have in hand 30 billion yuan to buy cassette recorders, television sets, washing machines, refrigerators, electric fans and cameras. And out of that figure, 24 percent will be spent on colour TV sets.

China's consumption pattern is shifting so swiftly that the proportion of spending on non-daily necessities is rapidly on the rise. This marks an important turning point in the development of China's national economy, one that requires it to change its growth pattern.

## Economic Restructuring

The growth pattern and rate of China's national economy in the future will largely depend on whether a new economic structure can be established to meet this sprouting consumer demand.

Research has shown that per-capita income is naturally connected to economic restructuring.

**Lixian County in Hunan Province has encouraged farmers to plant mulberries and raise silkworms. They reaped a bumper crop last year. Here, a farmer is gathering silkworm cocoons.**

LEI XINGKANG





TONG XISHENG

In Dongting township of Yueyang city, Hunan Province, 70 percent of the fishermen who lived on boats all the year round have moved into new homes.

According to a statistical analysis of the economies of 107 countries in the world, when a country's per-capita GNP stands between US\$265 and US\$1,075, it has reached a stage when the swiftest economic restructuring will take place. This is due in part to the stability of the relations between demand and income, and to the fact that income increases lead to a drop in spending on food and a rise of spending on manufactured products. This is a law that applies to all countries.

However, each country's economy has its own structural peculiarities, deviating to a certain degree from what is considered the average structure. One such normal digression is brought about by a country's size and natural resources, while "abnormal" deviations can be caused by a country's development strategy, economic system and policy. A proper handling of these two "deviations" enables economic planners to have a better understanding of the peculiarities of their own country, thereby selecting the best strategies for economic development.

It must be said that viewed from

any angle, China's economy is extremely peculiar. In terms of economic structure, there are advantages that no other countries have. Yet, because of its size and population, China has its own unique set of difficulties not experienced by other countries. Some of these peculiarities are as follows.

—China has achieved a fairly high degree of industrialization on the basis of a low per-capita income. China's industrial output value in 1977 accounted for 44 percent and its manufacturing industry 35 percent of its GNP, and its per-capita GNP was only US\$200.

—China's manufacturing industry puts heavy stress on the production of capital goods, but not on the production of consumer goods. For example, China's total industrial output value in 1979 made up 64.1 percent of its GNP. Of that figure, the production of machinery, equipment and other metal products accounted for 27.3 percent, higher than any other developing country.

—The percentage of the output value of industry, especially the

manufacturing industry, is extremely high in the total output value. However, the employment pattern still carries strong traditional characteristics, 80 percent of China's total population being employed in or dependent on agriculture. It is a rare phenomenon in the world that such a high percentage of net industrial output value has been feasible with such a high percentage of people in agriculture.

—China has maintained a high accumulation rate of capital, which usually only developed countries have been able to do. The accumulated revenues, however, have not been used effectively. In the past several decades, China's annual revenues increase has averaged more than 25 percent, a rate that only developed countries such as Japan can do. But since China's industrialization has not been accompanied by the development of the market economy, the mobility of the major factors of production has been very poor, thus holding up the performance of the positive role of market mechanism in the allocation of resources. This, in turn, makes it impossible to raise efficiency through more detailed labour division and the use of resources substitution in a wider area. The result is that available resources have not been fully used and unreasonable demands have piled up, culminating in a high capital co-efficient (4-5).

—The proportion of consumption on subsidies and goods rationing accounted for 33 percent in 1978, and went down to 26.7 percent in 1983. This gives a distorted picture of the real consumption rate and the actual change in the demand. Moreover, because this involves complicated vested interests, structural reforms are bound to meet with obstacles.

When considering these economic peculiarities, China has two striking advantages: a strong ability to mobilize available resources and a highly organized

society, which has helped maintain an equally distributed welfare system and stable social environment during China's high-speed industrialization process.

China also has two disadvantages that greatly impede the economic development: a poor self-organizing ability and an incredibly low efficiency in the allocation and utilization of resources. These two weaknesses are based on the fact that since the industrial system was established, China has relied too heavily on the demand of that system to develop industry rather than on a comprehensive economic development and a higher consumption level, and in the process has alienated 80 percent of its population from this industrialization process.

It was not until 1979 that the situation began to change. Since then, Chinese economists have come to realize that the structural reform of the national economy is prompted by a growth in the demand for non-daily consumer goods. Of course, this requires the integration of meeting the demand for non-daily consumer goods and the full employment of China's population in the light of the availability of the country's natural resources. However, while hundreds of millions of farmers will leave agriculture for other economic sectors, the country will not be able to absorb this work force by excessively boosting the manufacturing industry.

## Development & Prosperity

This turning point in the Chinese economy requires a series of choices. The first thing we should discuss is how China should design its image in this period when our national economy is experiencing new growth. China has planned to reach a per-capita income of US\$800 by the end of this century. Roughly speaking, this goal can only be considered reaching the below-the-average level, which

will hardly push China up into one of the top 80 countries. Just like taking part in a race, China cannot reach its goal by hasty moves as can a sprinter. Instead, like a marathon runner, it must prepare itself materially and mentally for a long-term economic construction by changing its economic structure and mechanism. It would be a strategic blunder if China ran head-on to secure a place in a dash, but lose its good form in a long-distance race. In the global economic competition, China should not dash into the developed world, consequently becoming exhausted and depleted of resources and energy for the future. Instead, it should present itself as an excellent contender for the future.

As China's national economy has entered a period of further development, we are required to carefully consider our options. First, since there is a diversifying demand for non-daily necessities, it is imperative for us to decide on the priority of satisfying this demand. Second, as a developing country, China should study the road that had been taken by the developed countries and draw lessons from them so as to avoid

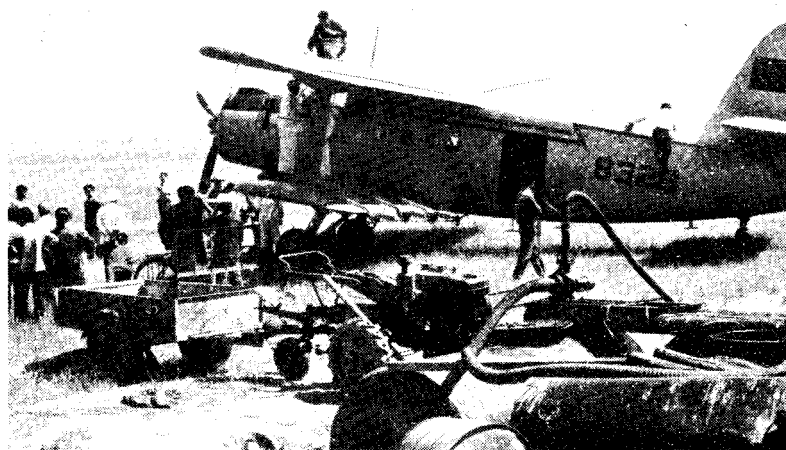
repeating certain mistakes they had made. Third, China should also take full advantage of the technical revolution now taking place around the world. Technology can provide some solutions to economic problems but as technology changes almost every day, China should not rashly jump at technological opportunities before making any major decisions.

Finally, structural changes in the economy will inevitably entail the re-evaluation of China's culture and traditions. This is because, regarding the question of what to absorb from China's tradition and what to discard before it can meet the requirements of structural changes, the answer will not be the same in different countries. This difficult task requires that we assess China's cultural traditions and define its economic patterns.

