

BEIJING REVIEW



New Economic
Development Policy



Becoming Talented
Through Self-Study



A CHINESE WEEKLY OF
NEWS AND VIEWS

HIGHLIGHTS OF THE WEEK

Major Tasks for 1982

The Party journal *Hongqi* lists three major tasks for 1982 in order to achieve greater progress in socialist modernization (p. 5).

Criticism and Self-Criticism

Party members are urged to use criticism and self-criticism to rid themselves of unhealthy political tendencies and help bring about a decisive turn for the better in the Party's style of work (p. 5).

New Economic Development Policy

China is pursuing a new economic policy that ensures a realistic rate of development and gives better economic results and more benefits to the people. A special feature shows how Shanghai, China's largest industrial city, is moving along this new road (p. 18).

Self-Study Encouraged

Must young people who wish to develop their abilities attend university? Not necessarily. Concrete measures have been taken by the government to help young people acquire through self-study the knowledge and skills needed in the nation's modernization drive (p. 6).

Protest Against US Arms Sales

China lodged a strong protest against the US decision to sell arms to Taiwan which is a province of China (p. 8).

Selected Works of Liu Shaoqi

The Chinese edition of Volume I of the *Selected Works of Liu Shaoqi* is now available. It contains 38 articles written between 1919 and 1949 dealing with the workers' movement, Party building, the united front, armed struggle and other topics. English, French, German, Japa-

nese and Spanish editions are under preparation (p. 28).

Lenin's Thesis on Small Production

How should we correctly understand Lenin's thesis that "small production engenders capitalism and the bourgeoisie"? An analytical article points out that to apply it to small production in China after the socialist transformation of the means of production is a misunderstanding and a dogmatic interpretation of the thesis (p. 14).



Well-known mathematician Hua Luogeng (first from the right) discussing his self-study experiences with participants at a national self-study conference.

Photo by Yang Wumin

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CONTENTS

NOTES FROM THE EDITORS	3-4
Economic Results — Economic Editor Wang Dacheng	
LETTERS	4
EVENTS & TRENDS	5-8
Tasks for 1982	
Criticism and Self-Criticism	
Becoming Talented Through Self-Study	
Economic Co-operation With	

Other Countries
Protest Against US Arms Sales to Taiwan

Guests From Britain

INTERNATIONAL 9-13

Iran-Iraq War: Too Much Bloodshed — Duan Ping

New Trend in Arab World: Ironing Out Differences — Wang Shangzhi

The Situation in Southern Africa — Xin Yan

Is the Soviet Union Declining? — Tang Tianri

The Non-Aligned Movement in 1981 — Huang Bingjun
US Military Move in South Korea — Ren Ping

ARTICLES & DOCUMENTS

On the Party Resolution: Will Small Production Lead to Capitalism? — Xue Mou 14

China Impressions: Medicare

and Sanitation Work in a County — Our Special Correspondent Hua Wen 16

SPECIAL FEATURE

Shanghai Industry in Adjustment: Blazing a New Trail — Our Correspondents Xia Zhen and Jian Chuan 18

Where Does the New Road Lead? — He Haosheng 24

CULTURE & SCIENCE 26-27

BOOKS 28-30

ART PAGE 31

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Economic Results

Why do you stress economic results now? Didn't you pay enough attention in the past?

To improve economic results is listed as a key issue in our economic work for this year. From now on we will tackle all economic problems with the fundamental objective of attaining better economic results.

Economic results are a priority because they determine whether our economy can develop steadily. Instead of our long-standing practice of high speed and high accumulation but low efficiency and low consumption in economic development, we are forging a new path promising a realistic rate of development, better economic results and improved living standards for the people that are commensurate with the labour they have contributed. We have finally found this road after travelling a tortuous road and paying a heavy price. This is of great significance to our socialist construction. (See "Shanghai Industry in Adjustment: Blazing a New Trail" on p. 18).

China's tremendous achievements in economic construction over the 32 years since the founding of the People's Republic are well known. But, we also realize that the problem of poor economic results is quite serious. Many indices reflect that economic results are today not only below the level of the economically advanced countries but also below those achieved in China in the past. Following are some examples:

- Consumption and waste are heavy in production. In 1980, the average profit gained by our

industrial enterprises from every 100 yuan of output value was one-third less than that in 1957, which was the record year. This amounted to a loss of 30,000 million yuan in profit.

- The quality of products is poor. Twenty-two of the country's 55 major industrial products in 1980 failed to match their own past highest standard.

- As a result of sluggish circulation and stockpiling of materials, large amounts of funds are tied up. In the state industrial enterprises, for every 100 yuan of output value, 31 yuan of circulating funds were needed in 1979 as against only 17 yuan in 1956. The circulating funds needed for every 100 yuan of sales by state commercial enterprises registered 49 yuan in 1979 as against 37.1 yuan in 1956.

- The returns on investments in capital construction are poor. The present construction costs are double those during the First Five-Year Plan period (1953-57) and the building cycles have lengthened two-fold. The investment for every yuan of increase in national income was only 1.68 yuan during the First Five-Year Plan period, but it jumped to 3.76 yuan during the Fourth Five-Year Plan period (1971-75).

- The energy utilization rate is low. Our national income per ton of energy consumed was 53 per cent lower in 1980 than during the First Five-Year Plan period. The country's present energy use, as measured per yuan of the national income, is higher than the ordinary level of other developing countries.

Our unsatisfactory economic results have both subjective and objective causes, including both social and historical factors as well as the rapid growth of our population, notably the long-standing "Left" mistakes in our guiding thought and the disruption of the decade-long "cultural revolution." Their consequences cannot be eliminated in a short time.

In the last three years, we have introduced economic readjustment and reforms which have gained positive results more quickly than expected.

Efforts have been made to scale down capital construction and readjust the ratio between accumulation and consumption. As a result, the ratio of consumption in the national income increased from 63.5 per cent in 1978 to about 70 per cent in 1981, and the serious imbalance between accumulation and consumption has been greatly improved.

We have also begun restructuring the line-up in production in order to speed up the development of agriculture and the consumer goods industry; in addition, readjustments are being made in the orientation of heavy industry from serving itself to serving agriculture and the consumer goods industry.

Readjustments and reforms have been introduced in our economic system. While upholding the planned socialist economy, we also allow a supplementary role for regulation through the market. The law of value is taken into account and used when we draw up state plans, and when we stress strengthening unified leadership, we also give the localities and enterprises different degrees

LETTERS

China and the United States

It is a matter of China's national sovereignty to protest the US involvement with Taiwan since it is a part of China and the Shanghai Communiqué established the terms that Chinese affairs are to be decided by Chinese leaders, especially in the field of defence. Taiwan is not a colony but a part of China. The "Taiwan Relations Act" is an American law and it is not applicable to China because China is a nation on equal footing with the US. It would be a grave imposition on the Chinese people if and when the US would meddle. The commitment to the well-being of China and Southeast Asia and the peace of the world would be at stake.

Any action of selling new aircraft to Taiwan would make normalization of relations meaningless and would be inimical to the American position in the world and a betrayal to the best interests of the American people and the Chinese people. Perhaps an imperialistic and hegemonic nation would be interested to witness such an act by the US who should play an act of peace rather than one of war. China's strategy of reunification has not yet won but such a goal will always be supported by the Chinese people and such cultural affinity should be understood by policy makers in Washington.

