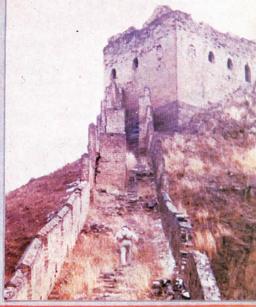


TEN MAJOR SOCIO-ECONOMIC CHANGES (1981-85)

FIRST EXPLORER TO WALK THE GREAT WALL



















Smile.

Reminiscence.



Wu Guangjun.

Photos by Wu Guangjun

Over the past few years, with farmers' lives improving considerably, many farmers have used their extra money for hobbies. Wu Guangjun, a member of the Manchu nationality, has devoted much of his spare time and money to becoming a skilled photographer. Though Wu has only been involved in photography since 1978, his work bears the mark of a talented photographer.





A rich flavour of rural life.

SPOTLIGHT

Early spring.





VOL. 29, NO. 15

APRIL 14, 1986

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COVER: Liu Yutian — the first man ever to walk alone the entire length of the Great Wall.

HIGHLIGHTS OF THE WEEK

Deputies Pool Ideas on New Five-Year Plan

While praising China's Seventh Five-Year Plan as "realistic and practical," deputies to the National People's Congress believed efforts should continue to focus on reform over the next five years. They also stressed efforts should be taken in agriculture and the construction of socialist ethics and culture (p. 6). In a recent NPC press conference, two vicepremiers explain China's positions on a number of domestic issues (p. 6).

PLA Cutting Size as Scheduled

By the end of this year China will fulfil its pronounced goal of cutting its army force by 1 million. The massive demobilization will be followed by intensive efforts in improving weaponry and the training of a vast contingent of younger, competent officers as part of a modernization programme for national defence (p. 5).

China Chalks Up 10 Major Achievements

During the Sixth Five-Year Plan period, China experienced 10 major socio-economic changes, including sustained, stable and balanced economic growth, better economic results, an improved investment structure, expanded foreign economic exchange, wider inter-regional and interdepartmental economic ties, improved living standards and mounting intellectual resources. These advances have given China a sound foundation for launching its Seventh Five-Year Plan (p. 19).

Great Wall Trek Winds Up

■ On April 5 Liu Yutian arrived at Shanhaiguan, the easternmost end of China's Great Wall, after having walked 5,500 km along its length. His account of the journey, supported by his copious notes and numerous photos, is both a fascinating adventure story and a source of much geographical, historical and sociological information (p. 14).

Policy Helps Poor to Become Well-Off

In the past few years, local governments have provided financial and material assistance to poor regions and households to develop production and have reduced or eliminated their agricultural and commercial taxes to push them towards prosperity (p. 4).

Published every Monday by BELING REVIEW 24 Baiwanzhuang Road, Beijing The People's Republic of China

Distributed by China International Book Trading Corporation (GUOJI SHUDIAN), P.O. Box 399, Beiling, China

Subscription prices (1 year): Australia..... A.\$ 22.00

USA US\$ 22.00 UK £12.00 New Zealand... NZ.\$30.00 Canada..... Can. \$21.00

MOTES FROM THE EDITORS

Policy Helps Poor Help Themselves

by Lu Yun

China's rural reforms have been quite successful. Along with increases in their production, China's 800 million farmers have also experienced improved living standards, with some of them even becoming well-off. Five million of the 9.5 million households that received state support have extricated themselves from poverty. In the past few years, to help poverty-stricken areas, the state has issued more than 3.3 billion yuan annually in investment, granted special loans of more than I billion yuan and has also provided some households with special allowances.

However, some poor counties, villages and households remain dependent on government relief. Like patients in need of blood transfusions. these counties and families need the state's support in order to become strong. In a country as large as China, where conditions vary considerably from place to place, it is not at all surprising that there are both rich and poor regions and families. Relieving rural people from poverty, however, has always been regarded as an important step towards achieving the socialist goal of common prosperity for all.

In helping the poor areas, some local governments have altered their approach, turning away from "blood transfusions" to "blood production." That is to say, they no longer issue only relief to the poor so they will be able to eke out a living. Instead, they now support the development of production in these areas with the aim of helping the poor strengthen their local economies, which will then encourage greater prosperity. This help-the-poor experience has received widespread attention.

Although the poverty-stricken areas are economically underde-

veloped, they do have a potential for growth which they have not yet unleashed. Because these areas have received government relief each year, some local cadres and farmers have become dependent on relief and now make endless demands for money from the higher authorities. These people fail to see that they can make the most of their local resources and rid themselves of poverty. After the slogan of turning "blood transfusions" into "blood production" was put forward, these areas, with the help of the government, began to rely on their own efforts to exploit local

A case in point is the experience of nine poverty-stricken counties in the Luliang mountains, Shanxi Province. The area is sparsely populated, richly endowed with fruit, timber and minerals. Coal deposits alone amount to 10.1 billion tons. Last year, in addition to making use of local technical and economic managerial personnel, these counties brought in talent and funds from other areas to exploit their resources. At the same time, they developed their crop cultivation, aquaculture and processing industry, and spurred quick improvements in their local economic situation.

In order to augment "blood production" in poverty-stricken areas, the government has provided them with financial and material assistance and reduced or eliminated agricultural and commercial taxes. It also provides tax exemptions or reductions for productive enterprises started in the poverty-stricken areas by people from other parts of the country.

Farmers and herdsmen in the impoverished areas enjoy even greater autonomy. For instance,

grass hills and slopes are contracted to individual households for their long-term use, and the period of contracted cultivated land has been extended to 30 years. Scientific and educational departments are helping these areas to popularize primary education, develop rural vocational education, and open classes on science and technology to train professionals needed for developing local resources.

The authorities in the provinces and autonomous regions are now incorporating their support-thepoor work into their overall plans for rural socio-economic development. Major measures have been adopted to help bring an end to rural poverty as quickly as possible. For example, in 1984 in Anhui Province officials decided to aid 48 counties in developing their economies. The provincial government allocated special funds for 18 counties enjoying priority support in the first year. The government also invited specialists and technicians in various fields to investigate project possibilities. Based on their recommendations, the province began 457 projects, which helped 12 counties rid themselves of their poverty.

In 1985 the Guangxi Zhuang Autonomous Region gave priority support to 10 indigent counties, which then set up 73 small processing factories, plantations, mines, building materials plants, transport stations and shops employing 18,400 people. In the same year, one-third of these enterprises earned a total profit of 10 million yuan, and most of these poor counties finished the year with more than enough to feed and clothe themselves. Hunan Province raised funds from various quarters to support poor house-



holds to develop agriculture and sideline occupations, transportation and commerce. Last year, 300,000 out of the 470,000 households that received support managed to free themselves from their poverty.

This year, Guizhou Province in southwest China has transferred 537 cadres and technicians from 13 ethnic groups to work in 11 border and straitened counties. Shaanxi Province in northwest China has organized 6,000 government functionaries to work in turn in the countryside and help people of each township, village and household to improve their productive capacities.

During the Seventh Five-Year Plan period (1986-90), central and local governments will continue to support poverty-stricken areas to develop production. Those people who formerly relied on "blood transfusions" will become strong very soon through their own efforts at "blood production."

ANNORSH SAFEL

Our next issue will carry the full text of Premier Zhao Ziyang's report on the Seventh Five-Year Plan, which he delivered at the Fourth Session of the Sixth National People's Congress on March 25, 1986.

Due to shortage of space, our article on China's efforts in coping with juvenile delinquency will appear in one of our coming issues.

SVENTSATTENES

PLA Cuts Size as Scheduled

By the end of 1986 the People's Liberation Army of China will have cut its combating forces by 1 million troops, according to Han Huaizhi, deputy chief of the general staff.

The decision to cut down the PLA size was announced by Deng Xiaoping in May last year as part of the modernization programme for national defence.

In a recent interview with *China Daily*, Han said the modernization efforts focused on streamlining the administration, reducing staff, strengthening various army services and replacing outdated weapons.

China has been reducing armaments on its own initiative in the past few years. The share of national defence in the country's budget has shrunk time and again. A large part of the defense industries have turned to produce consumer goods, while some naval and air ports have been turned over for civilian use. The army has also taken an active part in socialist construction and has helped promote socialist ethics.

All men in active service are now required to learn production skills of one kind or another in addition to military training so when they are discharged they can easily adapt themselves to civilian life.

More than half of the PLA veterans in all the seven military areas have been retired and the average age of officers at army level and above are now three to five years younger than their predecessors. More than 65 percent of the officers in the combat units have been replaced by those who have had regular training in military institutes, Han said.

After the massive demobilization is completed the army will work to improve its weaponry and train a large contingent of competent young officers.

Han said that in some ways, officer training was the most important investment the army can make today, and the PLA will work even further in this direction.

The Central Military Commission will soon issue a directive stressing the need for reform of the military academies, considered strategically important to the training of PLA officers.

The PLA has about 100 military institutes and schools throughout the country, which have provided more than 200,000 officers in the past five years. The Central Military Commission has planned to bring all commanders in the combat troops up to higher education by 2000.

Military education must be geared to national defence needs and to the possibility of future conflict, Han said. "It is hard to win any war without a large number of revolutionary and younger army officers who are better educated and professionally competent, he added.

High on the agenda of Chinese military academies is the task to upgrade training techniques by introducing electronic and laser technology and simulation techniques. According to Han, the Central Military Commission has allotted 650 million yuan for the development of simulators that are ready to enter the world market.

The PLA is planning to carry out exchanges of military cadets with foreign countries, and more military experts will be invited to watch maneuvers or give lectures in China.

During the Seventh Five-Year Plan (1986-90), China will import some weapons for its national defence, but Han said emphasis would be placed mostly on important modern technology. "We will rely on our own efforts to

upgrade the weapons and equipment of the army," Han said.

The newly released national defence budget stands at more than 20 billion yuan this year, nearly 10 percent of the total revenue in the 1986 state budget, Han said.

Deputies Discuss New Five-Year Plan

The tasks set forth for economic restructuring and economic development over the next five years are "realistic and practical," deputies to the National People's Congress (NPC) pointed out in their discussion on Premier Zhao Ziyang's report on the country's draft Seventh Five-Year Plan (1986-90).

About 3,000 deputies began deliberations on Premier Zhao's report on March 26. During panel discussions, many deputies reviewed the implementation of the Sixth Five-Year Plan (1980-85) in their own localities, holding that the premier's report on the draft plan was realistic in that it had summed up the achievements China had made during the previous five years and pointed out the difficulties and problems as well. The draft plan is based on the previous five-year plan, but it also takes into consideration the experiences and lessons learnt over the past five years.

"The rate of economic development projected in the draft plan is appropriate," said Han Zheyi, a deputy from Shanghai and also a member of the financial and economic committee of the NPC. "Over-heated economic growth in many localities in the first half of 1985 had resulted in unstable economic activities," Han said, "but the Seventh Five-Year Plan has drawn on this lesson to become both ambitious and cautious."

The deputies held that it would be a tough and complicated task to accomplish economic restructuring in the next five years. They were relieved, however, that Premier Zhao had made it clear that the Central Committee had determined to carry through economic restructuring to the end.

The deputies believed efforts should continue to focus on reform during the Seventh Five-Year Plan period. In order to expedite the restructuring of the economy, they held, it was essential to first free major staterun enterprises from the outdated and rigid management through further reform and opening to the outside world. They said the old economic structure had proved itself to be a bane more of staterun enterprises than of the collective or individual sectors. Only by pumping new vitality into enterprises, especially the major state-run enterprises, could they be well positioned to fulfil the Seventh Five-Year Plan. To do this, the enterprises needed to be relatively independent producers of commodities bearing full responsibilities for their own profits and losses. (For details see pp. 26-28.)

Many deputies stressed that continued efforts must be made to pep up agriculture as the foundation for the national economy during the Seventh Five-Year Plan period. They suggested increasing investment in agriculture so as to ensure its steady development. They also pointed out that while boosting the economy, great attention should also be given to the development of socialist ethics and culture.

On April 2, the deputies gathered to hear the explanations of three draft laws—the general principles of the civil code, a law on nine-year compulsory education, and the draft law on solely foreign-owned enterprises in China. A report on the work of the

NPC Standing Committee in the past year was also delivered.

In his explanation of the draft law on foreign-owned enterprises, Zheng Tuobin, minister of foreign economic relations and trade, pointed out that the law would protect the lawful rights and interests of foreign investors and provide a legal basis for their activities within China. It also will facilitate government control of supervision over operations, he said. Among the law's other stipulations are: the rights of foreign investors to invest and make profits on China's territory is protected by law; foreign-funded enterprises may remit abroad their legitimate profits and other lawful earnings as well as the funds left over after the business was liquidated or transferred; and foreign employees of such enterprises may send their wages and other legitimate earnings to their homelands after paying income taxes in accordance with relevant Chinese laws.