In the countryside, the rural communities must first consolidate the farm produce base to make it solid enough to stand up to any tests in the reform of the mechanism and to support the long-term changes of the economic structure. They must then aid in the transfer of surplus

**Since 1978, the Civil Aviation Bureau of the Inner Mongolian Autonomous Region has helped herdsmen to plant more than 373,000 hectares of forage grass by providing aircraft.**

BAISI GULANG

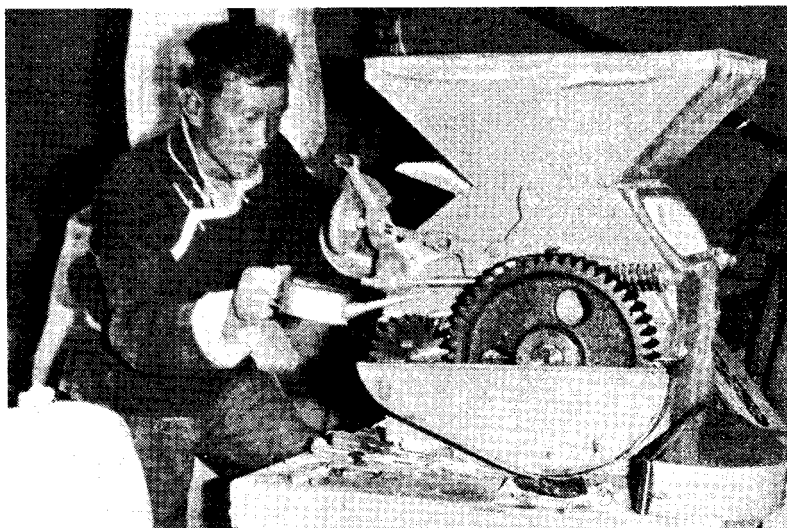




labour from agriculture to other economic sectors.

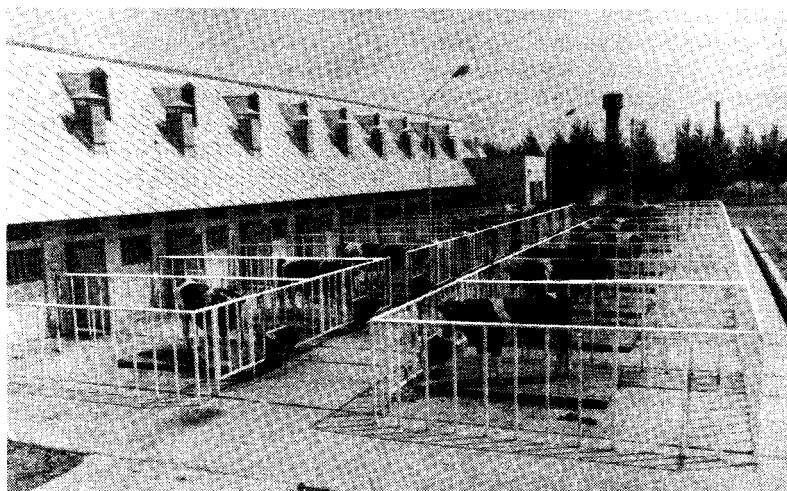
In order to choose a proper way for the rural areas to play their role in the period of further development in the light of the overall economic situation, we should face up to the following basic problems:

(1) Consumption patterns and lifestyles will inevitably be altered. Compared with the consumption level of the developed countries, China lags far behind in many aspects. Because of this, any goal set up to meet the standards of the developed countries on the basis of one single aspect alone is unreliable (for instance, in meat production). So our decision made to catch up with the developed countries must be based on an all-round comparison between China and these countries.



MA JINGQIU

**Gamasang, a farmer of Nedong County, Tibet, using his new electric flour-milling machine. The machine brought in more than 600 yuan to Gamasang during the latter half of 1985.**



HE ZONGYUE

**The livestock station of Heilongjiang Province imported six varieties of breeding cattle from Britain, France and West Germany.**

To do so, China must consider the following problems. First, should China influence and interfere in consumer demand or allow it to develop the way it does? Should China, for example, try to catch up with the developed countries in its livestock production, or should it first concentrate on telecommunications?

When considering living stan-

dards, China must decide whether to model itself after the developed countries, or to move ahead in the traditional Chinese way. For a country that consumes 0.08 ton of oil per capita, for example, to catch up with a country consuming 10 tons, while maintaining its national dignity and confidence, it is necessary to control the formation of the demand for non-

daily consumer goods. Otherwise, the slogan "investment and production geared to market," though theoretically sound, may bring about some serious problems in resources distribution.

(2) Supply and demand pattern and industrial distribution must be carefully controlled. The formulation of industrial policies should take into account the market demand on products and labour; the co-ordination among major economic sectors during structural reforms; and the impact on employment and society's other objectives.

The production of most non-daily consumer items is characterized by multiple links, which result in a detailed division of labour. China's manufacturing industry constitutes a large proportion of the national economy. Its internal division of labour, however, is not very advanced. Therefore, during the new stages of economic development, China should first determine how it will deploy its productive forces by choosing a proper process in different regions. Much work remains to be done in this respect.

In most of the developing countries, employment in the manufacturing industry grows much faster than in other non-agricultural sectors. It is unrealistic, however, to rely solely on the manufacturing industry to solve the problem of unemployment or the siphoning off of a mounting labour force.

China's employment in industry increased at an average annual rate of 5.2 percent in the period between 1953 and 1983, but has dropped to 3.8 percent in the last five years. The contradiction between increasing employment and rising productivity can be solved only by adopting a correct mix of products. It is not likely that the upcoming wave of rural industrialization will lead to an intemperate competition at a low technical level among the industrial sectors. There does, however, seem to be such a danger in China's manufacturing industry.

But to solve the employment problem, China's hope lies not only in manufacturing industry, but in other non-agricultural sectors as well. The potential of mining, construction and transportation industries has begun to display itself in recent years. China's employment rate in the service industry is 3 percent lower than the low-income countries, and 22 percent lower than the medium-income countries. From a medium-term point of view, China must comprehensively assess how many employees can flow from the agricultural sector into the service industry without causing a spurious glut in the service trades.

The further the structural reforms proceed, the more necessary it becomes to examine the capacity of China's primary industry. As a new investment mechanism is taking shape in the countryside, it is necessary to consider adopting suitable investment policies for agriculture. If a proper amount of the economic strength released by recent policies is not directed towards the

technological transformation of agriculture and if the state's investment in agriculture is only minimally increased, the relations between the major economic sectors may run the risk of "going broke" during the middle stage of the structural reforms.

In any event, China will have difficulty finding a job for every citizen by the end of this century. The emphasis must therefore be put on the training and education of those not yet been fully employed. It is more important to help the underemployed population maintain an enterprising enthusiasm, and to formulate correct social policies and education programmes.

(3) The relationship between city and countryside will also take on new images. The end put to the economic growth pattern during the 1979-84 period marks the beginning of a fundamental change in the economic relations between city and countryside. There are different views on the advantages and disadvantages regarding which enterprises, products and production processes should be distributed in the cities and which ones should be distributed in the countryside. So the most important thing for China to do is to assess what effects of the production of certain major products will have on the various economic sectors in order to make its own decision. The prerequisite for a correct decision is urging city and countryside to open to each other by pushing through the structural reforms.

During economic development, it is impossible to solve the urbanization problem simply by relying on the construction of small towns, a practice popularly known as "farmers leaving the farmland but not the village." China's structural reforms cannot be fully implemented if the countryside continues to remain isolated from the cities. There is the danger, however, of an economic slump caused by the drain of rural resources in the

process of urbanization, a process internationally dubbed the "development illness." There is no doubt that China cannot afford to contract this potentially fatal malady.

(4) Different policies for different regions must be taken into account. Under the former rigid planning system, the imbalance of social and economic development among different localities has actually not been corrected. On the contrary, the gap between regions has widened in recent years. An uneven but co-ordinated development is required of different regions by China's social policies. In terms of medium-range development, the economically backward and intermediate areas both have the same potential for development.

Socially and economically, the central government will not withhold its support for China's underdeveloped areas. It is important, however, to determine the best means of support: Should China support the underdeveloped areas by encouraging trans-regional trade and consequently improving their conditions for trade, or by redistributing the national income and continuing to pump in government subsidies or by a combination of both?

(5) Almost all developing countries are confronted with external pressure caused by the technology gap between them and the developed counterparts. It is impossible for a developing country to withstand this pressure by co-opting itself up from the world. Only by opening doors to the world can a developing country turn this external pressure into international inspiration for well-organized economic structure. However, if the country is open only wide enough to passively allow the infiltration of the remains of the developed countries' "sunset industries," it may never be possible for the country to narrow its technical gap with the developed countries. If the problem is approached from

this angle, it will become clear that the potential opportunities brought about by the "external pressure" are far greater than the challenges offered by the pressure.