Peace or conflict? The costs and benefits for two nations! President Reagan's Chinese puzzle may be the game of anathema if he inten-

of decision-making power in their economic activities and enlarge the democratic rights of the workers and staff members.

We will continue to readjust and reform our economy so as to remove the obstacles from our efforts to increase economic results. The 10 principles for economic development put forward by Premier Zhao Ziyang in his government work report at the Fourth Session of the

tionally ignores the sovereignty of a nation with one-fourth of the human race.

Francis Shieh (Xie Shihao)
Upper Marlboro, Maryland, USA

The Soviet Union

In your article "Why Should a Theory Be Discarded?" (issue No. 44, 1981), it has been said that in the Soviet Union, the private ownership of the means of production underwent socialist transformation after the property of the bourgeoisie was expropriated and the farm collectivization, and that in 1936 Stalin correctly declared that exploiting classes had been wiped out in the Soviet Union.

But as we can see today, the situation in the Soviet Union is the opposite. The authorities have enslaved the whole nation and emerged as social-imperialists.

For advancing the cause of true communism, would you please discuss in your articles how it was possible that a bureaucratic rule could emerge in a socialist country — the Soviet Union?

Shamsul Alam
Chittagong, Bangladesh

Religion

Karl Marx said that religion is the opium of the people. Therefore, my opinion is freedom from religion instead of freedom of religion. Even though it is not forced on the people, it nevertheless is in contradiction with the great emancipation of the mind in the use of sciences.

Religious history dates back to the dark ages of man, a time when

Fifth National People's Congress (see our issue No. 51, 1981) are aimed at enhancing economic results.

Practical results are expected to be achieved this year and better results will be gained next year as all those working at the economic front are exerting efforts for this purpose.

— *Economic Editor*
Wang Dacheng

man's mind was groping or speculating for answers about man, the universe, the equinoxes, etc., and thus formed a system of belief in myths.

Today, we no longer have need for these myths, mind boggling as they are. We use reason; we use science, the great emancipator of the mind. We seek truth from facts. This contradiction can be solved by education and understanding of what religion really is, unless you wish to use it as a compromise with the religious ridden West. Even in the West the thinkers, the majority of them, only pay lip service to religion. In my opinion the Pope of Rome is no longer having an easy time.

Frances H. Jacobsen
Hayward, Calif., USA

Kampuchea

"Notes From the Editors" is a good column without which the readers' curiosity about China's domestic situation and foreign policy will always remain burning. I liked the article "Kampuchean Issue" (issue No. 2, 1981) since the views on Kampuchea which appear in newspapers published by capitalist countries have always proved to be misleading.

Rituraj Acharya
Jhapa, Nepal

Artificial Larynx

The article in issue No. 45, 1981, on the "silicone larynx" was fascinating. I xeroxed the article and sent it to an ENT surgeon, Dr. Burton Jaffe, a friend of mine.

B.T. Newman
Dedham, MA., USA

World Affairs

I think the international column is excellent. China is no longer a country with a closed-door policy. It has been opened up to the outside world and is responsibly taking an active part in world affairs.

Kasongo-Ukamba-Kasok
Kananga, Zaire

Beijing Review, No. 3

POLITICAL

Tasks for 1982

What are the major tasks for the nation in 1982?

Hongqi, organ of the Party Central Committee, carried in its first issue this year an article by its editorial department dealing with this question.

All those who are not biased will admit that the Chinese Communist Party made significant achievements in 1981, said the article. The economy improved steadily and the political situation became more stable than before.

An important indication of economic improvement, the article continued, was the enunciation of the 10 principles for future socialist construction which will enable the national economy to embark on a new road of steady development. Also noteworthy is the fact that the Party and the nation are enjoying the best political situation since the 1960s.

In order to achieve greater progress in socialist modernization in the new year, the *Hongqi* article stress the following:

First, strive for a higher level of both material and cultural development.

Second, maintain a realistic rate of economic development and strive for better economic results in all sectors of the national economy. Potential danger still exists in the economy, so it is necessary to remain sober-minded and attach paramount importance to stabilizing the economy, that is, achieve a basic balance of state

revenue and expenditure and stabilize prices.

Since industry accounts for 90 per cent of the state revenue, it is imperative to raise the economic results of industry in order to have the funds for socialist construction and improvement of the people's livelihood. To achieve this, special attention should be attached to the readjustment and consolidation of the various enterprises.

In agriculture, the standing policy is to uphold the public ownership of land and the means of production and the responsibility system as required by the collective economy will remain unchanged for a long time to come. In addition, it is necessary to uphold the policies of actively diversifying the economy, with proper attention to grain production, and giving due consideration to the interests of the state, the collective and the individual.

The main task of economic work is to keep China's population of 1,000 million well-fed and enable the state to have the capability to undertake economic construction. Both the people's consumption and the country's construction should proceed according to the national plan, and the balance of revenue and expenditure, credit and loans, and the supply of materials must be maintained. Planning and guidance should also be strengthened for agricultural work and the peasants should conduct their activities within the framework of the state plan.

Third, strive for a decisive turn for the better in law and order, social morality and the Party's style of work, and also

work for closer unity between all the nationalities in the country.

To achieve modernization, it is of paramount importance to restore and carry forward the revolutionary spirit displayed by our people during the war years and encourage the people of the whole nation, particularly the young people, to emulate this spirit so that it will become the essence of China's social morality. Much remains to be done in this respect. Sustained efforts will be made to educate the whole Party, the whole army and the people of all nationalities in this revolutionary spirit.

Stern measures will be taken against smuggling and black-marketeering in some localities and among some cadres. The higher the post of those involved, the more severe the punishment should be. We should not relent towards these malpractices if we are to improve the Party's style of work.

Bureaucratism has become a big stumbling-block in the nation's political life and in the modernization drive. An important step to overcome bureaucratism is to restructure and streamline all the organizations.

The tasks for 1982 are numerous, but the most important one is to improve the Party's style of work.

Criticism and Self-Criticism

The CPC Central Committee recently called on all the Party members to use criticism and self-criticism to rid themselves of unhealthy political tendencies.

Leading members of Party organizations at all levels are particularly urged to carry out "correct and not distorted, conscientious and not perfunctory" criticism and self-criticism so as to improve the working style and strengthen the collective leadership of Party committees, and enhance unity both inside and outside the Party to obtain the maximal results in all fields of work.

To put this call into practice, the Party organ *Renmin Ribao* published on New Year's Eve "Uphold the Truth Instead of Being Concerned About Face-Saving," a speech delivered by Chen Yun, Vice-Chairman of the CPC Central Committee, on May 9, 1945 at the Seventh National Party Congress. The speech, which was an in-depth exposition of the historical-materialist viewpoint towards one's contributions and mistakes, called on all Party cadres, particularly senior cadres, to uphold the truth rather than being concerned about face-saving.

Together with the speech, *Renmin Ribao* published a short note by the Research Department of Party Literature of the CPC Central Committee which stressed: "Today, after the Lin Biao and Jiang Qing counter-revolutionary cliques had seriously undermined the Party's fine traditions for 10 years, it is all the more important for all the comrades in the Party to conscientiously study and grasp the essence of the speech."

In the meantime, the Organization Department of the CPC Central Committee and *Renmin Ribao* jointly sponsored a forum attended by veteran cadres to discuss the Central Committee's call and Chen Yun's speech.