Vice-Premiers on Major Home Issues

At a press conference sponsored by the secretariate of the Fourth Session of the Sixth People's National Congress, under Vicecurrently way, Premiers Li Peng and Yao Yilin spelled out China's position on issues facing the country. The 120minute press conference attended by Chinese and foreign correspondents took place on April 3 in Beijing's Great Hall of the People.

Premier Li Peng said the Chinese government had not yet decided whether to start the controversial Yangtze project, but it was under "positive, yet cautious" consider-

ation by the central authorities. "If translated into reality," he said, "the project, combining electricity generation, navigation and flood control, would have a bearing not only on China's modernization programme but also on the well-being of the people for generations to come."

Although preparations have been made over the last three decades, the vice-premier said, feasibility studies are still needed on a number of problems such as the control of silt and navigation

on the Yangtze.

Li disclosed that the State Council had planned to set up an ad hoc committee for feasibility studies and invite experts in various fields to join in. Opinions of foreign experts in hydroelectric power industry would also be heeded, he said.

During the feasibility studies, the State Council will report to the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference, and the final results will be submitted to the NPC Standing Committee, he said.

The vice-premier said there was not yet a plan to establish a Yangtze Gorge province. There is an office under the State Council to consider the matter, but its main function now is to make investigations into the resettlement of local inhabitants who would be affected by the proposed project.

■ Nuclear Power Stations. Although China is now able to design and build nuclear power stations with a capacity of 300,000 to 600,000 kw each, the country will continue technological co-operation with foreign countries. including the Soviet Union, Vice-Premier Li said.

He disclosed that China would send a delegation to Moscow to study their nuclear power stations and the possibility of co-operation with the Soviet Union in the nuclear industry. "Power shortage is one of the major problems in China's development programme and the country relies mainly on coal to generate electricity," Li said. "Building nuclear power stations will serve only to supplement the nation's increasing demand for power."

The vice-premier noted that China was going ahead with its plan of building two nuclear power stations, the 300,000-kilowatt station near Shanghai and the twin 900,000-kilowatt station in Daya Bay near Hong Kong.

Li said the plan for a station near Wuxi, Jiangsu Province, had been postponed as studies have indicated it would be more suitable to expand the one at Qinshan near Shanghai. But the vice-premier was quick to add that this would not affect China's cooperation with France and Federal Germany.

effort in 1985 to withdraw Renminbi from circulation through sales of imported consumer durable goods was successful. It has, by reducing the issuance of banknotes, played a very important part in stabilizing prices, according to Vice-Premier Yao Yilin.

The state did not put the profits from the sales into the state revenue, but instead into the bank as a nest egg, he said. "The money still in the bank now."

These funds may be used to make up for the government deficit or the government may allow the bank to invest it. Yao added that China will not import any more consumer durable goods this year, as there were still several billion yuan worth of goods in stock from last year.

Premier Li Peng said that there would be no major personnel changes at the current National Congress and that it was premature to forecast personnel

News in Brief

Foreign Ministry A spokesman on April 3 welcomed a recent statement by Chiang Ching-kuo, in the Kuomintang leader in Taiwan called for "one China." "We appreciate Mr. Chiang's remarks that there is only one China and China is bound to be reunified. We believe that 'one China, two systems' is the realistic approach to peaceful reunification," the spokesman said.

Referring to a comment on Chiang's recent anticommunism remarks, the spokesman said, "This is what we expected. He had to

say so."

China will set up a nationwide computerized information network for its foreign trade departments this year and will link it with international economic data banks. Upon completion, the network will keep leading departments abreast of economic activities of trading companies in various parts of the country as well as new trends on the world market.

China's first Buddhist orchestra was set up recently in Beijing. Of the band's 30 members, 17 musicians are Buddhist priests and the others are professionals specialized in Buddhist music that dates back 500 years. Deputy secretary general of the Buddhist Association of China Zheng Guo and president of the Central Conservatory of Music Wu Zuqiang are advisers to the orchestra.



WANG XINGING

Taiwan Returnees' Happy Get-Together

The National People's Congress and the Chinese People's Political Consultative Conference Sessions, currently under way, have turned out to be a happy get-togethers for participants formerly working in Taiwan. Here, Li Dawei (first left) and Huang Zhicheng (second left), both former Kuomintang pilots who flew back over to mainland several years ago, chatting with Wu Yuanlong (second right), a Taiwan native who is now a member of the CPPCC national committee.

changes at the next Party Congress, due in 1987.

Responding to a question about the reform of China's bureaucracy. Li said altogether there were 45 ministries and commissions under the State Council and the trend is to further reduce the figure rather than to increase it.

Li noted that the principle for administrative restructuring was to shift the country's economic activities from under a system of direct control to one of indirect control. In other words, he said, macroeconomic control would be tightened.

■ Compulsory Education. The Chinese government will allocate 116.6 billion yuan for education during the country's Seventh Five-Year Plan period from 1986 to

1990, according to Vice-Premier Li Peng.

But he said that this was still not enough, "although it represents a 72 percent increase over the previous five-year period."

He said that China's plan to enforce a nine-year compulsory education faced two major obstacles—a lack of qualified teachers and a shortage of funds.

Regretfully, he said, some government organizations have diverted funds for education to other uses, making the situation worse. "Improper use of education funds should be checked and severely punished," he said.

Since China is a large country where the level of economic development varies from area to area, the plan should be carried out step by step. For the developed areas, the nine-year compulsory education should be realized in five years, while for the underdeveloped, it may take 10 to 15 years.

■ Employment. Vice-Premier Yao Yilin said China's unemployment posed no serious problems as millions had been assigned jobs in cities and towns in the past decade. But he added that there are still many people who need to be well placed. Apart from young people eligible for employment, large numbers of farmers will quit traditional farming to join the workforce in industry or the service trades. This situation will persist for a long time to come, what with the progress in farm mechanization, he added. "To solve the problem," the vicepremier said, "the government will generate more jobs by expanding rural industrial and sideline occupations and establishing small towns.

Grain Farmers Urged To Do Better Still

To fulfil the goals of China's four modernizations, the first step is to achieve steady development in agriculture, especially grain production, said Vice-Premier Tian Jiyun during a recent inspection tour of Jiangxi Province in southern China.

"If we fail to lay a solid foundation for agriculture and if we fail to solve the problems of food and clothing, it is unimaginable for a country like ours with its 1 billion people to achieve the ambitious goals of the four modernizations," Tian said.

The five-year period just gone by was characterized by a most impressive growth in China's agriculture, thanks to the enthusiasm of the farmers, which was boosted by rural reforms and the responsibility system based on remuneration for work done. According to State Statistical

Bureau reports, grain production rose at an annual progressive rate of more than 21 million tons during the period from 1981 through 1984. Last year China harvested 378.9 million tons, which was 28.33 million tons less than 1984. While this was a 7 percent dip, it still was 58.42 million tons more than in 1980. The impressive performance in agriculture in the Sixth Five-Year Plan period has turned China into one of the world's leading grain producers. Five years ago the country had to import large amounts of grain, cotton and edible oils to meet domestic needs. Today, it is self-sufficient in grain, has more than enough in cotton supplies and is already exporting edible oils.

But the drop in the 1985 grain output still was something of a warning, which justified Tian's recent concern about China's

grain production.

A number of reasons accounted for that drop. First, grain acreage was cut by 4.4 million hectares last year. Then, reduced state investment caused a shortage of funds for such farmland capital construction as irrigation and water conservation projects. Yet another reason was the rising rural industries that had syphoned off a fair amount of rural resources and labour from traditional farming. But many economists attributed the drop in the 1985 grain output to natural disasters that had hit many parts of the country. They argued that only in a few places farmers showed less interest in growing grain crops because rural industries were fairly developed there.

"It is true that our modernization programme needs more oil, coal, electricity and other energy resources, but people cannot do without grain," Tian said. "In that sense, grain constitutes the primary energy source for the modernization," he added, urging local officials and farmers to recognize the importance of grain production and to do all they could to boost it.

Although grain output has increased vastly over the last few years, he noted, in the long run China could still be short of grain.

Du Runsheng, director of the State Council's Rural Economic Development Research Centre, said at a recent NPC press conference that the Chinese government will continue encouraging farmers to boost grain production. "Continued rural economic reforms are the most effective way of arousing farmers' initiative for production," he said.

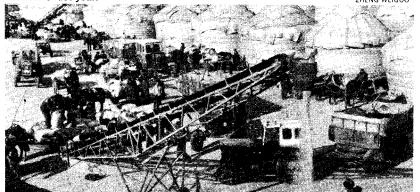
Du said the government pays close attention to the income of grain growers and sees to it that they do not suffer losses.

For this reason, the government will fix prices in a way to protect the interests of grain farmers and this policy will be improved constantly. "The prosperity of the 800 million farmers," he said, "will spur the growth of the national economy as a whole."

The state will increase investment in agriculture during the Seventh Five-Year Plan period (1986-90), Du said, but he also pointed out that it was more important to encourage farmers to raise money themselves for agricultural development.

Farmers in a Liaoning village delivering grain to local collectors after beating natural disasters last year.

ZHENG WEIGUO



China & the World

No resumption of Sino-Soviet Party Ties. Relations between China and the Soviet Union are so far not stable enough for them to resume formal Party relations, a CPC International Liaison Department spokesman said recently, adding that three major obstacles blocking normalized relations should be removed. These obstacles are: Soviet intervention in Kampuchea and Afghanistan and Soviet troops along the Sino-Soviet border.

China to Abolish FEC. Plans to abolish China's foreign exchange certificates are being drawn up. But the move will require lengthy preparations, Vice-Premier Yao Yilin said recently in Beijing. Yao said that this was possible only when the circulation of the US dollar and the Hong Kong dollar in certain parts of the country were also halted to enable the Reminbi (RMB) to be the only currency circulation.

Foreign exchange certificates have been issued for the last six years by the Bank of China for the use of foreigners in China.

 Overseas Students Invited. Young Chinese students living in Taiwan, Hong Kong, Macao and abroad are being invited to apply to study at seven leading mainland universities. This will be the second year for the universities to enroll overseas Chinese students. For the first time this year, a Hong Kong organization will be empowered to handle registration of local students and supervise entrance examinations.

IRAN-IRAO

Oil Price Affects Gulf War

A turning point may confront the war between Iraq and Iran whose oil export earnings have been drained by the steep decline in international oil prices.

The five and a half years of war between Iraq and Iran have cost both countries more than one million lives and casualties and at least US\$100 billion in material losses. Still the two countries continue to fight, defying all calls by the international community for an armistice, and on February 9, Iran launched a large-scale offensive against Iraq in the Fao Peninsula in the southern tip of Iraq and succeeded in seizing the Fao port and its surrounding areas.

However, changes in the world's oil market have affected the Gulf War, despite the determination of the belligerents to keep up the battle. The war has dragged on mainly because both countries have had considerable oil profits. But with the slump in world oil prices, a grave turning point faces the two Gulf countries.

Although Iran's oil export now earns only US\$16 billion each year, a sharp drop from US\$20 billion prior to the war, it still has enough funds to pay US\$14 billion annually for its military expenditures. Iraq's oil export earnings have dropped to US\$9 billion each year, down from US\$26 billion before the war broke out. But with aid from several oil producing countries along the Gulf, it is able to meet its war costs of US\$12 billion.

Since the Organization of Petroleum Exporting Countries (OPEC) gave up its policy of reducing production for stable prices in December last year, the oil price has come down from more than US\$30 a barrel last November to US\$12 a barrel. Moreover, because of the world market oil surplus, it will be difficult for the OPEC nations to hike up oil prices again.

The gap between Iraq's oil export income and its war expenses will inevitably be widened, while the Gulf countries that have assisted Iraq are themselves with severe economic difficulties due to the oil price slump. Iran, with no foreign aid and all munitions purchased through cash transactions, has been hit heavily by the plunging oil price so that its strategy of attrition through long-term struggle looks doubtful. Recent estimates indicate Iran's oil export income this year will have been reduced to US\$4 billion, one-

fourth of the expected total, due to price drop and a slash of 450,000 barrels a day to boycott the price war. Some Iranian leaders have suggested the oil price war has caused more damage to the country than the Gulf War itself. It has been reported that Iranian President Ali Khamenei, Parliament Speaker Hashemi Rafsanjani, and the head of the Supreme Court have gone to the top leader, Ayatollah Ruhollah Khomeini, and have pressed him to call for a truce with Iraq when Iran still has an upper hand. But Khomeini has replied that the time is not yet ripe for an armistice with Iraq, and has insisted on fighting for more Iraqi territory.