While "openness" covers many fields including technology, economics, society and culture, they can be boiled down in two points: To what extent should the developed countries be allowed to take part in China's economic and social life, and to what extent and by what method should China get involved in the international division of labour, especially in the internal labour division in high-tech industries?

There are few countries like China that, for over a long period of time, has to make its choice among a variety of technologies, thus making the situation extremely complicated for comparing different opportunity costs of inputs. In addition, one can make the choice of suitable technology from the angle of output, because the choice of technology is often identical with the choice of products. This consequently links suitable technology with lifestyle and the structure of consumers' demand. The choice of technology is by no means purely technical, it must serve a country's basic goal of development.

(6) China has recently dismantled its system of equal pay for different levels of work in its cities and countryside. For the present, the rural *Gini* coefficient\* is a bit higher than the urban. As a rule, the urban *Gini* coefficient will also rise after urban reforms. Such a development trend would bring about varied economic benefits, such as mobilizing enthusiasm for production and forming a wide range of consumer goods.

However, society always harbours deep-rooted emotions towards those whose income increases rapidly within a short period of time and those who can do nothing in a thriving commodity economy. No matter how people may say about the nature of the emotion, no one can avoid



YANG WUMIN

**Chinese technicians examining a precision machine imported from the United States.**

the potential contradictions, antagonism and conflict, which may become more conspicuous as time goes on.

Should China concentrate on reaching a longitudinal balance in one aspect of efficiency and equitableness at each stage or should it seek a balance of two dimensions at each step during the new development period? We come across this problem as we are now transforming the mechanism of supply and demand of daily consumer goods, designing a new wage system and reforming the welfare system. Policies for the consumption of non-daily necessities must be designed in connection with income policies.

(7) During the economic push, it is mainly the government, enterprises and farmers who make the choices that will affect the nation as a whole.

The basic question here is how to get the economic behaviour of the government and enterprises to suit the needs of the growing economy. Some factors influencing the government's economic behaviour are: its economic awareness, that is, how the government looks upon its own role in the new economic push and designs its image or how it carries out its decision-making procedures; the quality of cadres and their promotion, supervision and

examination; and the government's ways and means to control the economic process.

Major factors influencing an enterprise's economic behaviour include: regarding the relations of property; the key problem involves the change of the form and structure of ownership and the personalization of the public property; the restraint of budget; the enthusiasm for production of the enterprise's leaders and workers; and the enterprise's scale and external environment, and above all, the market development of production factors.

Here it must be noted that without basic improvements in the state of different economic bodies, a mere modification in the signals (including those price and non-price signals) cannot bring about economic behaviours that are in keeping with the requirements of further economic growth.

(8) Organizational structures still require improvement. China is a highly organized country, which provides a powerful cohesive force for its economic and social life, resulting in a high degree of social stability. At the same time, because China is such a collective, communal society, it lacks advanced self-organization, and therefore, is very vulnerable to abrupt changes in the economic environment.

While the economy grows, if the original organizational ties are not weakened and individual organizational skills are left uncultivated, the economic restructuring will not succeed and new organizations will not be born.

Once the countryside gets off on the right foot in its long-term development and prosperity, it will exert a positive and far-reaching influence on the development of the entire national economy.

\* The *Gini* coefficient charts the economic equality or inequality within a society. The closer the *Gini* coefficient, which is a numerical representation of a charted curve, is to the numeral 0, the more equal the society.



# Technology Import Reaches New High

by Liu Hu

1985 might have been dubbed China's "Technology Import Year." During that year a total of 665 contracts concerning the import of advanced technologies were approved by the Ministry of Foreign Economic Relations and Trade alone. The contracts represented a combined value of US\$2.96 billion (see Table I), and amount three times greater than the figure for 1984.

The author is deputy director of the Technology Import and Export Bureau under the Ministry of Foreign Economic Relations and Trade.

Table I  
Technology Imports in 1985

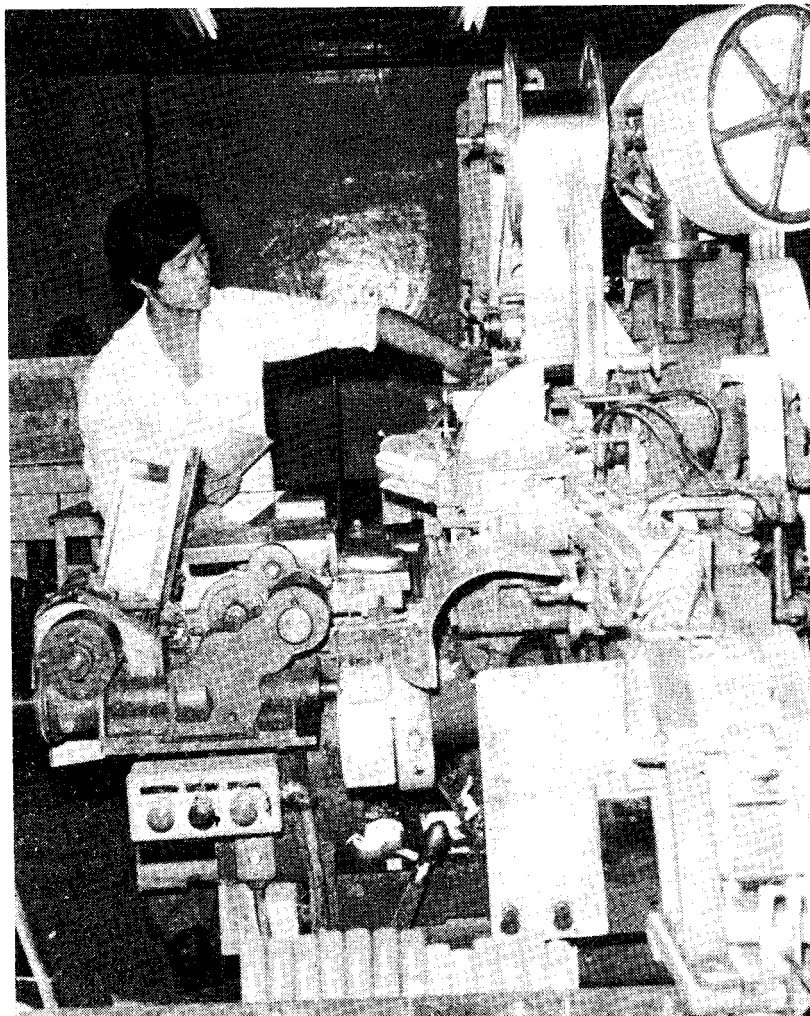
Country	Number of contracts	Value (US\$100 million)
Japan	174	5.5
USA	137	6.9
FRG	123	7.9
Britain	40	0.79
Switzerland	36	0.97
France	34	3.2
Other countries	121	4.34

This increase can be attributed in part to the recent implementation of laws that have helped to



Cigarette production line imported from the United States by Fujian Province's Xiamen Cigarette Factory.

CHEN ZONGLIE



clarify previously ambiguous situations and placed under legal protection the legitimate rights of foreign businessmen engaged in technology export and technology transfer. Another contributing factor has been the increased independence of enterprises to make their own decisions since the recent structural reform of China's foreign trade.

After the founding of the People's Republic in 1949, China's leaders recognized that if the nation was to become economically self-reliant, it would need to import advanced technologies for the establishment of its own basic industries and the upgrading of its outdated technology and equipment. Although the import of modern technology began in the early 1950s, the size, forms and sources have since been restricted by the country's domestic policies and the changes in its international relations.

## Four Stages

To get a clear picture of the status of China's technology imports today, a brief review of the events in the last three decades is in

order. The development can be roughly divided into four stages:

—The first stage (1950-60):

During the first three years, efforts were made to rehabilitate the country's national economy. After this came the institution of planned economic construction. At that time, because the United States and other Western countries had placed an economic embargo on New China, the country mainly imported technology and equipment from the Soviet Union and other East European countries. The value of complete sets of equipment imported by China from these countries during this period made up more than 90 percent of the total value of technology imports. During this same period China imported 156 self-contained sets of equipment from the Soviet Union to equip its heavy industries.