Liu Lantao, first deputy director of the United Front

Work Department of CPC Central Committee, said that it is through criticism and self-criticism that the Party and the leadership continually enhance their prestige among the people. Veteran cadres should therefore play an exemplary role in improving both the Party's and people's style of work.

"During the war years, the relationship between the army and the people was like that between fish and water," said Gan Weihai, deputy director of the Political Department of the People's Liberation Army. "Without the masses, the army found it difficult to accomplish anything. But now some comrades think that they can still be officials even if they are divorced from the masses. A few Party members and cadres have already become or are becoming corrupted. Instead of working for the welfare of the country and the people, they take every opportunity to seek personal gains. To improve the situation, therefore, it is not only necessary to strengthen education among the cadres but also imperative to enforce Party discipline."

Li Weihai, adviser to the United Front Work Department of the CPC Central Committee and Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference, said that some senior cadres had committed serious mistakes during the 10 years of turmoil (1966-76), yet they had not made any self-criticism. Instead, they obstinately went their own way even after the convocation of the Third Plenary Session of the 11th Party Central Committee at the end of 1978. This, he stressed, is intolerable. These cadres should be sternly dealt

with according to Party discipline.

Shuai Mengqi, adviser to the Organization Department of the CPC Central Committee, said that everyone who had committed mistakes should accept criticism from the people and make self-criticism. Those concerned about face-saving will in the end lose face. The people, she stressed, should always occupy the first place and the Party the second place. The role played by an individual is just like a drop in the ocean.

Other veteran cadres at the forum expressed the determination to make full use of the weapon of criticism and self-criticism and do their part to help bring about a decisive turn for the better in the Party's style of work in the near future.

SOCIAL

Becoming Talented Through Self-Study

Many of China's young people engage in self-study in order to acquire the knowledge and skills they need to contribute to the nation's modernization drive.

Wang Xiaoxing, instructor in a university of science and technology, is one of them.

He was a technician in the Hunan Machine Tools Plant in central China when he failed the 1977 university entrance examination. Instead of giving up, he devoted his spare-time to studying mathematical analysis, complex variable function, higher algebra and other subjects.

Two years later, he passed the examination sponsored by the self-study examination committee for higher education. His

marks were so high that he was invited to become an instructor in a university.

Many of the nation's young people are experiencing similar successes.

Wang Wanyi, 33, is a good example. She went to work in the countryside after graduating from a middle school in 1965. She spent 16 years doing farm labour which often left her exhausted at the end of each day. Nevertheless, she spent most nights studying optics, laser principles, cell genetics, optical transformation and radio-biology. As a result, she was able to conduct several successful laser breeding experiments in Nanhai County in south China's Guangdong Province. Later when she was transferred to work in a Guangzhou tire factory, she became the first Chinese person to use a laser hologram to test tires.

Sun Xiansheng, 27, who contracted infantile paralysis when he was two years old, is another example of how self-study can produce talent. He was 15 years old and severely deformed when he saw his father hounded to death during the "cultural revolution." After the downfall of the gang of four, he was given a job as a book-keeper in a factory. In 1977, he took part in the university entrance examination, but he was rejected because of his physical handicaps. Many people would have given up at that point, but not Sun Xiansheng. He spent three years studying the university accounting curriculum. He also wrote five reports and 16 essays on business management. These efforts proved successful and in February last year he took first place in the examination for the appraisal of book-keepers in

central Shanxi. Now he is a member of the province's Book-Keeper's Association.

Restrictive social and economic conditions have resulted in an imbalance between the needs of young people and the capacities of the nation's colleges and universities. As a result, only a small number of eligible young people are able to attend universities. The majority have to resort to self-study. In addition, large numbers of young people lost their chance to study in schools or universities between 1966 and 1976 when classes were discontinued because of the "cultural revolution." Many of them are now employed and it is impossible for them to attend schools. Nevertheless, they are eager to acquire as much education as possible through self-study.

The Party and government encourage young people to engage in self-study and have adopted a series of measures to help them:

- Those who pass the examinations given by self-study examination committees for higher education are given diplomas and treated like university graduates;

- In some instances, young people who have reached a certain level are treated like those with formal schooling regarding promotions and work assignments;

- Many publishing houses have compiled and released books and magazines to help those engaged in self-study;

- Many libraries have established special reading rooms;

- Advisory and guidance centres have been set up;

- Many professors and spe-

cialists provide free lectures.

Because of the understanding and assistance provided by the government and concerned members of society, many of these youngsters are making rapid progress through self-study. An increasing number of them have attained the status of university graduates and many have become outstanding in their fields of work.

ECONOMIC

Coal Production. The 1981 annual state quota of 588 million tons of coal was fulfilled ahead of schedule on December 27 last year. Total output for the year was 604.8 million tons.

Electricity. By December 30, a total of 305,200 million kwh of electricity had been generated, an increase of 2.5 per cent over that of 1980, fulfilling the state plan for 1981.

Chemical Products. The output quotas of 18 major chemical products listed in the state plan for 1981 were fulfilled ahead of schedule. They included phosphate ore, troilite, sulphuric acid, concentrated nitric acid, chemical insecticides and fertilizers, dyes, plastic products, paints and synthetic rubber.

Light Industry. The 1981 plan for light industry was fulfilled ahead of schedule. Total output value went up by 13 per cent over that of 1980. Compared with the corresponding period of 1980, the output in the first 11 months of 1981 went up by 370 per cent for washing machines, 100 per cent for TV sets, 30 per cent for bicycles and sewing machines, 26 to 97 per cent for watches, radio sets, tape-recorders, cameras and

electric fans, 8 to 26 per cent for cotton yarn, chemical fibres, silk and woollen goods, 25 per cent for sugar and 14 per cent for beer.

Agriculture. Despite frequent natural calamities since 1979, a progressive annual increase of 5 per cent has been achieved in the total output value of agriculture. In 1981 the increase was 15 per cent more than in 1978. Compared with 1978, though the crop-growing area in the whole country in 1981 was reduced by 6 million hectares, grain output increased by more than 15 million tons, thereby making 1981 the second peak year in grain production.

Edible Oil. According to initial statistics, the output of edible oil was 3.35 million tons in 1981, an increase of 0.6 million tons over that of 1980. This figure is an all-time high. With bumper harvests for three consecutive years, the output of oil-bearing crops last year achieved again a 17 per cent increase over that of 1980, reaching a total of 9 million tons.

Cotton. By December 10 last year, the state had purchased 2.367 million tons of cotton, 17,500 tons more than planned for 1981 and 160,000 tons more than that of the same period of 1980.

Foreign Trade. The total volume of foreign trade last year topped the state plan by 6 per cent. The amount of industrial and mineral products exported increased from 38 per cent of the total amount of exports in 1980 to 41 per cent in 1981, and the amount of imported goods needed in agriculture and on the market as well as raw materials for the textile and light industries increased from 50.9 per cent of

the total in 1980 to 59.5 per cent in 1981.

FOREIGN RELATIONS

Economic Co-operation With Other Countries

Two Contracts With Yugoslavia. After discussions at a meeting of the joint committee for co-operation in the fields of agriculture and food processing industry, the China State Farms' Import and Export Service Corporation and the Agricultural Combine "Belgrade" of Yugoslavia signed two economic co-operation contracts in Beijing on January 4. Under these contracts, Yugoslavia will supply China with a complete set of equipment for a seed finishing mill which processes wheat, soybean and corn, and China will supply Yugoslavia with 630 Xinjiang fine-wool breeding sheep. The two sides agreed to send technicians to supervise the technical work.