In the long run, the oil price slump will limit the Gulf War in time and scale. For the time being, however, it may provoke even more serious strife between the neighbouring countries.

by Mei Zhenmin

SHULTZ IN THE MEDITERRANEAN

Mending Fences in NATO Flank

The four-country visit of the US Secretary of State was overshadowed by the US-Libyan conflict and not much has been achieved in terms of US military base agreements with Greece and Turkey.

nited States' Secretary of State George Shultz's 10-day trip to France, Turkey, Greece and Italy late in March was clouded by the outbreak of military conflict between the United States and Libya. He had to spend much of his time discussing, and no doubt defending, the US position in the Mediterranean, as well as talking about how to cope with the growing widespread terrorism.

The United States had hoped its allies would support its actions in Libya, in which US navy jet fighters bombed a military installation in the town of Sirte in retaliation for earlier missiles fired at US aircraft by Libya. However, the Mediterranean countries he visited, though differing in their stand, all expressed concern over situation in the Mediterranean.

In a communique after talks between Shultz and Italian Prime Minister Bettino Craxi, both nations said they were willing to make efforts to reduce tension in the Mediterranean. They also announced that they were discussing a co-operation agreement that aims to combat terrorism. Yet the and attacked Libyan patrol boats | Italian and Greek leaders criticized the US military actions in the Gulf of Sidra.

Shultz spent most of his time in Greece and Turkey, both members of the Northern Atlantic Treaty Organization. Positioned in the strategically important eastern part of the Mediterranean, and serving as the communications hub between Asia, Africa and Europe, both Greece and Turkey have historically been wooed by the West. But for decades the two countries have been at odds over the issue of Greeks and Turks in Cyprus. The two neighbours also have territorial disputes in the Aegean sea. This has left the southeastern tlank of the NATO much weakened.

The United States has defence and economic co-operation pacts with both Greece and Turkey. The contracted terms for use of land for the US military bases expired in 1985 in Turkey and will expire by 1988 in Greece. Shultz stressed the US concern about peace and stability in the area, declaring the United States approved the draft proposal recently raised by the secretary general of the United Nations and considered it a way of settling the Cyprus issue. But Shultz pursuaded neither of them. Greece insisted on troop withdrawal by Turkey from Cyprus and criticized the UN draft for giving no attention to troop withdrawal. Meanwhile, Turkey said it would not withdraw its troops until the security of the Turks in Cyprus could be safeguarded. The latter also publicly refused the UN secretary general's draft.

On the issue of the US military bases in the area, the future looks shaky in both countries. While negotiations on the issue between the United States and Turkey have been maintained for six months, Shultz left the country with no new agreements on defence to take back to the White House. The initial five-year defence agreement with Turkey expired last December but continues to hold

weight until either a new agreement is reached or Turkey formally denounces the old one. Shultz told reporters back in Washington that a renewed agreement on the military bases was delayed because Turkey continued to link the renewal to major trade concessions by the US. Turkey has also asked for an increase in aid to US\$1.2 billion a year from about US\$ 750 million.

However, Shultz said negotiations would continue between lower level officials.

The Greek government has repeatedly stated it will close up the US military bases when its pact with the US expires. And recently more demonstrations against the United States have surfaced on the streets of Athens.

Although no concrete agreement on the issue of military bases was reached, both Shultz and Prime Minister Andreas Papandreou expressed satisfaction over their talks, declaring much progress was made in relations between their two countries. The Greek government has promised to give an answer on the US bases long before the five-year agreement expires in two years.

At the same time, Shultz promised to step up economic aid and co-operation in investment, tourism, and data and technological transfer between the United States and Greece.

The relationships between the United States, Turkey and Greece have always been complicated and delicate. Although Shultz's visit has created an atmosphere for improved relations with the two countries, the United States still has a long way to go before reaching solid ground—and securing its military bases in the two Mediterranean countries.

by Zhang Qihua

ISRAEL

Herut Party Reverts to Fists

A convention of the Herut Party (Freedom Movement) broke up in fistfights and recriminations as the two opposing factions were contending for party leadership and the post of the next prime minister.

The Herut Party (Freedom Movement) is the nucleus of the powerful Likud bloc, which controls half of Prime Minister Shimon Peres' cabinet. On March 9, the party held a convention to discuss who would control the party machine and fill in the positions that will play a decisive role in the choice of candidates for the next prime minister and party leaders.

Just as the convention opened, the faction led by Yitzhak Shamir, who has been the Herut Party leader since former Prime Minister Menachem Begin retired in 1984, began to vie with the opposition, led by Minister of Industry and Trade Ariel Sharon and Deputy Premier David Levi. According to an agreement to form a coalition government in September 1984

following inconclusive elections. Labour Party leader Peres was to hold the prime minister's post for the first 25 months, while Shamir, as head of the Herut Party, served as foreign minister. The two are to switch places this October.

On the third day of the convention, Sharon became the chairman of a powerful committee within the party that challenged the authority of Shamir. Consequently, the fight for other important posts was at a dead heat between the two factions. Levi condemned Shamir for trampling on democracy and said that since he was not the majority leader, he would not be allowed to step in as the premier. When Sharmir saw that most candidates stood on Levi's side, he became exasperated and was heard making impertinent remarks. When the 2,000 delegates from both sides began flinging abuses at one another—some even came to blows—the convention was thrown into total chaos and Shamir was forced to leave the convention.

As one of the founders of the Herut Party, 71-year-old Shamir is commonly considered a representative of party veterans and the better-off Europe-born Israelis. Levi, aged 48 and a former constuction worker, on the other hand, regards himself the head of the new generation in the party. He is said to be supported by the poorer Israelis who live in the northern part of the country. The differences between the two factions have long been aired. Ignoring Begin's support for

Shamir, Levi and Sharon were determined to launch a concerted attack at the convention. The struggle reflects the contradictions between the old and the new, the natives and Europeans among the party.

While factional battles for power are nothing new the recent uproar is unprecedented in the Herut Party's 35-year history. It is hard to predict who will become the party leader, Shamir or Levi. If the former is defeated, then he will not be allowed to become prime minister in October. And even if Levi wins the battle, he won't be able to take the post either because the agreement is valid only for Peres and Shamir.

by Yang Yongquan

SOMALIA

Economy on the Upswing

Bogged down by high inflation and mismanagement, the East African nation has adopted a series of measures to promote the development of the national economy.

Trade and ownership liberalization and other new measures taken last year have revitalized Somalia's economy, which had been for years plagued by severe drought, a protracted border war and mismanagement.

The economic growth rate increased to 4 percent last year from 2.5 percent in 1984, with progress achieved in animal husbandry, the economy's backbone, and in agriculture, fishery and industry. Inflation was cut in half to 45 percent.

The deterioration of the sector over a long period in the past had brought about serious economic and financial difficulties to the country, and the government had already taken a number of remedial measures before 1985, including price and tax incentives.

Last year the government proceeded to totally liberalize domestic cattle trade from state control, while continuing to allow private cattle exporters to retain 65 percent of the foreign currency they had earned. In addition, government investment in animal husbandry last year more than doubled that of 1984.

Officials at the ministry of animal husbandry recently said that by last November, Somalia had exported 2.1 million heads of livestock for US\$80 million, as against 0.5 million head for US\$20 million for the whole of 1984.

Thanks to increased government loans for irrigation facilities and higher government purchasing prices, grain output in 1985 rose 23 percent to 643,000 tons. There was also a bumper harvest of giant bananas, Somalia's speciality, and banana export brought in US\$15 million to the country, an increase of 4 million over 1984.

In industry, the Somali government denationalized more enterprises while continuing the reform programme in those important state-owned businesses, which includes efforts to better manage and introduce a fixed profit tax to replace sales taxes for them. As a result, industrial capacity utilization increased to 30 percent last year from 20 percent in 1984.

New government efforts in foreign trade also brought about gratifying results. Access to livestock markets in the Yemen Arab Republic, the United Arab Emirates and Oman helped boost Somalia's exports in the first nine months of last year to US\$120 million and achieve a trade surplus of US\$20 million. Economists have estimated that export for the whole of 1985 could reach US\$160 million, 3.4 times the volume in 1984, with a surplus of US\$25 million.

The improved economic performance was obviously felt in daily life. Shops were well stocked, though prices were high. Prices became more stable, and grain supply was adequate and sold at slightly lower prices. Oil supply was back to normal and trade brisk.

However, while the practicability of the new government policies is certain, many problems remain. Both economic pillars animal husbandry and agriculture, are still at the mercy of nature. As much as 80 percent of investment is financed from the outside. External debt is US\$300 per capita. In industry, emigration of technicians continues and capacity utilization remains low.

The Somali government is trying to solve these problems by investing more in animal husbandry and agriculture this year, primarily to expand the water conservancy system. It is also trying to tighten its taxation controls. It is generally believed the economic situation will continue to improve if no major natural disaster falls on the country.

by Zhu Shaohua

WEST AFRICA

Heads of State Call for Unity

After months of bickering among the West African nations, the West African Economic Community finally held its summit in late March, issuing a communique of unity.

The 2-day 11th summit of the West African Economic Community (CEAO) held in Ouagadougou, capital of Burkina Faso, ended on March 27 with a final communique praising the spirit of solidarity and friendship among the participants and their faith in the African continent.

In his opening speech, Burkina Faso President and CEAO Executive Chairman Thomas Sankara said the conference would tackle these issues: the misappropriation of six billion CFA (about US\$17.2 million); the restructuring of the CEAO and application of austerity measures within the CEAO.

The final communique said the summit participants noted with satisfaction the progress made in implementation of economic cooperation programmes, especially in agriculture, water conservation and regional transportation. In view of the importance of energy to developing CEAO countries, the summit adopted a regional energy programme.

The countries joining with Burkina Faso for the two-day summit included Benin, Ivory Coast, Mauritania, Mali, Senegal and Niger, with Togo and Guinea as observers. Mauritanian President Ould Taya was appointed the next executive chairman of the community, and the transportation minister of Mali was named its secretary general.

The leaders attending the summit reaffirmed their solidarity and their will to reinforce co-

operation and assistance and maintain regional peace and security, according to the final communique. They also expressed their satisfaction at the positive results of the first joint action of the accord of Non-Aggression and Assistance in matters of Defence (ANAD) in settling the conflict between Mali and Burkina Faso.

The CEAO summit was originally scheduled to open in October last year. But a controversy over Burkina Faso's expulsion of the general CEAO secretary Malian) out of their Ouagadougou headquarters, caused a delay in the summit. Meanwhile, relations between Burkina Faso and some community members deteriorated, which was crowned by a border conflict between Burkna Faso and Mali last December. Due to mediation by the Ivory Coast, Togo and Niger, the two West African neighbours finally laid down their weapons.

Things began to look up after the ANAD summit was held in Abidjan, capital of Ivory Coast, in mid January. The summit ended in reconciliation between Burkina Faso and Mali, laying down the foundation for the CEAO summit.

Since the ANAD meeting, Burkina Faso made great efforts to push forward the CEAO summit. Burkina Faso President Thomas Sankara dispatched his ministers to tour each member state and invite the leaders of those countries to attend the summit. He also sent out word that the expelled secretary general from Mali was welcome to return to his office in Ouagadougou.

The CEAO was formed in June 1974 to promote industrialization of its member states and coordinate and enhance trade and economic co-operation. The community has three main areas of activity: trade, community development and regional economic programmes, of which trade is given priority. After the community was founded, an agreement was reached that stipulated nonmanufactured products would be able to be imported and exported within the community without internal taxes. Traditional handicrafts are to be exempted from internal taxes, according to an agreement in June 1979. Industrial products of member states, when exported to other member states, may benefit from the special preferential treatment based on the Regional Co-operation Tax Agreement of 1976. The organization also makes contributions to the development of members' projects. In 1978, it established a fund of unity, co-operation and development. In October 1980, agreements were concluded with financial support for adoption of the rural projects, due to provide some 2,600 village wells and watering holes at a cost of 11,359 million francs CFA. Planning of the solar energy research centre was begun in 1982. The scheme was to include solar training facilities and funds from the African Development Fund and the OPEC Fund for International Development.

by Zhang Youhao



Man Winds Up Great Wall Trek

by Our Correspondent Zhang Wei



April 5, 1986, was a day Liu Yutian will not likely forget. In the afternoon on that day, the 43-year-old

man reached Laolongtou, Shanhaiguan, the easternmost end of China's Great Wall, and became the first person ever to walk the wall's entire length. With that, his two-year, 5,500 km solo trek came to an end.

The Great Wall, probably the largest construction project ever carried out and justly considered one of the wonders of the world, is said to be the only man-made structure on earth visible to astronauts in space. The ancient fortifications extend 2,400 km across the broad expanse of northern China, undulating along the contours of the terrain's highest ridges in a long chain.