During this decade China imported a total of 400 kinds of technology worth US\$2.7 billion. These mainly involved projects in the metallurgy, machine-building, motor vehicle, coal mining, petroleum, electric power, aeronautics, telecommunications and chemical industries. Increased annual production capacity from these projects amounted to 6.8 million tons of pig iron, 5.86 million tons of steel, 4.6 million tons of rolled steel, 3.7 million kw of installed capacity for the generation of electricity and 30,000 trucks.

—The second stage (1962-68):

This period saw the deterioration of Sino-Soviet relations in the early 1960s and the disruption caused by the "cultural revolution" which began in 1966. While continuing to import technologies from some East European countries, China during this period also signed 84 contracts worth US\$260 million on the import of complete sets of equipment from Japan, Britain, France, Italy, the Federal Republic of Germany, Austria, Switzerland and the Netherlands.

## China's Position on License Controversy

Through sincere co-operation and each side capitalizing on its advantages, Chinese licensees and their foreign licensors can raise the competitiveness of their products; certainly this is beneficial to both sides.

One of the major controversies in China's negotiations with its foreign exporters has been the question of whether the Chinese licensees have the right to export their licensed products.

To expand the market for their goods, Chinese licensees understandably hope to be able to export their products after they have used imported technologies to improve their products and develop new products. However, many foreign licensors naturally worry that the products exported by Chinese licensees will compete with their own on the international market; therefore, they have refused to grant the Chinese export rights. Chinese authorities hold that international technology transfer should involve long-term co-operation between the licensee and the licensor, and competition detrimental to this kind of co-operation should be avoided. Accordingly, China is prepared to accept the refusal of export rights under the following circumstances:

stances:

1) Chinese licensees will not be permitted to export licensed products to countries and regions where their foreign licensors have valid patent rights.

2) Chinese licensees will not be permitted to export licensed products to countries and regions where their foreign licensors have issued exclusive license to local enterprises.

Outside of these two circumstances, Chinese licensees generally will not have to accept other provisions limiting their exports. The two sides are encouraged to seek resolution through discussions under the principle of mutual benefit. The parties involved in technology transfer should try to give play to both sides' strong points and act in close co-operation to open new markets.

Foreign licensors possess advanced technologies, management expertise, expanded marketing channels and access to direct information sources. On their part, the Chinese licensees enjoy access to cheap labour and local raw materials, as well as being geographically closer to Asian and Pacific markets.

Imports during this period mainly involved metallurgy, chemical fibre and equipment for the petroleum and chemical industries, but also included textile machines, mining equipment and electronic and precision machines. Although the scale of imports was smaller, the imported technology was more advanced than before and helped fill in certain blanks in China's industry. The increased production capacity

from projects assisted by imported technology amounted to 21,000 tons of chemical fibres, 69,000 tons of organic chemical raw materials, 39,000 tons of plastics, 1,000 heavy-duty trucks and 36,000 sets of hydraulic pressure equipment.

—The third stage (1973-78): During this period China signed a total of 232 contracts with foreign businesses. Of these, 105 worth US\$4.52 billion were signed in

1978, accounting for 65 percent of the total.

Most of the technologies and equipment China imported during this period were from Japan. They included metallurgical equipment, power generating equipment, universal machines and ship building and television manufacturing techniques. The amount of technologies and equipment China imported from Federal Germany ranked second. Today, 31 of the complete sets of equipment China imported during the 1970s have been utilized, producing 1.69 million kw of installed capacity, 5.86 million tons of urea, 337,000 tons of chemical fibres, 960,000 colour picture tubes and 4.08 million tons of cold- and hot-rolled steel plate.

However, affected by ultra-left policies, the complete sets of equipment China imported during this period generally were not made good use of.

—The fourth stage (1977-present): Since China adopted in 1979 the policy of reinvigorating the domestic economy and opening to the outside world, the import of technology has accelerated. From 1979 to 1985 it imported a total of 1,604 technological items and equipment worth US\$9.5 billion (see Table II).

Table II  
Technology Imports From 1979 to 1985

Year	Number of Imported Items	Value (US\$1 billion)
1979	95	2.48
1980	115	1.98
1981	73	0.11
1982	102	0.36
1983	219	0.56
1984	332	0.95
1985	665	2.96

Therefore during the Seventh Five-Year Plan period (1986-90), to speed up its economic

development, China will stress technology imports in energy, transport and communications, telecommunications, and advanced equipment and technologies that will help improve the quality and increase the variety of domestic products.

**Imports during this period had the following characteristics:**

- The forms were more varied. Before 1979 China mainly imported complete sets of equipment. Since 1979, however, while continuing to import in a planned way complete sets of equipment in urgent need as well as single items and production lines, it also has expanded the range of its technology imports to include licensing, technological consulting services and co-operative production ventures.

- Economic laws have become more systematized. In recent years, China has promulgated a series of economic laws and regulations relating to technology import. They include the Patent Law, the Law on Sino-Foreign Economic Contracts, and Provisions for the Management of Contracts on the Import of Technology. The implementation of these regulations and laws has guaranteed foreign businessmen's legitimate rights in China.

- Sources of technological import have increased. Today, the number of countries and regions in Europe, Asia, North America and Oceania that export technologies to China has topped 40. About 70 percent of the technical items imported by China are from the United States, Japan, Federal Germany, Britain and France, while nearly 90 percent of China's imported technological software are from the United States, Federal Germany, Japan, Britain and France, with the United States ranking first in both cases.

Technological items China imported from Federal Germany, Britain and France have increased markedly in recent years. Apart from importing technologies from

large enterprises, China also has attached importance to developing technological trade with small and medium-sized companies.

- The proportion of technological software has increased gradually, rising from 1.3 percent in 1978 to 34.4 percent in 1984. This change can be attributed to the continual upgrading of China's own technological level, the increased ability to supply its own equipment, instruments and meters and the gradual decrease of imports of complete sets of equipment.

- Industries which import technologies have increased. In the past, technology imports were limited to machine-building, metallurgy and other heavy industry sectors. Since 1978, technology imports have been applied to energy, transport, telecommunications, chemical, textile and light industries, as well as to agriculture. Technological items imported by China from Federal Germany have been extended to mining and steel-rolling equipment, engineering machinery, shipping equipment, motor vehicles, electrical appliances, electronics, chemicals and the petrochemical industry.

- More agencies have been permitted to engage in technology imports. In the past, China's technology imports were handled exclusively by the China National Technology Import Corp. Today, there are more than 200 technology import and export companies throughout the country, including specialized companies, trading companies and large production enterprises.

Currently, lack of planning is still a major problem confronting the import of technology in China. This has resulted in duplicated imports and the import of less advanced or even outdated technologies. For instance, a certain district purchased on a single order 10 Western suit production lines, the annual production capacity of which far exceeded market demand.



# Forecasts on the Aging Population

by the Demographic Department of the State Statistical Bureau

**O**n the basis of China's most recent census in 1982, some of the trends concerning the growing elderly population were analysed. Let us take a look at some of these questions, such as whether China's population control policy would cause the population to grow old and what impact the aging problem would have on China's economic and social developments.

## Aging Problem at the Door

The United Nations has stipulated that if the number of people 65 years or older exceeds 7 percent of a country's population, then the population as a whole in that nation must be considered one leaning towards the elderly. Generally speaking, an aging problem stems from long periods of low birth and low mortality rates. Demographers forecast a continual rise in the number of China's elderly people through the next 15 years, to hit 7.2 percent of the total population by the turn of the century, largely due to the falling birth rate.

As the Chinese birth rate has been dropping faster than those of other countries in the last decade, its aging problem will present a different picture with the following four characteristics.

- **Getting a Late Start.** France was the first country hit by an inordinate elderly population at the end of the 18th century. The other developed countries were not faced with the problem until later. Today the problem of an aging population is prevalent among many developed countries.

For example, in the early 1960s, the proportion of the people 65 years and older in the national population of Federal Germany, France, Sweden and the United Kingdom all topped 11 percent. Although Japan and the United

States were plagued by the problem somewhat later, the number of elderly in the two countries' national populations stood respectively at 9 and 11 percent in 1982. In China however, only 4.8 percent of its population was 65 years and older in 1982. China's dilemma with an aging population will not become serious until the end of the century, according to the United Nations standard.