Chinese Hybrid Paddy-Rice in the United States. After China transferred the technology of hybrid paddy-rice to Ring-around Products, a branch of the Occidental Petroleum Corporation in the United States as a patent, the yield of Chinese hybrid paddy-rice strain grown on experimental plots in the United States over the last two years proved to be higher than the strains usually grown there.

The high yield of the Chinese hybrid paddy-rice has attracted the attention of specialists and scholars in the United States and other Western countries. The Chinese strain will be planted on a trial basis in Spain, Brazil, Italy and other countries.

China Protests US Decision on Arms Sales to Taiwan

A spokesman of the Chinese Foreign Ministry on January 4 strongly protested against the US decision that it plans to sell aircraft to Taiwan.

Commenting on the US announcement of the decision, the spokesman said in reply to a question from newsmen:

The question of US sale of arms, including aircraft, to Taiwan is being discussed between the Chinese Government and the US Assistant Secretary of State John Holdridge who is now on a special trip to Beijing. The US Government has announced its decision to plan to sell aircraft to Taiwan at a time when bilateral talks are going on. The Chinese Government hereby lodges a strong protest against this. The whole question of US arms sales to Taiwan is a major issue affecting China's sovereignty, which must be settled through discussions between the US and Chinese Governments. The Chinese Government will never accept any unilateral decision made by the US Government.

Guests From Britain

Premier Zhao Ziyang expressed his satisfaction with the development of Sino-British relations when he met with visiting British Lord Privy Seal Humphrey Atkins and his party in Beijing on January 6. He said that the prospects are broad for Sino-British trade. "Both sides should do their best to look for new channels for the promotion of their trade relations," he said.

Atkins and his party arrived in Beijing on January 4. Vice-Premier Ji Pengfei hosted a banquet in honour of the British guests. In his toast at the banquet, he highly appraised the

(Continued on p. 27.)

*Iran-Iraq War***Too Much Bloodshed**

WITH the beginning of the new year, the smoke of gunpowder rose once again over the Gulf area.

The intensive battles between Iran and Iraq on the Iranian western front have commanded the world's attention.

The war has entered its 16th month. A large amount of money has been wasted and thousands upon thousands of soldiers and civilians have been killed. Moreover, there are no signs that the tragic confrontation will end soon. None of the international mediation attempts has yielded positive results.

A Long-Drawn-Out War

Iraq suffered reverses towards the end of last November due to Iranian counterattacks in Bostan, west of Khuzistan Province. But, on the whole, there has not been any fundamental change in the war. Excepting unforeseen developments, the war will continue to drag on for a long time.

Neither side is capable of getting an upper hand. Iran has plenty of troops, but repeated purges in the Iranian armed forces—especially in the air force, and the grave shortage of technicians, spare parts and ammunition have greatly restricted its combat capability. Iraq has more tanks and fighters that could be put into action. But eight of its divisions deployed along the 600-mile-long frontline, from Abadan in the south to Ghassr-Shirin in the north, are faced

with the dilemma of whether to advance or retreat.

One condition favourable to Iran is that it is fighting on its own land. Under the banner of "unity against outside aggression," most internal differences, especially in the army, are being subordinated to national unity. The war has resulted in reduced oil output in both countries. Comparatively speaking, Iran is suffering the most because of the attrition of the war and the large number of Iranians who have become refugees.

Reconciliation Is the Solution

If the Iran-Iraq war continues, both sides will lose. As a matter of fact, there are no fundamental conflicts of interest between the two Moslem countries, both of which belong to the third world. The problems between them, whether

they are from the past or have emerged from present contradictions, can be solved through consultations in the spirit of mutual understanding and mutual accommodation. There is no justification for continued fighting. The present situation can only benefit the superpowers. Since the outbreak of the war, the two superpowers have intensified their rivalry in the area and added fuel to the flames by selling arms to Iran and Iraq. The Soviet Union has taken particular advantage of the situation by attempting to please both sides and increasing its expansion and infiltration into the area.

Syria and Kuwait have expressed their willingness to mediate the dispute between Iran and Iraq. Ending the war before it becomes a bigger tragedy is in the fundamental interests of the two countries. It is also the common desire of all people showing concern for peace and security in the Gulf area.

—Duan Ping

New Trend in Arab World**Ironing Out Differences**

THE Arab countries have attempted to mediate their disputes and restore unity since Israel's December annexation of the Golan Heights. Some Arab countries which previously held different views on issues in the Middle East are now engaged in frequent contacts and consultations.

Unity Emerges. The 12th Arab Summit Conference held in Fez, Morocco last November was

abruptly suspended shortly after it started because Libya, Syria and other steadfast-front countries dissented over some aspects of Saudi Arabia's eight-point proposal for solving the Middle East problem. In the wake of the split between the Arab countries, Israel annexed Syria's Golan Heights. Israel's aggressive action has made the leaders of the Arab countries realize that their disputes and differences were exploited.

Only by strengthening their unity, can the Arab countries come to grips with Israeli aggression and expansion.

The leader of the host country, Morocco's Prime Minister Maati Bouabid has stressed that the Arab countries should coordinate their actions, develop a unified strategy for recovering Arab rights and lay aside minor conflicts.

State Leaders' Visit. Syrian President Hafez Al Assad took the initiative in December and visited Saudi Arabia and six other Arab countries. During his trip, Assad met the leaders of these countries and discussed the situation in the Arab world. They all stressed the importance of Arab unity against Israel. President Assad refused to attend the Fez summit because he disagreed with the Saudi Middle East peace plan. This brought relations between the two countries to a standstill. After Assad visited Saudi Arabia, he and the Saudi leader reached an understanding. Assad has assured Arab leaders that he will attend the next summit conference to discuss the Saudi proposal. Saudi Arabia has also expressed its willingness to help Syria in its confrontation with Israel over the Golan Heights.

During his visit to Kuwait, President Assad and Kuwaiti Emir Sheik Jabber Al-Ahmad reportedly agreed to seek a peaceful solution to the Iran-Iraq war. The war has split the Arab camp and diminished the effectiveness of Arab efforts to resist Israeli aggression. Kuwaiti Emir Sheik Jabber expressed his willingness to visit Iraq and Syrian President Assad said he will visit Iran to mediate the war's conclusion.

During his visit to Libya,

Morocco and north African countries, Kuwaiti Crown Prince and Prime Minister Sheikh Saad Sabah emphasized the importance of a unified Arab strategy. He also stressed the need to mobilize Arab military, economic and political strength in order to oppose Israel's aggression and expansion. In addition, he expressed a willingness to support mutual visits and consultations between countries seeking to settle the differences and problems existing among Arab countries.

Another new development was the New Year's eve announcement by Saudi Arabia and Libya of their intention to restore diplomatic relations, which were severed in October 1980, when Libyan leader Muammar Al-Gaddafi accused Saudi Arabia of allowing American AWACS to fly over Mecca and Medine. The two countries have agreed to "heal rifts and pursue unified Arab action against the common enemy." It has also been reported that Iraq and Libya have agreed to

restore diplomatic relations, which were severed because of the Gulf war.