Reference to the system of fortifications which eventually became the Great Wall first appears in recorded history in the 7th century, a time in China's history known as the Warring States period. However, the earliest parts of the presently existing wall probably date only from the 4th century BC. In 214 BC, the first emperor of the Qin

Dynasty connected a number of existing defensive walls into a single chain fortified by watchtowers. Substantially rebuilt in later times, especially in the Ming Dynasty during the 15th and 16th centuries, the Great Wall has had a history which has parallelled much of the history of the Chinese people, and it has naturally become a symbol of China.

The Ming period wall walked by Liu Yutian extends from Jiayuguan in Gansu Province Shaanxi. through Ningxia, Shanxi, Inner Mongolia and Hebei to Shanhaiguan. Originally constructed partly of masonry, partly of earth and faced with brick in its eastern section, the basic wall is generally about 9 m high and the towers, 12 m. To give one an idea of the magnitude of its structure, it is said that if the bricks and earth of the Great Wall were used to build a wall one metre thick and 5 m high, that wall would stretch more than once around the earth.

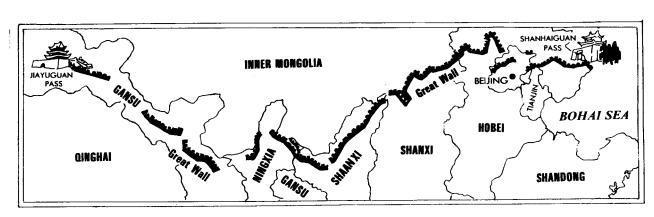
The Great Wall's antiquity, magnitude of construction and aura of mystery have fascinated people throughout history. Today, crowds of tourists numbering in the tens of thousands at Badaling, the favoured Great Wall

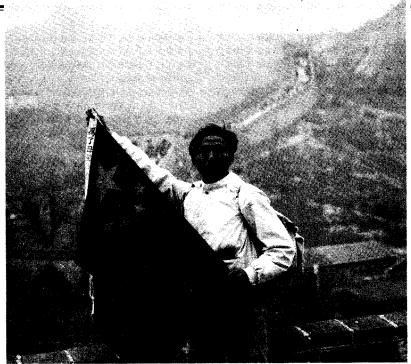
viewing spot near Beijing, compete to purchase T-shirts imprinted with the words, "I climbed the Great Wall," as if they were badges of glory.

It is a mistake, however, to consider the section of the wall at Badaling equivalent to the Great Wall itself.

The Great Wall was built primarily as a defence against invasions by nomadic peoples such as the Xiongnu, or Huns, who would periodically carry out raids into the rich heartland of China. The wall was therefore mostly constructed along the desolate outermost fringes of Chinese civilization, following the crests of precipitous mountain ranges and traversing inhospitable deserts. Upkeep of the wall was always a problem, and with the long passage of time, large sections of the wall naturally fell victim to the ravages of the elements and are now not much more than ruins.

Luo Zhewen, the famous Great Wall scholar, once said, sighing with regret: "Many are those who have cherished an ambition to travel the length of the Great Wall; but ever have they been frustrated by the wall's great length and the immense hardships of the forsaken lands they must pass





Liu Yutian.

CHEN ZONGI

through. Thus, up to the present, no one has succeeded in traversing its entire length...."

The famous French writer and traveller Jacques Lanzmann walked all over France, the rest of Europe and many other places of the world. However, his greatest dream was to go to China and walk from one end of the Great Wall to the other.

When Liu Yutian, walking ahead of all those valiant dreamers who hoped to walk the Great Wall, finally reached Laolongtou beyond Shanhaiguan, he was limping slightly, but he still held high the five-star flag of China. Speaking emotionally to the crowd of well-wishers who surrounded him, he said, "I have finally realized my Great Wall dream."

People Called Him Crazy

Liu's ambition to walk the Great Wall began as a mere accident. In 1981 he read an article by Luo Zhewen about the Great Wall in the magazine *Travellers* in which the author wrote of his sorrow that no one had yet walked

the Great Wall's length. Liu said to himself, moved: "Here I am, a Chinese, in the prime of my life. Why shouldn't I be the first person to walk the length of the Great Wall!"

Liu's life heretofore had been uneventfully peaceful and happy. He was an advanced worker with a department of the Xinjiang Railway Bureau; his wife was a doctor. Together they had two children and lived in a 3-room flat. Now to leave behind his faithful wife and beloved children to set off on a dangerous, distant journey—was it worth it?

When he mentioned his plan to a friend, the incredulous response was, "What, are you crazy? Why should you want to take such great risks?"

But Liu had already made up his mind. He began research and collecting materials and books about the Great Wall and writing letters to Great Wall experts for information and advice. At the same time, he started putting by money for a travelling fund and began a daily regimen of longdistance running to raise his level of strength and endurance. He spent many days camping out in the open and toughened the soles of his feet by walking long periods of time barefooted over sharp stones. To steel himself for the rigours facing him over the course of his journey, he carried out an experiment for a week, subjecting himself to hunger and thirst.

At last Liu felt himself ready to go. Filling up the large canvas bag he had sewn, he packed compass, binoculars, camera, notebooks, maps, dagger, sleeping roll and water bottle. To this he added a stout hardwood staff which he thought would come in handy beating off wolves or in other unexpected contingencies.

On May 13, 1984, Liu arrived at his official departure point, Jiayuguan, the westernmost end of the Ming wall. Touching the thick, sturdy wall before he set off, he was moved to tears. His diary entry for that night read: "I can only walk forward; there is no possibility of retreat. No matter what happens to me, I'll not harbour any regrets. I'd rather die in the embrace of my motherland."

A Perilous Journey



It was in February of this year that I met Liu Yutian, who had already reached Beijing and was staying in a

hotel in the western district of the city. Liu had been forced to delay his progress in order to allow his left leg to heal—he had broken it in a fall while climbing the Great Wall near Jixian County in Hebei. It was obvious this unfortunate delay was the cause of much worry to him.

I must admit at first I was somewhat skeptical of Liu's claim to have walked all that way. Perhaps sensing my doubt, he pulled from his canvas backpack a stack of more than 20 notebooks and several thousand photo-

graphs, saying these contained complete evidence of his Great Wall journey from Jiayuguan to here. Liu further told me that his written and photographic records included findings resulting from sociological and natural science investigations he made along the way.

I spent nearly two weeks poring over Liu's 300,000-word notebooks and vast collection of photographs. Throughout long journey, in each village, town, county and city he passed through, Liu had obtained the signatures of people he ran into and cancellation marks from each local post office. While passing through uninhabited areas such as deserts and desolate mountain regions. Liu had taken photos of himself along the way. Included in the collection were such varied scenes as a dramatic photo taken during a desert sandstorm, photos of a heretofore unknown Ming period bas-relief carved on a huge rock high on precipitous Helan Mountain, and scenes of various natural landscapes in Xinjiang's desolate Lop Nur region. Liu scrupulously kept up his diary taking meticulous notes almost every day of his more than 700day journey. In addition to noting his feelings and changing moods, he included descriptions of local social customs and natural scenery.

Among the several thousand photos, one of Liu and two foreigners caught my eye. Liu explained to me that in September last year, when he was in Dunhuang, Gansu, investigating the ruins of the Han Dynasty (206) BC-220 AD) period wall, he happened to meet up with the travelling party of Harry Rutstein, an American who was retracing Marco Polo's route along the historical Silk Road route. Amazed and excited upon finding out that Liu, on his part, was in the course of walking the length of the Great Wall, Rutstein and his companion Michael Winn insisted upon having a commemorative photo taken right then and there. "They even wrote a few encouraging words for me," said Liu, taking out a piece of white silk to show me. On it was written in English the following words:

Many people travel the easy way,
Many people travel the difficult way,
Only Liu Yutian has travelled the impossible way.



Ming period bas-relief discovered by Liu on Helan Mtn., Ningxia.



Looking at these words, I could see in my mind's eye the scene of Liu shouldering his backpack, clutching his

"anti-wolf" staff and trudging through vast deserts, over loess plateaus and lofty mountain ranges...

After setting out from Jiayuguan, Liu's path took him into the great Badain Jaran desert. At one place, the wall had eroded away to the point where only the barest remnants of the wall's foundations were still discernable. Further on, even these traces had disappeared, and Liu could only walk in the direction of a ruined watchtower he saw in the distance.

The ruins of such watchtowers, spaced 2.5 km apart, were often the only signs of the wall's former course in many places.

Over an area extending several hundred km, there was no sign of a living soul. He carried with him 20 kg of flatbread and a 20 kg water jug. When night fell, he would take refuge in the nearest watchtower, and huddling up in his bed roll, clutching his knife, he would fall asleep. However, he didn't dare allow himself to sleep soundly, for he could frequently hear around him the howls of wolves.

Five days later, he encountered one of Badain Jaran's terrible sandstorms. The temperature that afternoon was strangely hot, mounting into the 50s. A violent windstorm suddenly arose in the distance. Sand swirled in the air and rocks were sent tumbling as the howling wind stirred up hundreds of yellow sand twisters. Immediately sensing trouble, Liu dashed forward and took refuge behind an immense sand dune. Then, digging a hole desperately with his small knife, he jabbed his stout staff into the ground and clung to it for dear life.

"If I'd waited a moment longer, I'd have been done for, and you wouldn't be seeing me here now," said Liu, sitting crosslegged on the bed, his face expressing the emotion at having barely escaped from the jaws of death. "The wooden staff kept me put while the sandstorm engulfed me. I had to clutch the staff with one hand while using the other to keep brushing off the sand which otherwise would have quickly buried me. The sandstorm lasted more than 20 hours; after the ordeal, sand covered me from head to foot. The next day, the wind abated and the brightened. As I was lying still in the desert, I wondered, 'Am I still alive?'

Hunger and thirst were common for Liu on his journey. Several months later, when he arrived at Yinchuan, Ningxia, after passing through untold dangers, he looked up a distant relative with whom he hoped to spend a night. Liu looked so haggard, and his clothing so ragged, however, that his relative didn't recognize him at first. "Uncle, I'm Yutian," Liu called out. Speechless with surprise and emotion, his uncle embraced him, tears running down his face. "Child, how did you come to such a state!" he cried.

Over the long months of travelling alone, dangers beset Liu constantly. When the ruins of the wall led Liu through a remote mountain wilderness in Shaanxi, the solitary traveller was set upon by a pack of more than 20 wolves. The night was pitch-black. Suddenly he heard behind him on the small path the sound of Quickly turning movement. around to look, he saw the black shapes of wolves which were stealthily following him. Although he kept his head, a cold sweat broke out all over his body. He took hold of his knife in his left hand, and with his right pulled out a flashlight. Shining its bright beam at the wolves, Liu was able to keep them at bay. Liu hurriedly fled down the path, but the wolves kept close on his heels. When he stopped, the wolves stopped, motionless. A cat-and-mouse chase went on for what seemed to be hours. Fortunately he finally came to a small village and was able to take refuge in a villager's dwelling, thus escaping death only by a hair's breadth.

But he couldn't rest there long. The next day at dawn the villagers hurried him off, saying his coming was inauspicious and that he had brought the wolves.

While in Shaanxi, Liu once lost his footing and fell into the torrential Yellow River, but was rescued by a boatman who happened to be nearby. However, to his lasting regret, two of his precious notebooks and his camera were lost in the waters.

"Were there ever times you lost hope on your long, difficult journey?" I asked.

He paused for a moment, then gravely nodded his head. "Yes, of course there were. You know, after I was held up in northern Shaanxi by the approaching winter, I decided then to return to Dunhuang and make a trip to Lop Nur in order to investigate the ruins of the Han wall. That was last August. Many people call Lop Nur a no man's land. Since antiquity, no one has ever made a solo crossing there. At Yangguan, I climbed one of the dilapidated ancient watchtowers and gazed into the distance. Around me was the vast Gobi desert. I wrote my wife a last letter and made seven wine cups out of paper to represent my wife, children, unit leader and friends. I filled each with wine, and drained them. I was not at all certain I would ever come out of Lop Nur alive. Tears began to trickle down my face as I thought of the lines from a poem by the famous Tang poet, Wang Wei:

I'll drink with you now, my friend, one last cup of wine, For west, beyond Yangguan gate, there are no more friends.

"Yes, at that moment, I wavered in my mind. I really wanted to turn around and go back to my warm family and

Wild horses in the Lop Nur region.

home. But then, when I thought of my oath before my departure to persevere to the very end and my responsibility to my country, a burst of courage welled up in me. I'd have rather died then, than not succeed in my ambition. I ground my teeth in determination and went on again."

I talked with Liu late into the night, so totally enthralled was I in hearing his fascinating adventures. When we finally parted he saw me out the door wearing only a shirt despite the -2° C temperature. Not surprised, I remembered he told me he had trained himself to withstand the great fluctuations in temperature he regularly encountered over the long journey. In the Gobi desert it was common to see as much as a 60 to 70 degree difference between night and day. Moreover, in order to travel lightly, Liu naturally had to forgo bringing along extra clothing, having to rely instead on his increased resistance and through adaptability gained training.