- **Stepping up Development.**

Generally speaking, the age composition of a population only experiences significant changes after decades or centuries. For example, it took 150 years for the French population to go from a young to old population and 50 years for the proportion of the old in the Japanese population to reach 7.1 percent in 1970, from 5.3 percent in 1920. But it will take only 18 years for the Chinese population to become an older population by the end of the century. If the 1982 figure for the older percentage of the national population (4.8 percent) is used as an average base for growth, then in 50 years, by 2032, that figure will reach a staggering 16.91 percent. And in another six years, by 2038, the proportion of the Chinese people 65 years and older will jump to 20 percent. Should this occur, it will be the most dramatic demographic event in world history.

- **Large Elderly Population.**

Although the proportion of the aged in the Chinese population was much lower than that of the developed countries in 1982, with China's 1 billion people, that figure stood at close to 50 million, which was equal to the entire French population at the time. By 2024 when the Chinese population is expected to swell to 1.36 billion, the number of elderly will reach 280 million, which equals the

current population of the United States and is twice that of Japan today.

- **Diversity in Pace.** There exist enormous natural, economic, cultural and educational differences throughout China's 9.6 million square kilometres of territory, not to mention the varying birth rates between provinces, municipalities and autonomous regions. All these differences have and will continue to result in vast differences in the pace of the growing elderly. For example, in 1982, the proportion of the old in Shanghai's population reached 7.43 percent, and 5 to 6 percent in China's east and south coastal areas. This figure stood much higher than the nation's average. The proportion was 4 percent on the east-west belt area in northern China. The percentage in Qinghai Province was the lowest, being only 2.69. Therefore the aging population trend varies from region to region.

## Impact on Quality of Work Force Insignificant

Although China is making gigantic efforts to enforce its birth control policy, the current population will jump to 1.2 billion by the year 2000. The working population will also continue to increase (16 to 59 years old for males and 16 to 54 years old for females). It is estimated that China's working population will reach 840 million in 2017, and close to 730 million (120 million more than in 1985) in 2040 when the proportion of the old in the Chinese population hit 20.9 percent. Therefore, at least one positive aspect to the growing elderly population is that in the next 60 years China will not be plagued by a shortage of labour. On the contrary, China's leaders

*(Continued on p. 34.)*

## Poor Working Habits Abound

**"RENMIN RIBAO," Overseas Edition** (People's Daily)

**R**ecently, *Jingji Ribao* (Economic Daily) conducted a survey of office work in 15 state organs. The survey results brought forth the following problems at the workplace today:

(1) Coming to work on time does not necessarily mean starting work on time. Of all people surveyed, 63 percent responded that they actually started work 15 to 30 minutes later than when they arrived. While 48 percent of the people said the first thing they did after coming to offices was to clean up, 7.5 percent said they had their breakfasts in the office and 37 percent drank tea and read newspapers before they settled down to work. Only a few people replied that they set right down to work five minutes after they entered offices.

(2) Private phone calls adversely affect work efficiency. The survey indicated that 30 percent to 50 percent of the total phone calls made every day were personal ones. Some people shout into telephones as if there were no one in their offices, while others use office phones for small talks with friends. Long phone calls, especially those lasted for more than five minutes, seriously affected office efficiency.

(3) Chatting in the office is another reason for low work efficiency. This phenomenon existed in 71 percent of the offices surveyed. The time of chatting varied. Sometimes, it went on for more than an hour. The topics vary, including discussions about new clothes, a promotion, dismissal or retirement, TV programmes on the previous night, and so on. There was no need for special organization, according to the

survey, for a mere mention of gossip or small talk would be enthusiastically followed by others. Of all people surveyed, 32 percent said they disliked chatting in their office, yet only a small number of people said they could not stand the practice.

(4) Improper work schedule gives rise to negligence. Forty-one percent of the people surveyed said they could finish their entire day's work in six hours, while 20 percent wrote they could manage it all in two to three hours. Some people even wrote that they sometimes had nothing to do for whole days except read newspapers. This situation stems from overstaffing and poor management, gradually giving rise to negligent work styles.

## Open Policy Must Consider Culture

**"GUANGMING RIBAO"** (Guangming Daily)

**T**he open policies adopted by China in 1979 conform to the laws of historical development. These policies should not be restricted to the economic field. It is impossible to open the country to the world economically, but only open halfway culturally. By opening the country to the world economically, we are bound to import advanced scientific achievements, technology and managerial expertise, all of which belong in a wider sense to culture and are closely tied to our way of thinking. The implementation of open economic policies is bound to be accompanied by frequent personal exchanges, which will certainly lead to mutual cultural influence. As our open policy continues to grow, it will include not only economics and politics, but culture as well.

So to open the country culturally, two careful steps must be taken. One is to introduce Chinese culture to the world and the other is to absorb useful and healthy tendencies from other cultures. However, the following points must be kept in mind:

(1) Although bourgeois ideology occupies a predominant position in capitalist society, it would be wrong to conclude from this that all things in the capitalist society, including culture, have a class nature. As Deng Xiaoping has pointed out, "It depends on how you define capitalism. Any capitalism is superior to feudalism. And we cannot say that everything developed in capitalist countries is of a capitalist nature. For instance, technology, science—even advanced production management is also a sort of science—will be useful in any society or country. We intend to acquire advanced technology, science and management skills to serve our socialist production. And these things as such have no class character."

(2) Analysis should also be made of things that bear the hallmark of bourgeois ideology and useful portions of this ideology should be carefully reviewed before being drawn in. If we do not hesitate to inherit the democratic content in our own feudal culture, including ethics, it would be natural for us to draw useful things from the bourgeois culture, which are superior to those of old feudal society.

(3) It is necessary to fully and accurately estimate the effects of an open cultural policy. It is true that to open the country to the world culturally would bring about both positive and negative results. It is necessary to remain sober-minded and vigilant towards the negative influence of bourgeois culture. No doubt, effective measures should be adopted to stop those from trampling over others to get ahead and putting profit before everything else. The tendency to turn all intellectual products and cultural activities into commodities must also be checked. The banning of the propagation of sex and

violence, which is legally restricted or banned in capitalist countries, is a top priority. But a scientific attitude should be adopted in analysing the negative and ugly tendencies in our society. For instance, some unhealthy social phenomena existed long before bourgeois ideas spread into China. To blame bourgeois ideas for all the social maladies in China will not help to find solutions.

In sum, to persist and perfect opening to the outside world culturally, we need to analyse the modern culture of the West from a Marxist standpoint and method and map out a comprehensive cultural development programme.

## Should Political Celebrities Be Cartooned?

**"SHENZHEN QINGNIAN BAO"**

(Shenzhen Youth News)

In the United States, Japan and West European countries, almost all newspapers published cartoons about their presidents, premiers, ministers and celebrities in all walks of life. The cartoonists are free to use whatever exaggerations they like and the images of those being cartooned are always lively. And still, cartoons can make the man-in-the-street feel the leaders are just normal people, thus reducing the gap between them and their leaders.

Then, why aren't political figures in China cartooned? Because China's socialist democ-

racy has not been fully developed and the remnants of feudalist ideology prevail. China is building socialism on the ruins of feudalism. In feudalist society, people viewed political celebrities, especially officials at all levels, as virtual gods, or deities of different degrees. Such gods, of course, cannot be cartooned.

The ban is abnormal when viewed from the perspective of socialist democracy. It represents the feudalist tradition of suppression of art and intellect. Today, China is under a socialist system, and this ban should be broken. For it is known that cartoons are the best anecdote for taking political celebrities off the pedestals and placing them among the people.

have been disagreements as to whether small cars should be developed in China as private means of transport. Some observers believe that since China is still backward economically, the development of public transport should get top priority and the private automobile industry should be put on the back burner. Others argue that modern means of transportation can help raise work efficiency and save time. Either ways, the demands for private cars will be inevitable when China's economic development reaches a certain level.

Li Peng said that if each compact car were sold at 5,000 yuan (about US\$1,700) on the market, some rich farmers and urban workers may be able to buy one through savings for three to five years. It is obvious the demands will be limited in the Seventh Five-Year Plan, but they might rise in the Eighth and Ninth Five-Year Plan periods (1990-2000), as have the demands for colour TV sets which exceeded all our expectations.