Arab Summit Conference. Syrian President Assad has expressed the hope that the Arab summit conference will be reconvened as soon as possible. Arab League Secretary-General Chedli Klibi visited Morocco last December and held talks with King Hassan on the Middle East situation after the suspension of the Arab summit. Upon his arrival in Morocco, Klibi told reporters that Israel's annexation of the Golan Heights will cause Arab countries to unite more closely. He maintained that a promising perspective has emerged in the Arab world after President Assad's visit to some Arab countries. Klibi said he and the Moroccan King predict that the 12th Arab summit will reconvene in Fez, Morocco, and said that to achieve this they had decided to conduct all-round consultations.

— Wang Shangzhi

The Situation in Southern Africa

SOUTHERN Africa is rich in resources and occupies an important strategic position. The struggle between the various forces there make the situation complicated and unstable. Nonetheless, the situation has recently developed in a manner favourable to the black African people.

Problem of Namibia

Since Zimbabwe's independence in 1980, Namibia is the only non-independent state on the African continent. The circumstances surrounding its situation are now attracting world attention.

In October 1981, five Western

countries headed by the United States issued a new proposal for Namibian independence in order to settle the controversy and thereby impede Soviet attempts to penetrate the region. Based on UN resolution 435, the new proposal embraces principles for drafting a constitution for Namibia and drafting steps and a timetable for its independence. SWAPO and African countries concerned have not objected to this proposal. On November 21, 1981, six frontline countries, SWAPO, Nigeria and Kenya, issued a document on the Namibian problem expressing their identical stand after some adjustments. One adjustment is

that Namibian independence would not be delayed beyond the end of 1982.

While continuing the struggle for Namibia's independence, SWAPO and frontline African countries have made some compromises. The primary reason why the settlement has been delayed is that South Africa, with the US connivance and support, has made trouble. African countries and most international organizations have responded by asking the five Western countries to pressure South Africa into ending its obstruction of Namibia's independence.

According to a South African newspaper, the South African Government has accepted the proposal for Namibia's independence formulated recently by the five Western countries. This was done for two reasons: first, to promote closer ties with the United States; second, the South African Government has used the past three years to establish a basis for influencing an independent Namibia. But since South Africa has been whimsical in the past regarding Namibia, it is not certain that it will not impose future obstacles to Namibian independence.

Regional Economic Co-operation

In order to free themselves from dependence on South Africa's economy, nine countries in southern Africa (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) have strengthened their economic co-operation. These countries established the Southern African development co-ordination conference to strength-



en co-operation in the region after Zimbabwe's independence. Because six of these countries are landlocked, the conference has given priority to improving transportation between its member states. These countries have approved 97 transportation projects, 22 of which are under construction. They also co-operated in developing agriculture, husbandry and mining. They will soon be self-reliant in grain.

Zimbabwe's economic achievements since its independence have encouraged other countries in the region. In 1981, Zimbabwe had a bumper harvest of 3 million tons of maize. One-third was exported. Some countries in the region imported grain from South Africa in the past, but now all of them import grain from Zimbabwe. This is a positive development which serves to promote economic development in the region and reduce reliance on South Africa.

US and Soviet Contention

US and Soviet manoeuvring for control of the region's mineral resources intensified in 1981. For both superpowers, the

focus was Namibia. As for the United States, southern Africa is important. It imports almost all its manganese, cobalt, chromium and platinum from the region, and half of its annual supply of 23 others. It has attempted to promote a Zimbabwe-like independence for Namibia and to eliminate Soviet and Cuban influence.

The Soviets have increased their presence in Angola and other countries and at the same time they have expanded their influence into neighbouring countries.

After Ronald Reagan took office, the United States made great efforts to strengthen its relations with South Africa. It has attempted to force Cuban troops to withdraw from Angola and to prevent Soviet expansionism. The United States is interested in keeping shipping routes open so its supply of strategic resources can be maintained. But these tactics have also encouraged South Africa to become more aggressive towards the frontline states. This has produced greater turmoil in the region and provided the Soviet Union with a pretext for penetration and expansion. The Soviet Union has expanded its influence through its deliveries of arms and the dispatch of military personnel to some southern African countries.

The actions of the two superpowers in southern Africa bring the old African proverb to mind: "The elephants' rivalry is destroying the grass."

The countries of the region will have to remain vigilant in order to keep free of the orbits

of the Soviet Union and the United States.

— Xin Yan

Economic and Military Strength

Firstly, Soviet economic strength has not been weakened. Its economic growth rate is faster than that of the United States and some other Western countries. During the past 20 years, it has steadily narrowed the economic gap between itself and the United States.

Official statistics indicate that during the past 20 years its national income has increased from 50 to 67 per cent of the United States. Industrial output value has increased from 57 to 80 per cent. It has outstripped the United States in producing some two dozen major products such as iron and steel, oil, coal, cement, chemical fertilizer, locomotives, tractors and timber to rank first in the world.

Secondly, Soviet military strength has not been weakened. During the past decade, the Soviet Union has not only gained the upperhand with its conventional and theatre nuclear weapons, but also approached or even caught up with the United States in the area of strategic nuclear weapons. Of the 13 primary criteria for judging strength in strategic nuclear weaponry, the Soviets have 10 which equal or outstrip the United States.

Thirdly, reduced grain production cannot be viewed as a "strategy difficulty." Since Brezhnev came to power, Moscow negotiated nine years of crop failure by selling gold to purchase grain from the West. In 1981 alone, the Soviet Union sold 100 tons of gold for grain.

Fourthly, the big decline in the growth rate of Soviet oil output is not necessarily an indication of a 1980s energy crisis.

According to an evaluation by the United States' *Oil and Gas Journal*, Soviet oil deposits were 3,600 million tons at the

Is the Soviet Union Declining?

SINCE the beginning of the 1980s, world attention has been focused on whether the Soviet Union will engineer more international incidents as it did in the 1970s.

Last year, Moscow put forward a "peace programme" for the 1980s and adopted a seemingly low-key attitude in international affairs. Some people wonder if the Soviet Union has begun to soften because of its difficulties. Others are trying to determine the magnitude of its difficulties.

Assessments vary.

Some people are saying that the Soviets have entered a prolonged period of all-round "strategic difficulties." They are convinced that it is declining and, therefore, cannot afford any more military adventures and can only try to preserve what it has obtained.

Others believe the difficulties are temporary and can be overcome soon. They suggest that concessions and economic benefits are the only things which can be used to curb the Soviet military force and induce it to stop its expansionist adventures.

Various Kinds of Difficulties

The Soviet Union is clearly faced with a variety of problems.

—The Soviet national economy is steadily declining. Since Brezhnev took office, the average annual growth rate of Soviet national income and industrial output value has dropped to 6 or 7 per cent for the

ninth five-year plan (1971-75) from the rate of about 8 per cent for the eighth five-year plan. It decreased to 4 per cent for the 10th five-year plan. In 1981, the first year of the 11th Soviet five-year plan, the growth rate of national income and industrial output value is estimated at 3 to 3.4 per cent.

—Last year was the 10th lean year for grain production during the 17 years since Brezhnev's ascent to power. Grain output has dropped to 160 million tons from 237 million tons in the late 70s, a decrease of 77 million tons.