A Sign of the Times



Liu Yutian's solo trek along the entire length of the Great Wall can be said to have been a dangerous

LIU YUTIAN



adventure of pioneering significance. Such exploratory spirit has been present in China since antiquity—witness the travels of Zhang Qian who, during the Western Han Dynasty (206 BC-24 AD), travelled what was to become the Silk Road route into central Asia and beyond. Two Buddhist monks made historically important journeys to central Asia and India to bring Buddhist scriptures back to China: Fa Xian of the Eastern Jin Dynasty (317-420) and Xuan Zang of the Tang Dynasty (618-907). In the Ming Dynasty, Xu Xiake travelled all over China and then wrote up his experiences in the famous book Travelogue of Xu Xiake.

However, since the beginning of the 20th century, aside from a young Chinese man surnamed Pan who in the 1930s rode his bicycle around the world, there have been few heroic feats of exploration by Chinese that have attracted much attention. Thus it comes as a surprise to see in the 1980s a resurgence of exploratory spirit all over China.

■ In June 1980 the famous Chinese scientist Peng Jiamu perished in the Taklimakan desert while investigating the secrets of the Lop Nur region.

■ From July 1981 to May 1982 geologist Yang Liankang walked over 4,700 km while exploring the course of the Yellow River from its source in the highlands of Oinghai down past the river's upper and lower reaches.

■ In 1984 two photographers from Zhejiang Province set out from Beijing on a bicycle journey around the world.

In July 1985 Yao Maoshu, a young teacher from Sichuan's Xinan University, drowned when his skin coracle, "Descendant of the Dragon," overturned while on his expedition to investigate the entire length of China's mightiest river, the Changjiang (Yangtze).

I asked Liu whether it was just a historical coincidence that these heroic explorations by Chinese had all occurred in the five-year period from 1980-85. "No, I don't think so," Liu said. "Rather it represents the spirit of this age, a national spirit. China is in the midst of an age of change; in such times many people will step forward boldly, competing to make their own contribution in the national effort to realize the four modernizations."

Yang Liankang, explaining the reason why he undertook his adventure, said: "The Yellow River heartland was the cradle of China's early civilization. As a 'son of the Yellow River,' I have long cherished the ambition to make a contribution to my country with my efforts to do further research on that river....

Before he lost his life, Yao Maoshu also spoke of his determination to make a contribution to his country: "I am a son of the Changjiang River; if I lose my life in this adventure, may my sacrifice serve as an inspiration to those who come after me!"

Liu told me of the many instances in which people from all walks of society encouraged him and helped him out. When workers of the Xi an Railway Bureau heard of Liu's journey, they collectively purchased a camera which they gave him.

Primary school students in Yulin, Shaanxi, presented Liu with extra notebooks and a red scarf. Their teachers gave him a running outfit and a pair of gym shoes.



At Lanzhou University several thousand students listened to a report Liu gave on his journey. Exhiliarated, the students car-

ried Liu in their midst, jubilantly throwing him up in the air and shouting, "Rejuvenate China!" Many students took out their pocket money and offered it to him in support.

Liu told me that on the way he had subsisted mostly on food generously shared with him by others. Others gave him free

lodging. "I shall forever be grateful to them," Liu said, "for without such warmhearted people, this day of success would

never have come for me."
In Gansu Liu once lost his camera, his most important tool. Dispirited by the loss, he made a special trip to Beijing to buy a replacement. The model wanted, however, was out of stock. Fortunately, when manager of a Dashanlan store heard about Liu's travels, he couldn't help but feel profound respect for him. Thereupon, he spent a great deal of energy and finally found a camera like the one Liu sought.

Liu Yutian stood Shanhaiguan's watchtower, his long-held "Great Wall dream" achieved at last. His selection of the April 5th date for finishing his long journey had great significance for him—not only did that day fall on the traditional Chinese festival of *Oingming*, but even more importantly, that day happens to be his birthday.

Liu's meticulous notes include observations of the geology and terrain along the Great Wall, social customs and traditions of the people along the way and details of the condition of the wall itself. He has taken more than 10,000 photographs. The Ming period bas-relief he photographed on Helan Mountain is now bv archaeological considered circles in Ningxia to be a new discovery. His photos of wild horses in the Lop Nur region are an important source material in the understanding of that region's secrets.

After April, Liu plans to use two or three months to go through and arrange his notes and photos with the idea of putting together a book, which he plans to call Random Notes on the Great Wall. Not content with resting on his laurels, Liu plans another trip soon: In September this year he would like to set out again from Yangguan in Gansu, and this time, walk the historic Silk Road route.

BACKGROUND INFORMATION

Ten Major Socio-Economic Changes

(1981-85)

During the Sixth Five-Year Plan period (1981-85) China embarked on a road of steady development, paying more attention to better economic results and improved. living standards. In comparison with the economic growth of the previous 28 years, one can detect 10 major changes that took place in the last five years.

I. The National Economy Kept Up Sustained and Stable Growth

During the Sixth Five-Year Plan period, China's economy maintained a continuous, balanced and stable development, a sharp contrast to the fluctuations in economic growth in the past. While the growth rate was not that high when looking at it annually, the overall average annual growth rate of major economic indices was higher than in the previous 28 years, as evidenced by the following table.

II. Major Economic Sectors Grow Proportionally

From the end of 1978 when the Third Plenary Session of the 11th Party Central Committee set out to readjust the national economy through 1982, the proportion between industry and agriculture. between light and heavy industries and between accumulation and consumption had favourably tilted away from former serious disproportions. From 1983 to 1985 when the national economy developed at a relatively high speed, the proportions between different economic sectors remained basically in balance.

In the past two years, the proportion of light industry in the total output value of industry has dropped, mainly because the prices of heavy industrial products have been marked up higher than those of light industrial products. If calculated according to comparable prices, the proportion between light industry and heavy industry is basically 50 percent to

50 percent. However, if the unduly high rate of accumulation in the past two years is not changed quickly, it will prevent the national economy from further balanced growth.

III. Economic Results Improved Considerably

During the Sixth Five-Year Plan period, China's economic work shifted from emphasis exclusively on the growth rate onto stress on improving economic results, so that macroeconomic results improved steadily. The average annual growth rate of overall labour productivity increased from 3.5 percent in the previous 28 years to 6.3 percent in the plan period. The added national income of per-100 yuan investment increased, on the average, from 21.8 yuan in the previous 28 years to 39 yuan during the plan period. The energy consumed for per-10,000 yuan national income dropped from the 1980 figure of 16.3 tons of standard coal to 12.7 tons in 1985 (calculated according to comparable prices).

China's financial revenue changed its downhill stagnating course and increased by 3.2 percent in 1982. Afterwards, it increased faster than the national income as it went up by 11.1 percent in 1983, 20.3 percent in 1984 and 20.2 percent last year—to reach 180.5 billion yuan. As a result, the red ink disappeared to a balance with a slight surplus in China's financial accounts.

IV. Simultaneous Growth of Various Economic Forms

During the plan period, China encouraged and supported the development of collective and individual economies while keep-

	Growth rate of gross prodeut of society (%)	Growth rate of total output value of indus- trial and agricultural production (%)	Growth rate of national income (%)
Average annual growth rate from 1953 to 1978	7.9	8.2	6.0
Average annual growth rate during the Sixth Five-			
Year Plan period	11.0	11.0	9.7
1981	4.6	4.6	4.9
1982	9.5	8.8	8.3
1983	10.3	10.2	9.8
1984	14.7	15.2	13.5
1985	16.2	16.4	12.3

	Of the total output value of industrial and agricultural production		Of the total output value of industrial production		Of the total national income	
	Agriculture (%)	Industry (%)	Light indus- try (%)	Heavy indus- try (%)	Consumption (%)	Accumulation (%)
1978	27.8	72.2	43.1	56.9	63.5	36.5
1982	33.6	66.4	50.2	49.8	71.2	28.8
1983	33.9	66.1	48.5	51.5	70.3	29.7
1984	35.0	65.0	47.4	52.6	68.8	31.2
1985	34.0	66.0	46.7	53.3	66.6	33.4

Note: The table is prepared according to the prices of the year concerned.

ing the state-owned economy in the lead, thus provoking a thriving economy of simultaneous growth in various fields and a hike in the proportion of collective and individual sectors in the national economy.

In the cities, the number of workers in collective-owned enter-

prises increased from 24.25 million in 1980 to 32.98 million last year, while the number of individual or independent workers went up from 810,000 to 4.52 million. The proportion of the two groups in the total urban labour force increased from 23.8 percent to 29.4 percent.

In the limestone-rich Ningguo County, southern Anhui Province, a cement plant was recently set up to turn out 1.5 million tons of high-quality cement a year.

FU ZHENXIN



In the total industrial output value, the proportion of collectiveowned enterprises increased from 20.7 percent to 27.7 percent, while the proportion of individual industry increased from almost zero to 0.5 percent. The proportion of other economic forms made up 1.4 percent of the total industrial output value. These included businesses jointly manby state-owned collective-owned enterprises, or by joint state-private enterprises, or Sino-foreign joint ventures or businesses operated by overseas Chinese and compatriots from Hong Kong and Macao. In the total retail sale value, the proportion of commodities produced by collective-owned enterprises went up from 11.9 percent to 36.7 percent in the last five years, while the proportion of commodities sold directly to nonagricultural shoppers by independent businessmen and farmers skyrocketed from 3.9 percent to 22.4 percent.

V. Investment Composition Improved

During the plan period, the investment in state-owned enterprises' fixed assets totalled 530.2 billion yuan. Also in this period, great changes took place in the composition of investment. First of all, expansion of production by more investment, as in the past, began to make way for expanding production by tapping internal potential. Within the total of fixed

	In fixed assets investment		In capital construction investment		
	Proportion of capital construction investment (%)	Proportion of investment in technical transformation (%)	Proportion of investment in new projects (%)	Proportion of investment in renovation and expansion of existing projects (%)	Proportion of investment for other purposes
Average annual proportion from 1953 to 1975	84	16	55	39.9	5.1
Average annual proportion during the 5th Fiv Year Plan percentage	e-	26.5	55.1	38.9	6.0
Average annual proportion during the 6th Fiv Year Plan period	e-	35.9	47.7	47.4	4.9

asset investments, the proportion of investment in technical transformation went up, while that of capital construction went down. In capital construction investment, the proportion of investment in renovation and expansion of existing projects increased, while that in construction of new projects dropped.

Furthermore, the emphasis has changed from construction of productive projects alone into construction of both productive non-productive projects, marked by the construction boom of urban public facilities and housing buildings that had long been neglected. Readjustment of capital construction investment during the plan period brought about a healthier proportion between productive projects and non-productive projects as the former now represent slightly more than 70 percent and the latter slightly less than 30 percent.

However, what deserves attention is the fact that during the last

two years of the plan period, the scope of investment in fixed assets became unduly large, while the proportion of investment in energy, transportation, post and

telecommunications, raw and semi-finished materials production, and in other basic industries, became comparatively low, and investment in technical transformation still remained inadequate.

VI. Foreign Economic Exchanges Shot Up

During the plan period, the policy of opening to the world helped the economy to go from being a closed one to one that was open to investment, trade and technical and economic exchanges with other countries. The results have been remarkable. According to Customs figures, the total import and export value increased from US\$38.2 billion in 1980 to US\$69.6 billion in 1985, nearly doubling and pushing China from the 28th position up to the 16th in the world's import and export rating. In the last five years, China brought in foreign investment of more than US\$38 billion, set up more than 2,300 joint ventures and 3,700 co-operatively manage enterprises. It also imported more than 14,000 pieces of state-of-theart technology. Abroad, it constructed more than 2,400 projects

	Proportion of investment in productive projects	Proportion of investment in non-productive projects	Proportion of investment in urban public facilities (% a)	Total floor space of housing completed (million square metres)	
	(%)	(°0)		,	
Average annual proportion from 1953-75	81.4	18.6	2.1	18.57	
Average annual proportion during the 5th					
Five-Year					
Plan period	73.9	26.1	4.1	46.97	
Average annual proportion durin	•				
the 6th Five-Yea		42.4		94.00	
Plan period	56.6	43.4	7.7	84.00	

uman Review



The Xinglongzhuang Coal Washing Plant in Shandong Province, which began production in 1984, is able to process 3 million tons a year.

More than 1,000 individual food stands serve the residents in Chongging.

in 73 countries and regions with a total transaction of US\$5 billion.

VII. Horizontal Economic Association Strengthened

During the Sixth Five-Year Plan period, economic and technological co-operation and mutual support were carried out extensively among the various regions or trades. This process began to change the management system in which barriers previously existed between different departments and regions.