Li went on to say that if 1 percent of 1 billion people each earned 1,500 yuan a year, the income of a household would amount to 4,000 to 5,000 yuan. Therefore, those families could conceivably purchase a small car if they saved up for three to five years.

Raising the question at this time does not mean there will be an immediate market for small cars, but the issue should be put on agenda at once, he concluded.

**For the sake of a seedling**

YU SHIZHU

## Private Cars Put on Agenda

**"ZHONGGUO GUANGGAO BAO"**

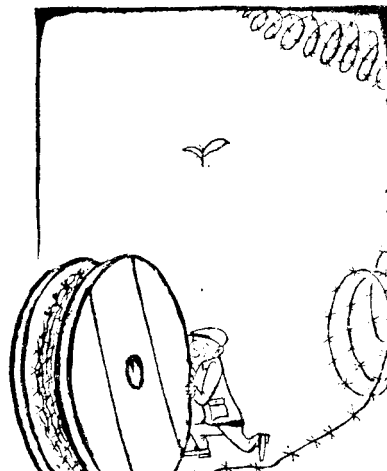
(China Advertisement News)

The development of small cars for personal use will be put on

the agenda of the Seventh Five-Year Plan (1986-90), said Vice-Premier Li Peng at a recent national conference on motor industry.

For a long time, Li said, there

MARCH 10, 1986



## Barter Trade Promotes Export

In addition to contractual, complementary and compensatory trade, China's barter trade with other countries also progressed in 1985.

The major partners were East European and Asian countries. Deals concluded in 1985 included:

- The China National Light Industrial Products Import & Export Corp. paid for plywood it imported from Indonesia in jute and ambary worth US\$4.5 million.

- The China National Machinery Import & Export Corp.

exported 3,370 tons of tea worth 15.86 million Swiss franc to Poland in exchange of Polish cars.

- The China National Metals and Minerals Import & Export Corp. exchanged 500 tons of honey worth US\$460,000 for Yugoslav aluminium ingots.

Although the various forms adopted by the Chinese government have boosted foreign trade, barter trade suits China, lagging in foreign currency funds. The Chinese government hopes to see a further expansion of barter in 1986.

## Harbour Opens To Foreign Ships

With the approval of the Sixth National People's Congress Standing Committee, Nanjing Harbour on the Yangtze River will soon be opened to foreign vessels that have been banned from China's inland waters for the last 37 years.

The harbour administration has set up pilot offices in Shanghai, Nantong, Zhangjiagang, Zhenjiang and Nanjing, and has trained port pilots who can speak English and several other foreign languages, to guide foreign ships through the Yangtze River section by section in order to ensure traffic safety. Together with customs, the frontier inspection station and epidemic prevention station, the harbor administration has chosen anchorages for joint inspection, and set up temporary anchorages

along the river. Institutions for handling maritime affairs concerning foreign nationals have been organized by the Nanjing Harbour. The city of Nanjing is making final arrangements for medical care, recreation, transport and communications for foreign seamen.

Situated in the lower Yangtze River, Nanjing features 39 docks stretching over 50 kilometres, with eight deep-water docks capable of accommodating ships around 25,000 tons. The annual volume of freight handled by China's largest inland harbour has reached 41.85 million tons. Nanjing is also a major shipment centre for China's east provinces of Shandong, Jiangsu, Anhui, Zhejiang, Jiangxi and Fujian and Shanghai.

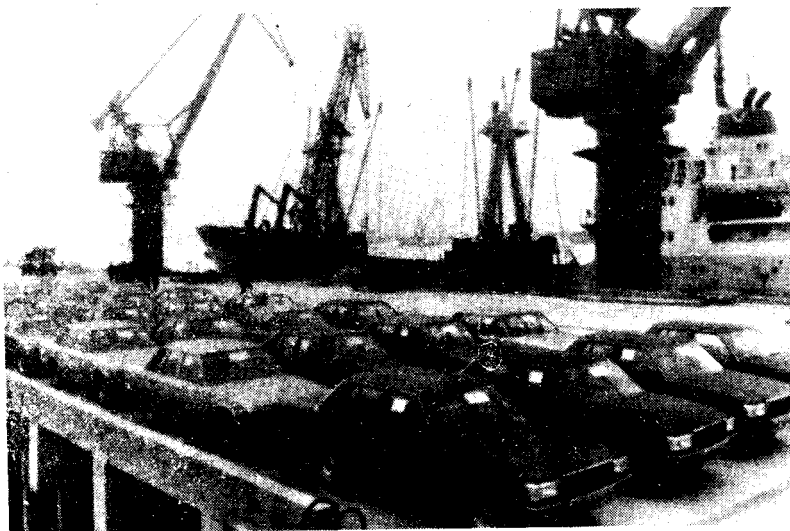
## Measures to Bring Export in Order

The Chinese government has adopted two important export policies for Hongkong and Macao that became effective on February 15, with a view to change the chaotic situation in export affairs.

The first measure is to enlarge the scope of licensed trade from 152 commodities to 235. The new items include cooking oils, livestock, local produce, chemical materials, machine tools and machinery. The second measure is to enforce a new system of commodity quotas and export permits.

Hongkong and Macao have always been an important market for China. Chinese goods account for one third of Hongkong's annual import. However, in recent years, some government-subsidized enterprises and businessmen have dumped cheap cargo on Hongkong and Macao through illegal channels, and normal trade activities suffered seriously.

Under the appeal of businessmen both in the hinterland and in



Imported cars being unloaded at Nanjing Harbour.

SHI JIUXIN



Hongkong and Macao, the government departments concerned began to strengthen export control and co-ordination in 1984. Businessmen regained confidence. The textile market has revived. Even though, the Chinese medicinal herbs trade, which has suffered the most, saw no improvements. It is expected that the new export policies will soon remedy the situation.

## China's Top 10 Import Companies

The Ministry of Foreign Economic Relations and Trade have ranked the following firms as China's 10 top importers in 1985. Figures represent each company's import value in US\$1 million.

- 1) China National Metals and Minerals Import and Export Corporation 6,450
- 2) China National Chemicals Import & Export Corporation 3,641
- 3) China National Machinery Import & Export Corporation 2,405
- 4) China National Light Industrial Products Import & Export Corporation 1,814
- 5) China National Technical Import Corporation 1,707
- 6) China National Textiles Import & Export Corporation 1,579
- 7) China National Cereals, Oils and Food-stuffs Import & Export Corporation 1,382
- 8) China National Native Produce and Animal Byproducts Import & Export Corporation 1,120
- 9) China National Air Material Corporation 603
- 10) China National Instruments Import & Export Corporation 566

## Inland Province Expands Export

In an effort to open up export in the landlocked regions of Sichuan, an export agreement was recently signed between the southwestern province and Shanghai, the largest trade port in east China.

An agreement to sell Sichuan's farm produce on international markets was signed last January between the Sichuan Provincial Cereals, Oils and Food Import and Export Corporation and the Shanghai Food Import and Export Company. The Sichuan company is responsible for providing the products, while the latter, for promotion and sales. The foreign exchange earnings will be shared between the two parties.

## World Nuclear Energy Exhibition

The International Exhibition of Nuclear Technology and Power Generation Equipment was held in Beijing between February 22 and 27. Over 150 business firms from Argentina, Austria, Canada, Denmark, the Federal Republic of Germany, France, the Netherlands, Spain, Great Britain, the United States and Hongkong participated.

Occupying some 9,000 square metres, the exhibition was the largest of its kind ever held in China. Many of the participants are known over the world for their power supply equipment, such as the Mannesmann, Siemens and BBC Brown, Boveri & Cie Ag of the Federal Republic of Germany, BICC Group of Britain, the Combustion Engineering, Inc. of the USA, and Westinghouse of Canada.

On display were nuclear, hydro and thermal power generating systems, and transmission, control and testing equipment. Canada, the Federal Republic of

Germany, France and Britain demonstrated advanced technology in thermal and nuclear power generation.