—There is also imbalance between agriculture, light and heavy industries. The Soviet Union has been giving priority to heavy industry for a long time, diverting more than 80 per cent of its industrial investments to its development. This policy has resulted in an overdeveloped war industry and sluggishness in light industry and agriculture.

—Its burdens have become increasingly heavy as a result of its policy of world expansion. Its intervention in Kampuchea and invasion of Afghanistan have invoked world-wide condemnation. It has to annually spend at least 10,000 million US dollars on Afghanistan, Cuba, Poland and several African and Middle Eastern countries.

These difficulties are the logical result of Moscow's hegemonic policy. Despite these tough problems, it cannot be said for certain that the Soviet Union is declining.

end of 1980, second only to Saudi Arabia. Soviet deposits of coal, oil and natural gas can be turned into 120,000 million tons of standard fuel, which will last 80 years on the basis of the 1,500 million tons consumed in 1978. This figure can be extended to a century if water power and nuclear energy are added.

Fifthly, the present Soviet overseas burden is no heavier than the ones shouldered by the United States during the Korean and Vietnamese wars. It has been estimated that the annual military expenditure for the 100,000 Soviet occupation troops in Afghanistan is US \$2,500 to 3,000 million, whereas direct military expenditure for the 540,000 US troops in Viet Nam was \$ 100,000 million, in addition to the indirect military expenditure of \$ 300,000 million.

Do Not Lose Vigilance

Incorrect estimates of Soviet strengths and weaknesses will inevitably result in inaccurate conclusions about Soviet political and military tendencies and the world situation. The Soviet Union has not been on the decline because of its present difficulties, nor has it renounced its global strategic aggressiveness.

Even if it is confronted with greater difficulties, Moscow can either act with prudence or make a reckless move. History shows that military adventures often take place during periods of economic crisis and not of prosperity.

Therefore, it is potentially harmful to the maintenance of world peace to assume that the Soviet Union is declining and thus lose vigilance against it.

— Tang Tianri

The Non-Aligned Movement in 1981

THE non-aligned movement was confronted with great difficulty in 1981; nonetheless, it achieved some positive results. Thanks to the great efforts of Yugoslavia and many other member nations, the non-aligned movement has become an increasingly important force in international affairs.

The declaration, adopted last February by the Foreign Ministers' Conference of the Non-Aligned Countries in New Delhi, demanded the withdrawal of foreign troops and forces from Afghanistan and Kampuchea in clear-cut terms, thus bringing an end to the state of inertia towards these questions. On September 1, the non-aligned countries celebrated the 20th anniversary of the summit conference held in Belgrade. They

also declared September 1 "Non-aligned Day." This reaffirmed its non-bloc position and its resolve to oppose imperialism, colonialism and hegemonism.

Yugoslavia, after the death of Tito, has made significant contributions to the non-aligned movement and helped unity among member states.

But it must be noted that the superpowers are exerting political influence on some non-aligned countries and that armed conflicts exist between some member states. People all over the world are hoping to see a quick conclusion to the Iran-Iraq war. They are also hoping that the seventh non-aligned summit conference will be held on schedule in Baghdad.

— Huang Bingjun

US Military Move in South Korea

THE United States recently worked out a new "combat power buildup programme" for sending 1,500 troops and planes to south Korea. This will further impede attempts to unify north and south Korea and increase tension on the Korean Peninsula.

The key to solving the Korean problem is the removal of external interference, reducing the tense situation and letting the Korean people accomplish the reunification of their fatherland by themselves. Unfortunately, US President Ronald Reagan has renounced the troops withdrawal plan put forth by his predecessor. He also has interfered in the internal

affairs of Korea and increased the US military presence in south Korea. The US army recently conducted a large-scale military exercise "team spirit-82" near the 38th parallel. The US aircraft carrier *Midway* has entered the waters near the Korean Peninsula. In addition, Chun Du Hwan recently inspected the military bases near the demarcation line. These militaristic displays by the US and the Chun Du Hwan clique have attracted considerable attention. They should be denounced by all those who desire peace on the Korean Peninsula and the unification of north and south Korea.

— Ren Ping

On the Party Resolution

Will Small Production Lead to Capitalism?

by Xue Mou

To apply Lenin's conclusion about the role of small production before socialist transformation in Russia to the role of small production after socialist transformation in China is a misunderstanding and a dogmatic interpretation of Lenin's thesis.

The Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China, which was adopted by the Sixth Plenary Session of the 11th Central Committee of the Communist Party of China in June 1981, points out that to think "small production would continue to engender capitalism and the bourgeoisie daily and hourly on a large scale even after the basic completion of socialist transformation" is a misunderstanding and a dogmatic interpretation of Lenin's thesis. To correctly understand this conclusion of Lenin's, we must have a clear idea of the historical conditions in Russia when Lenin raised this thesis and on the historical conditions in China after socialist transformation.

Historical Background of Lenin's Thesis

Lenin put forward this thesis in his *"Left-Wing" Communism, an Infantile Disorder* published in 1920, less than three years after the proletariat had seized political power. At that time, no socialist transformation of the private ownership of the means of production in agriculture had occurred. Although there were organizations of collective economy like agricultural communes and agricultural labour cooperation in the rural areas, they numbered only a very few. The small-peasant economy dominated the national economy and it still maintained connections with the remnant capitalist economy. Under these circumstances, just as Lenin said: "Peasant farming continues to be petty commodity production. Here we

have an extremely broad and very sound, deep-rooted basis for capitalism, a basis on which capitalism persists or arises anew. . . ." (*Economics and Politics in the Era of the Dictatorship of the Proletariat*, October 1919.)

In the first half of 1918, the imperialists collaborated with the Russian landlords and capitalists in launching an armed attack, attempting to smother the Soviet political power in its cradle. Long years of war seriously undermined the Russian economy. There were grave shortages of food and other materials in the country. Sometimes, hungry city workers could only get one-eighth of a pound of bread a day per person, and some days went by without any. Many workers could do nothing but lie down by their machines because of hunger. To ensure grain supply to the front and to city dwellers, the Soviet Government practised a wartime communist policy, which included buying the grain that the peasants did not need for their own consumption and forbidding private trade of grain.

After the October Revolution, land had been distributed among the broad masses of working peasants, and their livelihood had improved. Therefore, they supported the leadership of the Bolshevik Party and wanted to aid the revolutionary war in defence of Soviet political power, so they were willing to deliver their surplus grain to the state. During the 1918-1919 period alone, the peasants handed over and sold 40 million poods of grain to the state.

However, the kulaks and well-to-do peasants undermined this action by selling their grain on the black market at a price 10 times higher than the state purchasing price. They engaged in speculation in order to gain personal wealth. The amount of grain that the speculators sold on the black market equalled the total amount the state bought from the peasants.

Lenin said: "The peasant who has a surplus of hundreds of poods of grain that he does not need for his family and does not deliver to the workers' state as a loan to help the hungry worker, and profiteers under the prevailing conditions of commodity production — what is he? Is he not a bourgeois? Is the bourgeoisie not born in this way?" (*Seventh All-Russia Congress of Soviets*, December 1919).

Lenin thought that a demarcation line should be drawn between the peasant who laboured and the peasant huckster, between the working peasant and the peasant who profiteered. The peasant who laboured and the working peasant delivered their surplus grain to the state voluntarily, and they were the comrades and equals of the socialist workers, their most faithful ally and blood brothers. Those peasant hucksters and profiteers were allies of the capitalists, class enemies of the workers, and exploiters.