From 1981 to 1985, the number of economic and technological cooperative projects undertaken between different regions, and between regions and departments topped 70,000. Of these, 40,000 were contracted in 1985, exceeding the combined figure of the previous four years. The type of co-operation gradually shifted from material-oriented to one of co-operation, technological economic association and exchanges of technology, funds, personnel and materials. Of China's total co-operative projects, technology-oriented projects made up 50 percent, and those of economic association, about 10 percent. Some provinces, autonomous regions and municipalities also developed cooperation in the exchange of trained personnel, in an effort to expedite the development of intellectual resources.

The form of co-operation also was gradually turned from interim co-operation to long-term, stable co-operation. In addition, some new forms of co-operation, such as urban economic and technological co-operative associations, associated enterprises that span different trades and regions and technology market and consulting service networks have emerged. All this has enlivened the economy, promoted production, and improved economic results. therefore accelerating the modernization process.

VIII. Living Standards Improved, Differences Between Town and Country Narrowed

During the Sixth Five-Year Plan period, the income and consumption levels of China's urban and rural people rose significantly, putting an end to stagnation over the long years in the past. Due to the development of production and the price hike in agricultural and sideline products, the income and consumption levels of the farmers increased at an even faster pace. In the last five years, the per-capita income of the farmers rose at an average annual rate of 15.7 percent, while the urban per-capita income set aside for living expenses rose at an average annual rate of 11.4

percent. When price hikes are factored in, the per-capita net income of the farmers rose annually by 13.7 percent while the urban people's per-capita income used for living expenses rose each year by 6.9 percent. The average annual growth rate of the farmers' consumption level fose from 1.8 percent during the 26 years before 1978 to 9.8 percent during the first four years of the Sixth Five-Year Plan; that of the non-agricultural population went up from 2.9 percent to 3.3 percent. The former grew faster than the latter. indicating the difference between the two is narrowing.

IX. Development of Intellectual Resources Stressed

To raise the nation's scientific and cultural levels, energetic efforts were made during the Sixth Five-Year Plan period to tackle key problems in scientific research. Expenses for science, culture and education. and investments in capital construction in these areas increased year by year. Their proportion to the nation's total state expenditures and total amount of investment in capital construction also shot up.

The number of China's institutes of higher learning reached 1,016 in 1985, 341 more than in 1980. A total of 1.535 million college graduates were trained from 1981 to 1985, or about 307,000 a year. The number of natural science professionals and technicians employed by the state-



A residential neighbourhood in Tianjin.

owned enterprises reached 8.1 million, 2.82 million more than in 1980. Altogether 33,000 major scientific research projects were completed in the five years, and 932 inventions and discoveries were approved by the state, indicating substantial progress compared to those previously achieved.

X. Improved Physique, Excellent Results in Sports

Mass sports activities were carried out during the Sixth Five-Year Plan period, which boosted fitness among the people and raised the nation's sports status. In the last five years. Chinese athletes broke and topped 49 world records and won 153 international tournament championships. The Chinese women's volleyball team

captured the number one title in succession at the International Tournament, the 23rd Olympics and at two World Cup tournaments. China's athletes also garnered 15 gold medals, 8 silver medals and six bronze medals at the 23rd Olympics, ending China's disappointing showing in modern Olympic history.

These innovative alterations and positive results in the above 10 areas have laid down a good foundation for China's socioeconomic development during the upcoming Seventh Five-Year Plan period (1986-90). These achievements can be atributed to the following factors:

1) Unprecedented success has been achieved in rural reform and the rural economy. Since 1979, a series of correct policies have been implemented in the rural areas, which has sparked the farmers' enthusiasm for production. During the Sixth Five-Year Plan period, agriculture was always at the top of the agenda; the rural reform was pushed forward and a series of new policies were implemented. Specialized households and different forms of economic associations were developed on the basis of an overall implementation of the contracted responsibility system with remuneration linked to

	Expenses for Scientific Research, Culture and Education		Investment in Scientific Research, Culture and Education	
1953-80	Total Amount (billion yuan)	Percentage of State Expenditure	Total Amount (billion yuan)	Percentage of Total Investment in Cap- ital Construction
(average annual) 1981-85	5.63	9.5	o.94	3.6
(average annual)	23.5	16.8	4.87	7.2



Through co-operation with 18 other factories, the Chongqing Wood Model Factory's products are selling well throughout the country. Its director, Pu Dazhen (second from right), examines product quality.

output. Furthermore, the system of fixed and unified state purchase of principal farm produce was changed, and readjustment of rural economic structure was carried out.

All this has brought about a gradual change in China's rural economy towards specializaton, commercialization and modernization. Agriculture developed continuously in the past five years,

which provided raw materials, product outlets, funds and labour power for the growth of the national economy. Since agriculture is the foundation of the national economy, the advances made in agriculture have invigorated the entire national economy.

2) The relations between accumulation and consumption have been properly handled. In

recent years, the state has readjusted the relations between accumulation and consumption and curbed the practice of putting undue emphasis on accumulation. During the Sixth Five-Year Plan period, the farmers, in addition to income from expanded production, earned 85 billion yuan more in the five years from increased prices for farm produce (taking the prices in 1980 as the base). The urban employment increased aside, wage and bonus increases, subsidies and allowances constantly hiked up the average wage of the urban workers and staff, and the income from all this in the five years totalled an additional 82 billion yuan. The growth of consumption has given rise to new social demand and has expanded the market which, in turn, has promoted the development of production. The developed production has in turn created counditions for further improvements in the people's livelihood.

3) The policy of enlivening the domestic economy and opening to the outside world has been implemented. Rural economic reforms have yielded positive results, which have promoted the

With living standards steadily improving, people can afford to decorate their homes with arts and crafts.



urban economic reform. An opentype market with multiple channels and fewer links has gradually taken shape, and the state-owned enterprises have been granted more power to manage their own businesses. While varied forms of the responsibility system began to

technological exchanges with other countries have expanded. All this has helped liberate the productive forces, invigorate the country's economic life, and bring about the simultaneous development of varied forms of management.

Students of the China University of Science and Technology, though majoring in natural sciences, are also interested in politics.

WANG ZHENGZHONG



be established within the enterprises, a comprehensive structural reform in the urban areas also has been put on the agenda. As a result of the implementation of the open policy, the establishment of special economic zones and the opening of many coastal port cities and regions, economic and

Being welcomed back with hands full of medals. The young woman in the lead is fencing champion Luan Jujie.



4) All economic activities have been centred upon improving efficiency. A series of measures were adopted during the Sixth Five-Year Plan period to expedite technological transformation and improve management in the enterprises, as well as eliminate losses and increase profits, reduce consumption, and improve the quality and variety of products.

Although remarkable achievements were made during the Sixth Five-Year Plan period, some economic relations still have not been straightened out. Some nagging problems such as the shortage in energy supply and the strain on communications and transportation have become worse, not much improvement was achieved in some economic efficiency indices, and little progress was made in technological advance. The irrational economic structure and product mix remain unsolved. On top of these, new problems have arisen. In the last couple of years, the investment in fixed assets and the consumption funds expanded excessively; the prices for the means of production and agricultural and sideline products rose too much; a fairly large deficit appeared in the country's foreign trade; and the state foreign exchange plumetted. reserve These problems came about when old systems were replaced by new and when a planned ones commodity economy was being developed while macroeconomic control and management failed to keep pace with this change.

So, while effecting microeconomic flexibility, it is necessary to strengthen macroeconomic control and maintain an appropriate economic growth rate. A proper investment scale should be defined and consideration should be given to both production and the people's livelihood. Further efforts will be made to straighten out the various economic relations and continue to carry out allround economic reforms so as to lay down a healthy foundation for economic resurgence in the 1990s.



Reform Guarantees Fulfilment of New Plan

by Our correspondent Jian Chuan

Year Plan was one of the important topics discussed by the 2,000 deputies to the Fourth Session of the Sixth National People's Congress.

During the Sixth Five-Year Plan period (1981-85), China made considerable progress in national economic and social development through reforms first in the rural areas and then in the cities, which began in 1984. During discussions, the delegates said they had no objection to the various economic growth targets set forth in the new plan (draft). However, they showed great concern for the reform. They said that only by continuing the reform, perfecting various reform measures and shortening the period of the transition from the old to the new system, can the various economic targets be fulfilled, thereby laying a sound foundation for the economic takeoff in the 1990s.

Enlivening Enterprises

The state-run enterprises are the foundation of the national economy. During the session, the deputies called for further steps to galvanizing China's enterprises, particularly its large and mediumsized ones.

According to statistics, China has more than 7,000 large and medium-sized enterprises, which contribute 65 percent of the national income from output value, profits and taxes, and which are vital to the nation's economic development. However, in the last 30 years or more, when they were bound by the former economic structure, these enterprises did not make full use of the potential. Therefore, a major part of the economic reform for the Seventh

Five-Year Plan period is to free these enterprises from the rigid and stifling economic pattern, give them more decision-making powers and infuse them with fresh vigour.

The Tianjin No. 2 Bicycle Factory, set up in the early 1950s, is one of the four bicycle factories in China, whose annual production has surpassed 1 million. The factory's director, Li Qizu, who is an NPC deputy, said decisionmaking power is essential to the enterprises' development. In the past, he said, because enterprises carried out their production completely in accordance with the mandatory plans from the higher authorities, and commercial departments sold whatever they had from factories. This practice stifled the enterprises' enthusiasm for production, with the result that there was only a single product variety for years.

In May 1984, the central government decided to expand the decision-making enterprises' power over ten areas including production, finances, bounses, pricing for above-quota products, and personnel. In September last year, the government worked out and promulgated detailed regulations for delegating more power to enterprises. However, due to inadequate reform measures and other causes, the state control over enterprises has been relaxed to some extent. "But even this moderate relaxation has brought favourable changes to the development of the enterprises," said Li Qizu. "My factory is changing from a purely productive factory into a complex that integrates production with marketing.

Li said his factory used to produce just one kind of bicycle, but is now turning out more than 50 varieties in three series. The annual production of the Tianjin No. 2 Bicycle Factory, he said, grew from 1.21 million in 1980 to 2.51 million in 1985, bringing about a corresponding increase of the yearly profit from 20 million yuan to 48.04 million yuan.

Li said that due to incomplete



Li Qizu discussing the importance of enterprises having expanded decision-making powers.

reform measures, however, his factory has been denied the power to choose product models or set prices. He also said the power to market products, manage finances and issue bonuses has actually not been granted to the factory. As Premier Zhao Ziyang said in his report to the session, enterprises still have to go a long way before they can really become relative independent economic entities, who exercise independent management and assume responsibility for their own profits and losses. Li said he hoped that decision-making power would be delegated to his enterprises as soon as possible because that would ensure his factory be able to fulfil the new plan. The Tianjin bicycle factory plans to boost its production capacity to 3 million, profits to 58 million yuan and tax payments to 150 million yuan by 1990.

There are quite a few enterprises like the Tianjin No.2 Bicycle Factory whose production have grown with their autonomy. The sustained and steady growth of China's national economy during the Sixth Five-Year Plan period can be attributed to the heightened production sparked by delegation of decision-making power to enterprises. But, because the circumstances vary among regions and departments, the extent of power also differs from enterprise to enterprise. Today, there are still a number of enterprises subject to centralized control, and others that are facing numerous difficulties although they have obtained a small portion of decision-making power.

A number of enterprise directors voiced their complaints about this problem at the NPC session.

The Dalian Textile Mill in northeast China's Liaodong Peninsula is a medium-sized business with a history of more than 60 years. Ning Peiying, director of the mill and a deputy to the NPC, said, "Now, I am faced with many problems. We need and also have the right to carry out technological transformation in our mill. But the taxes we are asked to pay are too high, and the funds we can retain for our own use are too limited. In addition, the state has stopped its investment in our mill. All of this makes it impossible for us to carry out technological transformation and develop new products. Our old products are doomed to failure on the market. Furthermore, after the mandatory plan was abolished, the prices for above-quota raw materials soared, and we could hardly afford them."

In most cases, autonomy has not been granted to enterprises, complained Ying Zhongfa, director of the Shanghai Textile Machinery Plant and deputy to the NPC. "Except for the power over personnel," he said, "we have no other rights."

official of the State Economic Commission in charge of industry said, "There are many reasons for the enterprises' lack of autonomy and vigour. But, the main reason is that the enterprises are caught in the transition from the old system to the new one, and the old system is still functioning and stemming the advance of the new. The policies are not yet complete and the various departments have not co-ordinated all of their work, which also makes things difficult for the enterprises. In addition, the fact that current taxes are burdensome, that there are too many authorities lording over the enterprises, and that other quarters of society often extort materials and money from the enterprises, also has blocked the enterprises' advance.'