The British General Electric Company has recently signed a contract worth £250 million sterling with the Chinese government. It will provide the Dayawan nuclear power station in Guangdong Province with two 985-megawatt generators. The healthy Sino-British trade prospects greatly encouraged the 37 participating British firms. Speaking on their behalf, Mr. Gordon Gadds said, "More orders are following, and our presence at this exhibition indicates our wish to co-operate in the expansion of your nation's electricity industries."

More than 60 lectures on technology were given by the foreign firms during the exhibition, which was sponsored by the Adsale Exhibition Services of Hongkong.

## Fujian Issues Yen Bonds

The Fujian Investment Corporation, under the Fujian provincial government, will issue 10 billion Japanese yen public bonds on the Tokyo financial market in 1986. In 1983, it distributed 5 billion yen private bonds in Tokyo.

The Nomula Securities Co. will be the chief executive, and the Bank of Tokyo, the chief trustee. The bonds will be sold at 100 percent face value with an annual interest rate of 7.1 percent, and will mature in 1996. The funds will be used for key construction projects in Fujian Province.



## TV Show on Spring Festival's Eve Acclaimed



Soprano Yin Xiumei

Sponsored by the Chinese Central Television (CCTV), the TV evening party on February 8, the eve of the Chinese traditional Spring Festival, was a big hit among Chinese TV viewers. For the Chinese New Year, the festival for family reunion, there were a variety of televised performances to celebrate the New Year of the Tiger.

According to China's lunar calendar, 1986 marks the Year of the Tiger. The traditional calendar, based on "the heavenly stems and earthly branches," dates back several thousand years. Twelve animals are used to indicate the chronological sequence in the calendar. China's lunar year of 1986 began on

February 9, 1986.

For the Chinese, the lunar New Year, or Spring Festival, is the most celebrated festival of the year. So CCTV has provided a special show to ring in the New Year in the last few years. But last year's programme was severely criticized because of their low brow taste performances and high costs. Moreover, the programme sponsors tried to solicit more TV watchers by selling lottery tickets for a colour TV and other prizes. Later on CCTV was forced to make a broadcasted apology to the public for its exploitation of the event.

This year, however, CCTV staff was able to win back their reputation. Amid a gala of

**All performers in the evening party wishing the audience and viewers a happy New Year when the programme came to a close.**

PHOTOS BY XUE CHAO EXCEPT WHERE SIGNED.



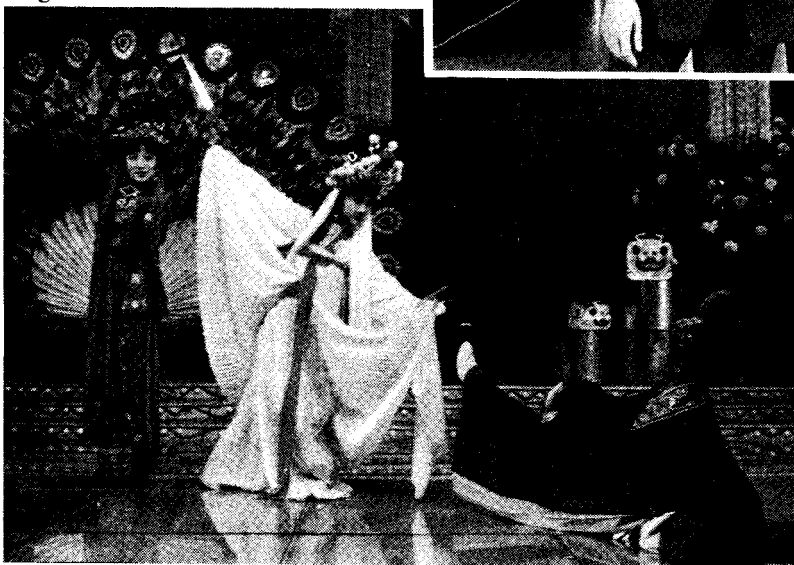
fireworks and drums, actors, singers, dancers, comedians and magicians from all over the country gathered in a hall decorated for the holiday to present their talents.

*Tiger's Year on Tiger*, a stand-up routine about tigers by two young men, was the first and one of the most popular acts of the evening. As popular art form in China, "cross talk" is actually a play on words that keeps the audience laughing throughout the routine. Performed without any stage props, cross talk has been called China's "art of laughter."

These two young comedians ingeniously slipped the word "tiger" into their entire routine.



Crosstalk actors performing "Tiger's Year on Tiger."



A Scene from "White Snake."

China's society today created a huge stir. *Presenting Gifts*, performed by two actors from the Beijing People's Art Theatre, satirized a person who attempted but failed to bribe four officials. When he arrived at the first official's home with gifts, he was told by the official's mother-in-law that the official had gone abroad on business. Disappointed, the crook took his gifts back and headed to the second official's home, where the housekeeper threatened to turn him in. On his third stop, he was received by the official's wife who told him her husband was busy examining himself for having been bribed. Finally, he headed to the fourth official's home, where the hostess herself was the official, in the midst of research on an exhibition to expose bribery. Who should become her chief example but the con-artist himself. The four women were portrayed by one actress who spoke in four dialects and appeared in four images. Some Chinese psychologists have noted that in China's current developing era, the public seems to be most concerned about the incidence of bribery, so the short play was highly acclaimed.

Their cross talk jokes included reference to soldiers as tigers, a "paper tiger" — Mao Zedong's term for imperialists who are outwardly strong but inwardly weak—and a blend of old proverbs using tigers were turned into contemporary cracks about society.

Another well-received performance was the medley of songs by a dozen of China's popular singers. The songs expressed the singers' love for their hometowns, motherland, and aspirations for the reunification of the nation. Some Beijing opera arias were accompanied by electronic mus-

ical instruments, as well as some songs combining Chinese traditional folk and Western music. Perhaps the most amusing song was one aria from *White Snake*, a legendary classical opera, which was sung in three dialects.

Guo Chang, a 15-year-old violinist who has won international acclaim, brought down the house with his rendition of a Polish waltz. Dances included *The Newlyweds Going Back Home*, about newlyweds returning to the bride's home, to face the customs of Anhui Province in eastern China.

A skit that portrayed bribery in

This was not the only performance sparking controversy on the eve of the New Year. Another skit told the story of a street vendor so caught up in the wave of private enterprise that he neglected to get a license and sold stale mutton cubes. Another one-man show from Sichuan Province bitterly portrayed the life of a money-oriented actress. Another actor described a singer who tried to imitate the absurd stage mannerisms of the low-class singers in the West.

An unexpected live wedding ceremony brought the television party to a climax. The bridegroom



"Presenting Gifts" by Li Wanfeng (left) and Zhou Guozhi.



A skit about an overly anxious young entrepreneur by Chen Peisi (left) and Zhu Shimao.

was a soldier from the front along the Sino-Vietnamese border, and the bride was a singer from Qingdao, a coastal city of Shandong Province. Last summer when the girl was giving performances as a member of a group sent to perform for the soldiers along the front, some CCTV personnel met the couple and discovered they were to get married during Spring Festival. They were invited to hold their wedding ceremony at the New Year's Eve party so that all the Chinese could share their happiness. A videotape about their work on the border was also shown—a twist on the Chinese custom in which the newlyweds tell the story of their new love to the wedding guests. The bride sang *The Mid-Autumn Moon*, a favorite among young Chinese, a love ballad about the deep feelings and mutual courage between a husband who missed his wife while fighting for his country, and the wife who missed her husband's place beside their baby's cradle. "The harvested fruit bears your sweetness and mine. Half my military honours belong to me, half to you," so goes one of the refrains.

WU JIADU



## Dictionary on Loan Words In Chinese Compiled

Over the course of its long evolution, the Chinese language has borrowed a large number of words from other languages. Such borrowings, which are linguistically known as "loan words," have greatly enriched the language; in fact, it would be difficult to discuss many subjects without them. Some loan words have been borrowed deliberately; diplomats, businessmen, scientists and scholars—translators in particular—often have turned to foreign languages for words to describe new discoveries, ideas or situations. Others have been brought in by foreigners, introduced through trade or commerce, or picked up by overseas Chinese or students who have returned from studying abroad.