When Lenin said that "small production engenders capitalism and the bourgeoisie continuously, daily, hourly, spontaneously, and on a mass scale," he was referring to these practices on the part of the peasant hucksters and profiteers. They were the rich peasants — the kulaks. In the rural areas at that time, acute struggle raged between the poor peasants led by the Bolshevik Party and the kulaks.

Different Social and Historical Conditions in China

China's social and historical conditions after the basic completion of socialist transformation were entirely different from the situation in Russia at that time. After the socialist transformation of the private ownership of the means of production, state and privately owned enterprises replaced capitalist industry and commerce, and individual economy was basically collectivized. Hence, a socialist economy of public ownership held the dominant position in the national economy.

By the end of 1957, 98 per cent of the country's total number of peasant households had joined agricultural producers' co-ops, and 90 per cent of individual handicraftsmen had joined handicraftsmen's co-ops. The vast majority of small traders and pedlars were organized. The broad peasant masses and other individual labourers had become socialist labourers working in a collective way.

In a socialist collective economy, the means of production are owned by the collective and

products are distributed according to work. Thus, the economic conditions for class polarization are eliminated. Socialist collective economy is the economic basis and the material guarantee for the common prosperity of collective members in China's countryside. It is the best form for China to promote the development of the productive forces and to go on to a better and higher form of public ownership on the basis of the developed productive forces. Therefore, socialist collective labourers should not be viewed as individual small producers. Neither capitalism nor the bourgeoisie can be engendered daily, hourly or on a mass scale among the peasants who work collectively.

It is true that backward ideology and habits still exist among the peasantry. Some take any opportunity to wrest money from the state or harm the state or collective interests for their own benefit. This calls for long-term ideological education. Yet backward ideology does not necessarily engender capitalism and the bourgeoisie.

Although the peasants' private plots and sideline occupation bear some characteristics in common with individual economy and are within the scope of small production, they are different from small production before socialist transformation and are attached and supplemental to the collective economy. Not only are the peasants' private plots of small acreage, but the peasants do not own the plots; they only have the right to use them. They cannot buy or sell any of these plots, neither can they rent them out. Sideline occupations are run with the support of the collective economy, and hired labourers and exploitation are not allowed. Neither capitalism nor the bourgeoisie will be engendered out of these.

A tiny amount of individual economy still exists after socialist transformation, but it is different from that before socialist transformation. Before socialist transformation, individual enterprises occupied quite a big proportion of the national economy and, moreover, they maintained a traditional connection with capitalist industry and commerce in production, supply of material and marketing. This situation unavoidably led to polarization.

After the socialist transformation of the means of production, individual enterprises as a proportion of the national economy became very small. In addition, individual economy was no longer connected with capitalist industry and commerce. Small production has never been the prevailing independent social economic

form. It is always controlled by the economic form which dominates. Marx said: "In all forms of society, there is one certain form of production which determines the status and influence of all the others." (*Foreword to "A Contribution to the Critique of Political Economy," 1857.*)

Within socialist economy, where public ownership dominates, individual economy is controlled by the dominant economic sector. It plays its role under the guidance of the socialist economy and as a supplement to the latter. Besides, individual economy depends on socialist economy to supply raw materials and loans and for marketing. Its management is also limited: for instance, it cannot hire large numbers of labourers. Under these circumstances, those who engage in individual economy can no longer become capitalists.

Of course, small producers are still private owners of some means of production. Problems will emerge, in part because they do their business in a scattered way. But so long as ideological education is strengthened and appropriate economic and administrative measures are taken, they can be guided towards healthy development. They will not engender capitalism and the bourgeoisie continuously, daily, hourly and on a mass scale.

The general principles of Marxism are of

universal guiding significance; but the individual conclusions on a certain specific situation by revolutionary teachers of the proletariat are only of relative truth. To apply Lenin's conclusions about small production before socialist transformation in Russia to small production in China after socialist transformation is a misunderstanding and a dogmatic interpretation of Lenin's thesis.

This error led to a series of "Leftist" economic policies and policies on class struggle in China's urban and rural areas. Economically speaking, there always was fear of class polarization among peasants, a fear that those peasants who became rich first would not take the socialist road. Therefore, there was too much rush to elevate the level of ownership. In distribution, an incorrect policy of egalitarianism was enforced and the peasants' private plots and sideline occupation and other individual economy were treated as the "capitalist tail" which should be cut time and again. In the meantime, the peasants were forced to implement "Leftist" economic policies in terms of class struggle. Those cadres and peasants who did not agree with the "Leftist" economic policies were criticized or struggled against as representatives of capitalism or revisionism. This resulted in enlarging the scope of the target of class struggle, thus causing great losses to the socialist cause. □

China Impressions

Medicare and Sanitation Work in a County

by Our Special Correspondent Hua Wen

Dr. Hiroshi Nakajima, who is Regional Director of the Western Pacific Regional Office of the World Health Organization (WHO), recently shared his impressions and opinions about rural medicare and health facilities in Yexian County in east China's Shandong Province with a "Beijing Review" special correspondent. — Ed.

DURING his four-day (November 30-December 3, 1981) stay in Yexian, Dr. Nakajima visited two communes, three production brigades and a commune-run medical centre.

He talked with local cadres and commune members on a wide range of topics. "Medical care in China's rural areas has come a long way and the people's health has also improved," he said, in an interview with a *Beijing Review* special correspondent on December 5 last year, just before he wound up his China visit and left Beijing. "China has already surpassed the average level of the developing countries in this regard," he added. "I'm always concerned with life expectancy and infantile mortality. In Yexian, I found that average life expectancy has passed the 60-year level and infantile mortality has

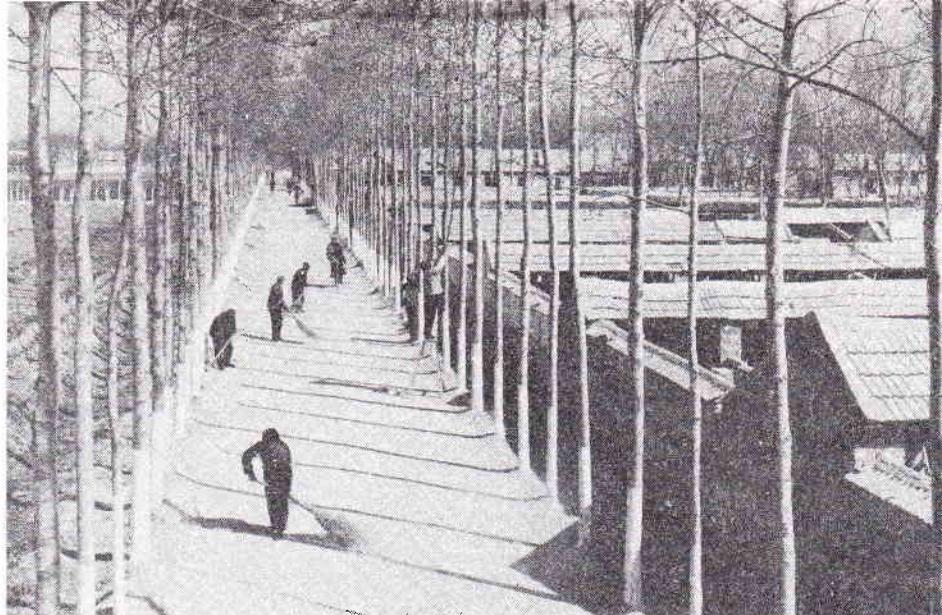


dropped to 11 per thousand. Patients suffering high blood pressure, diabetes, cerebral apoplexy and cancer — all which interest me most — are obviously receiving good medical treatment.”