Many NPC deputies said that since the further invigoration of enterprises is stressed in the reform during the Seventh Five-Year Plan period, the state should continue to introduce measures to help enliven the enterprises. Such measures include reducing mandatory planning, cutting regulatory business taxes, increasing depreciation rates, perfecting the system under which a director or a manager assumes full responsibility, and inaugurating different forms of economic responsibility. Simultaneously, efforts should also be made to promote horizontal economic association between enterprises. With all this, the deputies said, the Seventh Five-Year Plan should be fulfilled. or, it is hoped, overfulfilled.

Opening the Market

Opening the market and gradually perfecting the market system so as to create a favourable external economic environment for the development of enterprises was also a problem of common concern to NPC deputies. "In the past," said the deputies, wherever we talked about the market we had only the consumer goods market in mind. We also thought that

market could only be managed by state-owned businesses. Such traditional concepts should be discarded."

Wu Guanzheng, mayor of the central China's Wuhan, one of the first cities experimenting with urban economic restructuring, said: "In view of China's future development, it is imperative to establish urban commodity markets, for the cities are centres not only of commodity production but also of exchange; They must be places which can take in and send out large quantities of goods.

"Wuhan, a well-situated city with convenient water and rail links, should have been a commercial centre humming with thriving commercial activity. Over a long time, however, its market remained stagnant and many capital goods had to be allocated by the state and the supply of many commodities was rationed."

"The reform in Wuhan began first with commodity circulation," Wu added. "Wuhan opened its doors to all businesses, be they owned by the state, collectives or individuals, and trading in industrial products, farm produce or both. The reform put an end to the old state-owned enterprises' market munipulation and to the single circulation channel from production units via state-owned commercial outlets to consumers. The reform has made it possible for producers to sell their products directly to consumers, thus putting producers in a competitive economic environment.

"Along with the opening of a consumer goods market. technology market, a market for means of production, a financial market and a labour market also are taking shape in Wuhan. For the present, Wuhan has dozens of trade centres, which are mostly operated by state-owned enterprises. Though a few are managed by collective enterprises. Apart from the major state-controlled materials, such as coal, iron and steel, oil, timber and cement, all other commodities, such as farm

State Supports Spare-Time Work

"WEN HUI BAO"

(Wenhui Daily)

The once-flourishing scientific and technical consultancy work has recently begun to wither. The consultancy centre set up by the Beijing Municipal Science and Technology Commission is an example of such fading popularity. Formerly the centre was always crowded and filled with the sounds of a thriving operation. Today, however, its offices, located in the Beijing Science Hall, are deserted.

The leaders of the centre attributed the downturn in their business mainly to the worries of scientists and technicians, who have been blamed by some sections of the public of seeking only personal gains.

It is true that in recent years some people and units have set up fake "companies" and "centres" as shields for economic crimes. Such activities are, however, not the main stream of the ongoing reforms, and not all the "centres" and "companies" should be taken to task. Consultancy centres, like the one in Beijing, help the country's economic construction. because they provide a chance for the scientists and technicians to make use of their talents. The Beijing centre, for example, reported signing 1,723 contracts on scientific and technical consultancy between January 1984 and May 1985. When implemented. these contracts would generate an additional profit of up to 800 million yuan for the state.

However, some people objected to scientists and technicians taking spare-time jobs. Those who do so have been accused of seeking money at the expense of their regular duties. Such thinking chills the scientists' hearts despite the official declaration of support for spare-time work. The Decision of the Central Committee of the Communist Party of China

Concerning the Reform of the Scientific and Technological System said scientists and technicians are allowed to provide consultancy services in their spare time, on the condition that they fulfil their assigned duties and that the technological and economic interests of their own units are not affected by their added work. The income thus earned should belong to the scientists and technicians themselves, the decision said.

China has an insufficient number of scientific and technological workers. This is behind the policy which allows them to take up spare-time jobs. One of the major factors for the rapid development of the rural enterprises around Shanghai in recent years is the spare-time advisory services provided by the city's scientists and technicians. Therefore, at a time when rural enterprises are becoming an increasingly important component part of the national economy, and at a time when their demand for scientific and technical workers far outstrips the supply, it

and side-line products, industrial goods, automobiles and electrical machines have entered the market. Practice has proven that opening the Wuhan market promotes the circulation of commodities, competition and the development of productive forces. It also makes people's lives more convenient," Wu said.

Wu went on to say that China's commodity exchange system is essentially different from those in the West. "Some people equate China's commodity market with those in the West. This is a misunderstanding. China's is a planned, controlled, socialist commodity market with distinct Chinese characteristics." He said China's system differed from its Western counterparts in the following three aspects:

First, the state-owned enterprises still hold the dominant

position. In Wuhan's market, he said, state-owned and collective-owned commerce accounts for 98 percent of the total, while individual commercial sector makes up the remaining 11 percent. State-owned and collective-owned commercial outlets sell 70 percent of the pork, 60 percent of the eggs and 40 percent of the vegetables consumed in the city, Wu said.

Second, while enlivening the circulation of commodities, the Wuhan city government has strengthened its control over prices. For example, when vegetables are out of season, the state-owned groceries set manimum price limits to safeguard consumers' interests. When vegetables are in season, however, the state-owned groceries set what are called protectionist prices in favour of vegetable farmers. The state sets prices for major goods.

leaves to floating prices those commodities whose supplies outstrip their demand, and subsidizes the smaller goods whose prices are low, he said.

Third, Wu said, while strengthening planned guidance and using economic and legal means to manage the market, the government also applies administrative means to market management when needed.

In conclusion, Wu quoted Premier Zhao Ziyang's report as saying that opening of China's market is an important part of the economic restructuring during the Seventh Five-Year Plan period. Zhao's statement, he said, points to the direction in which Wuhan will further open its market. Though many difficulties lie in wait, Wu said he was optimistic about the future of the reform as a whole.

can only benefit both the farmers and the country's modernization programme to allow scientists and technicians to take up spare-time jobs.

With regard to the development of scientific and technological consultancy services, there are many policy questions that need to be addressed and clarified. These include the number of jobs each scientists can take in his or her free time and the limits on income from such endeavours. Such policies should also protect the interests of the scientists' full-time units, and ensure that these scientists and technicians fulfil their assigned tasks and protect their health. In short, the policies should both help to curb unhealthy tendencies and protect the enthusiasm of the scientists and technicians to serve the country's economic construction.

and technology. It is necessary that these different departments co-ordinate their activities in order to avoid duplicated efforts.

During the Sixth Five-Year Plan, money spent by the government for the development of the small hydroelectric power industry was equivalent to only one-seventieth of the total investment for the construction of large and medium-sized ones. The total installed capacity of the small plants, however, equalled 70 percent of the large ones.

The construction of small hydroelectric power stations has now entered a new stage, which involves fully utilizing water resources and forming a system that incorporates electricity generation and power supply. The focus now should be on improving management of the system.

The construction of small hydroelectric power stations is a matter of concern for hundreds of millions of Chinese farmers, and also a focus of world attention.

China Charges Up Rural Hydropower

"RENMIN RIBAO"

(People's Daily)

During the Sixth Five-Year Plan (1981-85), China's small hydroelectric power stations developed rapidly. The generating capacity added equals 70 percent of that of the large and mediumsized hydroelectric power plants built in the same period. So far, of the 100 counties selected for hydropower experiments, five—Guangze, Longmen, Renhua, Wenchuan and Rongjiang—have now reached the state's initial standards for rural electrification.

Rural electrification is not only important to the nation's 800 million farmers, it is also crucial to China's efforts to improve its socialist ethics and material construction. The shortage of electricity has been an obstacle in the development of the rural economy and in the improvement of farmers' lives. The development of small hydroelectric power stations is the most effective way to realize rural electrification.

China is rich in hydropower resources, with a potential of more than 70 million kilowatts to be tapped. Of China's more than 2,000 counties, more than half have 10,000 kilowatts of exploitable water resources each. So far, only 9.52 million kilowatts or 13 percent of the nation's total have been tapped.

Policies that would enhance the enthusiasm of local authorities and farmers for developing small hydropower stations are needed. The development of such stations involves the interests of the state, localities, enterprises and farmers, and is in part the responsibility of those departments in charge of water conservancy, electric power, finance, goods and materials supply, prices and taxes, science

Farmers Need New Products

"NONGMIN RIBAO"

(Farmers Daily)

Over the past few years farmers' living standards have improved commensurate with the development of agricultural production. With these improvements their demand for quality consumer and durable goods has also been rising rapidly. Many industrial products required by the farmers fall well short of demand in rural areas. Farmers complain that although they sell the state their finest grain, cotton and oil, they still have no access to such things as famous-brand bicycles and sewing machines.

The reason behind the dearth of quality products in the countryside is that rural areas have not been given priority for selecting

industrial products. In the past, to guarantee the supply for the rural areas, quotas were fixed over the distribution of the major industrial products. Those goods due the countryside were allocated by wholesale commercial departments to rural supply and marketing co-operatives. with the reform of the wholesale system in the last two years, the fixed quotas between cities and countryside which assure rural areas of their share have often been neglected by local commercial departments that now have the decision-making powers. In the plan drawn by commercial departments in Jiangsu Province concerning goods circulation in 1985, for example, supply to the countryside was not listed separately. Such a situation is repeated elsewhere throughout the nation.

China Steps Up Energy Imports

The Chinese government has decided that increasing its power supply will be the most effective way to develop the nation's energy industries during the Seventh Five-Year Plan period (1986-90). Such a method will involve the purchase of large amount of power equipment.

As part of this programme, the three new power plants in east China will be equipped with imported installations. The 500kv-transmission line facilities between the cities of Shanghai and Xuzhou has also been opened to international bidding. The cost of these projects may reach US\$920 million.

Shanghai will also import US\$20 million worth of small power supply equipment. To update urban distribution grids, north China will be in need of small fire-proof distribution equipment, underground substations, SF6 integrated distribution and automatic control devices, processor-controlled on-load voltage regulating devices, reactive power and automatic voltage control equipment and facilities for testing, installing and experimenting.

Wen Kechang, secretary general of the China Society of Electric Engineering, told *Beijing Review* China will import only equipment that is techologically advanced, safe, small and energy-efficient.

China has imported much power equipment over the past five years. East China bought from Japan and Switzerland generation and DC transmission equipment worth US\$300 million, power station equipment worth US\$3 million, and small distribution equipment and power cables worth US\$12.5 million. North China imported US\$600

million worth of complete automation sets for network dispatching, high-efficiency transformers, cables, microwave protection equipment and audio frequency load control equipment.

Recently the China Huaneng International Power Development Corp. secured a US\$200 million loan from 22 banks in nine countries. The funds will be used in the construction of Shijiazhuang and Nantong power plants. Between 1986 and 1990, Huaneng will import and put into operation thermal generating sets with a total capacity of 5 million kilowatts. Contracts for five power plants of 2.9 million kilowatts in total have been signed with foreign firms. Talks for the second group of imported projects are in preparation.

Jointly sponsored by Beijing branch of the China Council for the Promotion of International Trade and the Canal Promotion Centre of Hong Kong, the International Electric Power Supply Technology and Equipment Exhibition and seminars will be held in Beijing in September.

The total capacity of China's power generators reached 86 million kilowatts in 1985, turning out 407.3 billion kwh. That figure is expected to grow to 240 million kilowatts and 1,300 billion kwh by the end of the century. All the regional power grids will then be linked together with extra high tension or DC lines, making a single national system.

Nomura Expands Business in China

The 21st century will be a century of East Asia, and particularly of China," says Macanori Ito,



Mineo Murai, chief of Nomura's Beijing office, during an interview with "Beijing Review."

general manager of the Nomura China Investment Co. Ltd., as he explains the course of operation for the Nomura Securities Co. Ltd.

Mineo Murai, chief of Nomura's Beijing office, told Beijing Review on March 11 that great im-Nomura attached portance to China and population of 1 billion. Nomura's Beijing office opened in 1982. On December 20, 1985, with a 3 billion yen investment, Nomura inaugurated the Nomura China Investment Co. Ltd, the only subsidiary established in China by a major Japanese firm.

Nomura operates in China in three lines. First, it recommends Japanese firms to China for organizing Sino-Japanese joint and co-operative management ventures, and for developing export-oriented enterprises. In 1985, Nomura organized trips to China for 111 business people from 83 Japanese firms, which signed 52 letters of intent with China. The Garden Hotel in Shanghai, financed exclusively by Nomura, is now under construction. A five-star class, the Garden, which involved an investment of 14 billion yen, will have 500 suites.

Second, Nomura raises funds in foreign currency for China. Over the years, Nomura has issued bonds for China totalling 120 billion yen. Third, the company provides the Chinese government with economic consultancy services. In March 1985, Macanori Ito was appointed consultant to the Economic Management Research Centre, under the State Economic Commission. He gave three lectures in Beijing to economic policy makers government departments. During these lectures, Ito raised proposals on overall reforms of the Chinese economy and monetary system. Ito is expected to give one or two such lectures every year.