The newly published *Dictionary of Loan and Hybrid Words in Chinese* (Liu Zhengtan, chief compiler, Shanghai Dictionary Publishing House, December, 1984.), is one of the first reference works in the field. A scholarly yet easy-to-use work, it is distinguished by its exhaustive notes on the etymology of the entries. The work's appearance will be greatly welcomed by serious Chinese linguists and sinologists abroad who have long suffered in the absence of a systematic treatment of loaned words in Chinese.

## "Essays on Foreign Literature and Art" Series to Be Published

A 50-volume series, *Essays on Foreign Literature and Art*, is planned that will collect together influential essays on literature and art written by 83 world-famous theoreticians, spanning the times from ancient Greece to the 19th century.

The series will be jointly published by the Foreign Literature Research Institute under the Chinese Academy of Social Sciences, the People's Literature Publishing House and the Shanghai Foreign Languages Translation Press.

Compilation began in the second half of last year by an editing committee composed of famous writers and translators, including Ba Jin, Zhu Guangqian, Qian Zhongshu, Ji Xianlin and Yang Xianyi.

## New Chinese-German Dictionary

Edited by the Beijing Foreign Studies University, *A New Chinese-German Dictionary* recently has been published after 10 years of preparation.

A medium-sized comprehensive reference work, the dictionary contains 6,000 single character entries and 70,000 compound word entries covering a wide range of terms from classical Chinese, dialects, science and technology, as well as idioms, proverbs and ordinary words. Words which have more than one meaning are given example sentences in both Chinese and German.

Priced at 14.20 yuan the dictionary can be purchased domestically at foreign language bookstores. Buyers abroad can send orders to Post Office Box 399, Beijing.

## Tibetan Esoteric Buddhism And Its Works of Art

The Chinese edition of this 159-plate, 40,000-word album, published in September, 1984, is almost sold out. This is the English edition jointly published by the Hongkong Commercial Press and the Beijing Foreign Languages

Press. It is in three parts. The first is an outline by Li Jicheng of the Chinese Academy of Sciences' Institute of World Religions, of Tibetan esoteric Buddhism's history, texts, logic, mediation and art. The second consists of colour photographs of architecture, sculpture, painting and musical instruments taken by Gu Shoukang and Kang Song over five years. The third contains appendices on Tanka Paintings, English and Tibetan terms and the major temples.

## Yashe Reminiscences: Old Friends

The first mainland edition of *Yashe Reminiscences: Old Friends* is to be published in Beijing by the Friendship Publishing Company with a preface by Bing Xin.

It contains five moving essays by Liang Shiqiu on Wen Yiduo, Lao She, Bing Xin, Shen Congwen and Liang Shiqiu's late wife Cheng Jishu.

In her preface Bing Xin writes: "After the war we returned to the mainland and Shiqiu went to Taiwan. It is forty years since we have heard from each other across the sea. I am grateful that he remembers us, and hope he will return to see how his children and ours live today."

## Collected Poems of Lin Weiyin

Professor Chen Zhongying of Fujian Normal University has compiled this collection Lin Weiyin's elegant, well-crafted work, containing all fifty-five of her remaining pieces, including the previously unpublished *Inspiration* in manuscript.

*Collected Poems of Lin Weiyin* was published by Beijing People's Literature Publishing House.

## Set in the Right Tone

I want to congratulate you on the improvements in *Beijing Review*, particularly since December 1985 issues. I particularly liked the Notes From the Editors, by An Zhiguo, which was set in just the right tone—that is, not too optimistic, but valiant. China is a wonderfully brave and valiant country; she dares to experiment, chiefly on herself, and she also dares to tell people around the world where and when she has made mistakes. I cannot find another country in the world which is fundamentally so honest. Yes, the people are honest, but not their governments. In the West, it is the people who point out where their governments go wrong. It seems to me that in China, the government itself tries very hard (not always, but at least 60 percent of the time) to point out at its own mistakes. From my talks with some of China's leaders, I have also derived this impression. It encourages my faith in the Chinese people.

*Han Suying*  
Switzerland

## Taiwan Reunification Tugs at Chinese Heartstrings

I have received your No. 5 issue of *Beijing Review*, and carefully read the Notes From the Editors.

I especially appreciated your distinctive thoughts on "one country, two systems" and your clear position on this question.

At the end of this article, the author's view was quite correct. Those gentlemen in the United States, who clamour for protection of the "free people on Taiwan" have obviously never set foot in the People's Republic. Please continue on the right track.

*Pierre Bellanger*  
Paris, France

I read your article, "Formula for China's Reunification," very attentively in the No. 5, 1986 issue. I think the suggestions for solving this complicated problem were reasonable, and that this issue must be resolved as soon as possible.

The world is changing rapidly, so this problem should not be left unsolved for too long. In Western Europe, people of different countries can contact each other freely and happily. In Asia, China

should become an example to other countries. In my opinion, China's mainland should not resort to force of arms to solve the problem, and Taiwan shouldn't try to seek support from foreign powers to occupy this region only to safeguard a handful of rulers.

*A Reader*  
Paris, France

## More on Economic Policies and Reforms

I was interested in the original reports about the Chinese economy and its economic policies. These indicate that we have been getting the wrong information here in the West, which always criticizes socialism by inferring that China was led back towards a capitalist economy. I think you should continue reporting about the Chinese economic reform and its structure.

About circulation, I suggest you to send magazines to every library and schools of higher learning, and friendly societies.

*R. Varela E.*  
Mexico City, Mexico

## Aging Population

(Continued from p. 25.)

will feel hard pressed to find jobs for the working population.

Under the impact of the aging problem, however, the working population also will have to deal with more and more elderly workers. But the case is less serious when compared with other countries. For example, by the year 2000, the proportion of the people 65 years and older in the Japanese population will reach 16.3 percent and the proportion of people between 50 and 59 years old in the Japanese working population will reach 20.52

percent. In China, by 2030, the two figures will stand at 15.81 percent and 18.77 percent.

## The Need to Be Prepared

With the inevitable increase in the number of China's elderly, more support and care from the working people will be necessary. In 1982, the number of aged supported by every 100 working people reached 7.96. But by 2040, the percentage will grow to 32.9. In the meantime, the number of children supported by every 100 working people will continue to decrease, from 55.3 in 1982 to 24.74 in 2040. The number of non-working people supported by

every 100 working people also will decline before 2010. Although the figure is to go back up to 57.7 percent by 2040, it is still lower than the 1982 level of 63.26 percent. This indicates that economically, China will not have the problem of a minority of working people supporting the majority of non-working people.

Nevertheless, the increase in the number of the aged will exert pressure on many aspects of society. To cope with the situation, the government already has begun to further develop health care and other services for the elderly, such as building more homes for childless people, hospitals and clubs for the aged.



A Willing Ox and a Child.



Off to Market.

## ART PAGE

### Papercuts By Ren Ping

Ren Ping, born in 1962 in Yanji, Jilin Province, now works as a papercut artist for the Cultural Exhibition Centre in Gaomi County, Shandong Province. Ren's pieces combine the techniques of relief and engraving work and also resemble traditional Chinese painting in their fine and delicate strokes.



A Bride Returning to Her Mother's Home.



Wu Song, the tiger-slaying hero of *Outlaws of the Marsh*, a Chinese classic.





## TAKEFUJI Contacts "Men and Forests"



● Australia's Lake Fernstein and horses

**Abundant Verdure Provides  
Spiritual Energy.**



● Brazil: Iguazu waterfall

**Beautiful Verdure — Birthplace Of Water**



● Ruddy kingfishers, parent and chicks, that fly to Japan

**Communication Fostered  
By Verdure.**



● Canada: Banff National Park

**Verdure Develops Spiritual Health.**

Relaxation and repose are offered by verdure to all living things, including birds and animals, with the arrangement and movement of that verdure as the theme. Takefuji has continued, through the newspapers and magazines of Japan, to appeal on the benefits of verdure and how precious is the contact between human beings and forests. Even after the end of the "International Year of Forests" designated by the United Nations, the value attached to the rich spirit of cultivating verdure and loving nature will remain unchanged in every age.



**TAKEFUJI  
CORPORATION**

Head office: 2-1-4 Yaesu, Chuo-ku, Tokyo 104  
Telephone: (03)277-6611

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