Mineo Murai said that because China has plenty of talented people who lack practical experience, in 1980 Nomura launched an advanced study programme. Scores of qualified Chinese cadres are sent by the government departments to study finance and business management from six to 12 months in Japan at Nomura's expense. To date, some 100 students have completed the courses.

China Exports Technology

China, an importer of technology, began to export technology-intensive products several years ago. In 1985, the Chinese Academy of Sciences selected 400 such products for the world market.

The Institute of Microbiology transferred its vitamin C fermenting technique to a Swiss firm. The Shanghai Institute of Silicate signed a three-year contract for the supply of bismuth germanate crystal to foreign research organizations to be used in high-energy physics research. The contract is worth US\$3 million. The technology for lowering the

temperature of polypropylene spinning, developed by the Institute of Chemistry, has also been sold to foreign countries.

Many of China's technologies and products have drawn the interest of foreign firms. Such products include high-efficiency tool holding devices, new fluorine plastics, and amino acid and crystal producing techniques.

The academy's products in the fields of materials science, information science and bio-engineering also have vast opportunities on the world market. Its 36 institutes in Beijing and Shanghai have established relations with 14 countries and regions and have signed 41 agreements on joint management, joint development of technology and products, technical service and products sales. Another 35 items for co-

operation are now under discussion.

The Shanghai Institute of Medicine Research has transferred its anti-tumour chemical compound to a Japanese pharmaceutical company and has applied for six patients in Japan. The institute has also designed new medicines at the request of Japanese firms.

The Chinese Academy of Sciences has set up joint ventures with foreign firms, with a view to expediting use of achievements in research in the commercial production of export commodities.

Recently, the China National Nonferrous Metals Industry Corp. transferred emulsified explosives technology to the Nobel Co. of Sweden. Under the agreement, Nobel will build the first factory in Sweden equipped with Chinese technology.

Great Wall Hotel Makes Profit



Though the 1986 tourist season has just begun, Beijing's 1,007-room Great Wall Hotel is all full. Since Sher-

aton International took over the management of the hotel in March 1985, the once-ailing hotel has taken a turn for the better. Albert Lo, assistant general manager, said the income between March and December 1985 doubled, and profits quadrupled over those of the same period of 1984.

Situated in east Beijing, the Great Wall is a luxury hotel, a joint venture between the Beijing

branch of the China International Travel Service and the US E-S Pacific Development and Construction Co. Ltd., with an investment of US\$75 million. It opened on December 10, 1983.

Joseph S. Roseman, the first general manager from Sheraton, streamlined the management setup upon his arrival. Sheraton's quality service and its worldwide booking system, involving 488 Sheraton hotels in 58 countries and regions, draws an endless flow of guests. The 1985 rental rate reached 93 percent, the highest in the Sheraton chain.

The success of the Great Wall. Hotel has encouraged the Sheraton group to do more business in China. In October 1985, Sheraton signed a contract with the Shanghai Huating Hotel for joint management. Similar contracts are now under negotiation with five hotels in Guilin and Xiamen.

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Coach, Team Making Strides Together

track-and-field China's teams, its walk-racing team is the best known. Since it was established seven years ago, the national team has won 66 national championships and six gold medals in world competitions. It has also broken 32 Asian records and has logged 10 world records. The team's success, at least in part, can be attributed to its coach, Wang Kui.

Wang Kui, 54, was a track-andfield coach at the teenagers vocational sports school in the city of Fuxin in Liaoning Province before he began coaching the provincial team in February 1978. Fond of sports at an early age, Wang was a good basketball centre while he was with the army. In 1956, Wang entered the Shenyang Physical Culture Institute, where he majored in trackand-field. While there, he reached the standard of third-grade walker, and took first place in 5km and 10-km events in Liaoning Province and Shenyang walking races respectively in 1958. After graduating in 1961, Wang began his career as a sports coach in the No. 3 high school of Fuxin. His school scored highest several years

in a row in the city high schools' sports meets. After Wang began coaching the teenagers vocational sports school in Fuxin, the school carried off the titles in the medium- and long-distance races in the provincial tournaments for several years running.

On becoming coach for Liaoning Province, Wang brought with him many high expectations. He said he wanted the team to break the national records and win the gold medal in two to three years. He also wanted it to overtake India and Japan in the walkingrace event, break the Asian records and win the Asian championship in three or four years. After four or five years, according to his plan, the team was to be as good as any in the world. Wang was being overly ambitious. But Wang's conviction. never wavered. He said there was no point in trying if you didn't have goals.

Catching up with the world's walking race abilities is easier said than done, however. Wang knew this, and therefore, worked out two rigorous plans—one for the athletes and one for himself.

Coach Wang Kui instructing some of his walkers.



The team began to find they were training too hard. They were so engaged in their walking regimen that they had little time for their private lives. Everyday they were kept on the field or in the classroom. They were also required to keep journals, which was Wang's idea. He said keeping journals would help the walkers use their brains in training and guide them towards progress.

One of Wang's athletes was surprised to discover he had trained 363 days in one year. Wang, however, was not surprised. He often told his athletes, "We are late beginners and inexperienced. How can we catch up with others? The only way is for us to wrench more sweat and time out of each body and each year." He said if others practised only once on the track each day, his athletes should practise twice. If the others trained for 240 days in one year, he would ask his athletes to do it for 360 days. In this way, he said, he could gain more time to make up the lost.

Wang was very stern with his athletes. Some of the new athletes got serious blisters and bled through their socks. Wang, however, refused to change his stiff training plan. He asked athletes to train only in vests and shorts in the depth of winter and in layers of sports gear during the summer.

Doing is more eloquent than saying. Wang is strict with himself while practising with his teams all the year round in the field. In order to make the training scientific, Wang would spend a lot of time gathering information on walking or pondering over training method. He found some of the athletes' strides were too large, and their pace too slow. Inspired by a foreign team's method of using a tractor to control a short-distance runner's speed and increase the pace, he used a bicycle, which he tied his

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walkers to with a rope. As he sped up, so did they. When he slowed they did as well.

After training Wang became gentle and amiable. If an athlete sprained his or her ankles, he would do the massage himself. If one was ill, he would escort him or her to the hospital. For the blisters of his new walkers, Wang even fetched hot water, washed their feet and cared for their sufferings. He often served as the team physician after he bought a medicine kit with his own money, and stuffed it with a stethoscope. sphygmomanometer, meter, colorimeter and test tubes. He has also learnt how to determine the haemochrome in the blood so that he can adjust his training plan at any time by constantly following the athletes' physical reaction to the training.

With all the attention he has showered on the team, Wang feels guilty about neglecting his wife and his only son. His wife is a doctor. They lived in different cities for a long time and had their child when Wang was 40 years old.

Wang has wanted to share the chores with his wife and give more time to his son, but, he told his wife, he could not be torn in two. "May be I am an unqualified husband, but I should not be an unqualified coach."

The sacrifice of his wife and son was not made in vain. His made major team accomplishment over the last few years. It won team event golds twice in the World Cup walking championship. When asked about his future plans, Wang said he would try his best to be a good principal at China's first walking school in Liaoning Province. He said he hoped his women walkers would take their third consecutive team event gold in the next World Cup walking championship in 1987. He said he also hoped he would succeed in squeezing his men's team into the world's front ranks.

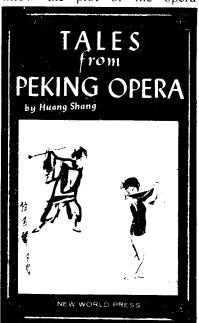
Peking Opera Tales Retold

"Tales From Peking Opera"

Written by: Huang Shang
Price: ¥ 7.00 RMB
Published by New World Press
Distributed abroad by China
International Book Trading Corp.
(Guoji Shudian), P.O. Box 399,
Beijing, China

n China, long before any of Shakespeare's plays translated into Chinese, it was Charles and Mary Lamb's *Tales* From Shakespeare that brought this literary legacy to Chinese readers, vividly conveying the greed, treachery, jealousy, beauty and venality of Shylock, Iago, Lady Macbeth and Cleopatra. Last year marked the first Shakespeare Drama Festival to be held in China, an event that clearly owes a great deal to the Lambs' book, presenting as it does a faithful rendering Shakespeare's works in lucid prose.

Peking Opera audiences, too, can benefit a great deal if they know the plot of the opera



beforehand. In the past few years, with the increase in cultural exchanges, Chinese Peking Opera troupes have taken their singing, speaking, acrobatics, martial arts, mime and music to the West. The Phoenix Returns to the Nest, a Peking Opera of the Mei Lanfang (1894-1962) school, was translated into English by Miss Elizabeth Wichmann of the Oriental Drama Dept. of Hawaii University in 1984 and was performed across the United States to widespread acclaim. Her translation retained the original flavour of the singing and comic dialogues, and these won applause and laughter. However, the audience still felt they needed some explanations about the setting and story as they could not easily identify whether the character was a hero or a villain, and were often puzzled by the traditional mask paintings of some characters' faces.

Thus it can be seen that an introduction to typical Peking Opera stories has long been in demand by people abroad as well as by the younger generation in China. The names and stories of many Peking Opera characters are well known in China, but few in the West are familiar with the wise and loyal Zhuge Liang, the treacherous and merciless Cao Cao, the despicable and snobbish Jia Gui, the good-natured Bai Suzhen who was really a white snake but had a deep affection for her lover, or the persecuting monk Fahai who meddled in the happy marriages of others.

Filling this need, Huang Shang's Tales From Peking Opera, published by New World Press in Beijing, is the Chinese counterpart of Charles Lamb's book, and brings China's dramatic wealth to foreign readers. As a drama critic and journalist, Huang Shang was

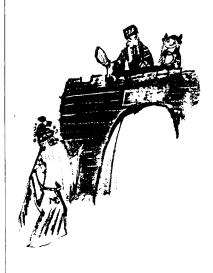
EOOKS

stationed in Nanjing (the capital of the old regime before 1949) as a reporter on the civil war and the democratic movement in intellectual circles for the Wen Hui Bao, a progressive Shanghai paper. He was very familiar with the inside stories of old officialdom, which were much like those that formed the basis for many opera plots at the end of the Ming and the beginning of the Qing dynasties in the 17th century, when local opera began to flourish. Huang also had close connections with such Peking Opera celebrities as Gai Jiaotian, Mei Lanfang and Zhou Xinfang. In his dashing style, Huang Shang has recreated stories not only from the performances by well-known actors and actresses that he witnessed as a youth in Beijing, but also from colourful discussions with his friends from the acting world.

Included in this book are tales of bitter wars, political but happy marriages, a love affair between a chivalrous young woman adept in the martial arts and a frail-looking young man of letters, a coquettish maiden's teasing flirtation with a young officer, and the outwitting and eventual arrest of a bandit chieftain. Sometimes the plot of a Peking Opera is very simple, and what interests the audience are the mime, acrobatics, dancing and singing. It is therefore of great importance that even the innermost feelings of the characters be shrewdly depicted. Huang Shang meticulously delineates the contents of 20 operas, symbolically and graphically portraying the psychological complexity of the characters and the atmosphere of the story.

With its spectacle, wit and humour, Peking Opera blossomed among the people, first being performed in country temples, and later rising to grace the stages of the Forbidden City and the Summer Palace of the Qing court. Humorous without being vulgar, morally persuasive without being dogmatic, this dramatic form has entertained aesthetically-aware people from all walks of life. Huang Shang's book offers an indispensible guide for all people interested in this very special form of drama that sprang from a great and ancient civilization.

To explain a frown, a smile or the melodramatic wail of a young woman, the ribald jokes and chaffing of a rollicking female clown, or the symbolic meaning of the painted faces of the jing roles is a laborious task. Like the illustrator of the book, however, Huang Shang has portrayed the characters and scenes with only a few deft strokes of his pen. A work to grace anyone's booksheld, the book has a magnificent cover and



One of the illustrations by Beijing artist Ma De.

is lavishly illustrated with 40 fullcolour ink wash paintings by Ma De, known at home and abroad for his illustrations of Peking Opera. Ma's bright and vivid pictures bring to life the characters and settings of these operas. Brief introductory remarks to each story are also included to fill the reader in on the context and background. This book will surely be welcome by sinologists and those familiar with Chinese drama, as well as by the layperson. by Zhang Dunyi

Beijing Review



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ART PAGE

Sketches by Guo Lin

Guo Lin, a 10-year-old primary student in Jiaozuo, Henan Province, began to learn calligraphy and painting from his father at the age of 3. Guo drew these pieces after school.





北京周报英文版一九八六年第十五期邮政代号二—九二二·北京市期刊登记证第七三三号

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