Located in the northwest part of the Shandong Peninsula on the shore of the Bohai Sea, Yexian is an agricultural county. It has 27 people's communes and a total population of 820,000. Burgeoning industrial and farm production has brought about steady improvement in the people's livelihood since liberation in 1949. In 1980, the county's total grain output was 7.1 times, and peanut output 2.1 times, the 1949 figures. Per-capita income from collective distribution averaged 184 yuan and annual grain rations reached 540 *jin* (one *jin* equals half a kilogramme) per capita. Marked changes have also taken place in the county's medicare work. The medical service network covers three levels: county, commune and production brigade. There were only two county-owned hospitals, but now there are 29. Each commune has its own medical centre and each production brigade its own clinic. “During my visit,” said Dr. Nakajima, “I realized that the Chinese Government's policy of developing the three-level medicare network, with each county as its centre, is correct.

“In the commune-run medical centre I visited, medical expenses are lower than in other countries. For an appendectomy, the patient pays only eight yuan (approximately five US dollars). Medicines are also very cheap. But some locally made medical apparatuses, such as X-ray machines, are expensive compared with other countries.” He pointed out that Yexian County is also doing a good job in training barefoot doctors. According to him, half of the county's 2,000 barefoot doctors recently passed professional tests.

During his visit to the communes and production brigades, Dr. Nakajima took a close look at family hygiene. He found that family hygiene in Yexian is much better than in the Malu People's Commune on the outskirts of Shanghai and the villages in Conghua County near Guangzhou, which he visited a few years ago. Dropping in on a dozen or so families, he



Cleanup time in Yexian County.

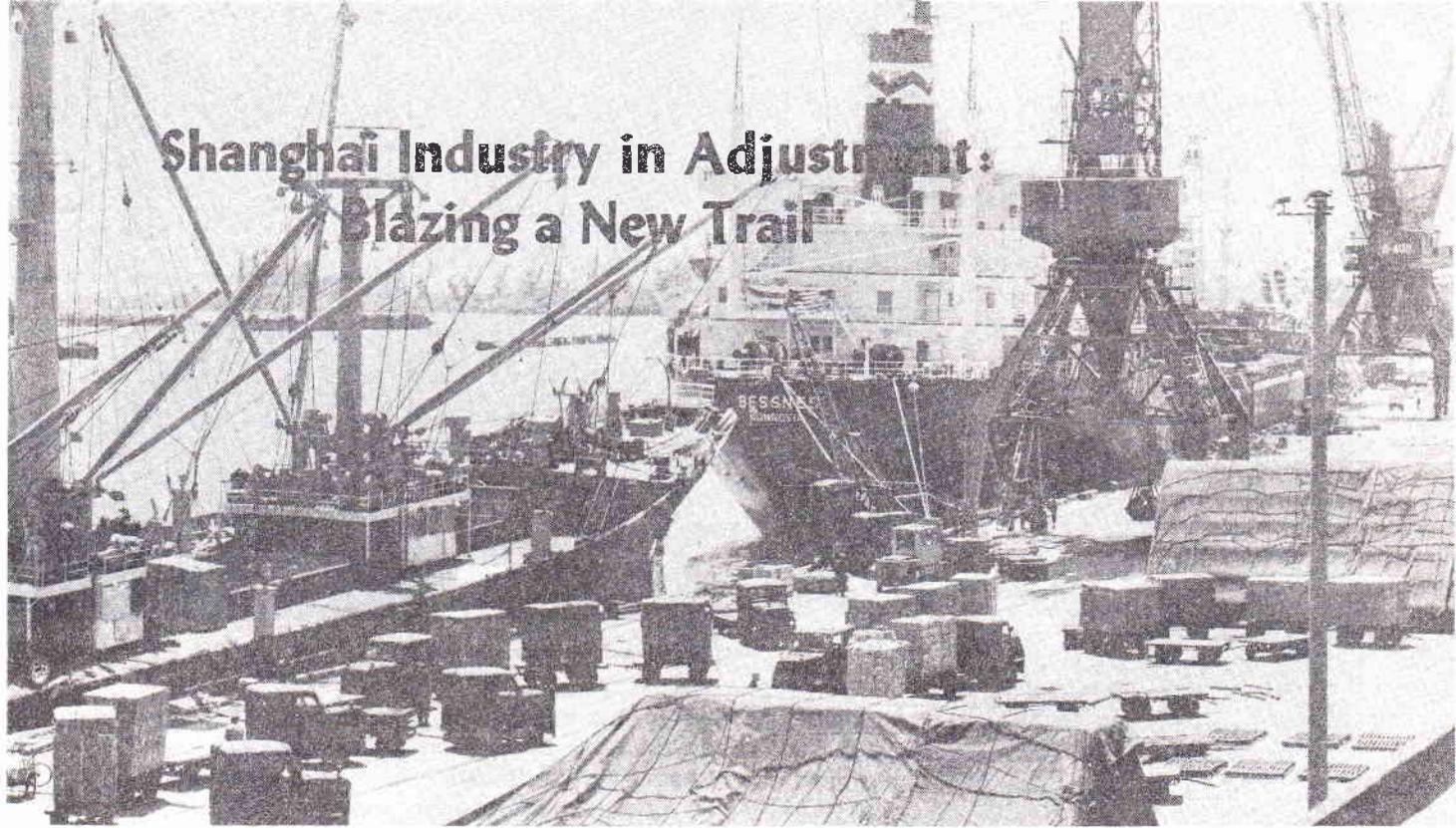
noticed that many commune members reside in new houses. Each family generally has four rooms — two bedrooms, one sitting room and one kitchen or storehouse — with a floor space of 40-60 square metres. All the bedrooms face south. In addition, each family has a toilet, a pigsty and a chicken house. Each courtyard also has a well equipped with a hand-operated pump. “Family hygiene in Yexian County is indeed very good and the children in the families I visited are obviously well-fed,” said Dr. Nakajima.

“Yexian's experience shows that the improvement in the medicare and environmental sanitation in the rural areas is closely linked with the development of the rural economy,” he added. According to him, medical care expenses for members of the three fishing brigades that are better off than the farming brigades are covered by the public welfare funds.

When asked what remains to be done regarding rural medicare and sanitation work, Dr. Nakajima suggested that medical facilities at the higher level be improved. Hospitals at the county level should be gradually expanded with government support and this is the key link in raising the level of medical service in the countryside. He also said drinking water in China leaves much to be desired. Although the pump wells in Yexian County produce clean water, in most places sanitation conditions for drinking water are not satisfactory.

He also suggested that more be done to prevent and treat rheumatism and rheumatic fever, both of which are serious problems among children in Yexian County. □

Shanghai Industry in Adjustment: Blazing a New Trail



by Our Correspondents Xia Zhen and Jian Chuan

The ongoing drive for all-round economic readjustment and management restructuring is leading the national economy on a new road of development at a realistic pace and with better economic results and more benefits for the people. "For better economic results" is the central idea of the new trail.

This new road has been studied and explored since the economic readjustment and transformation began three years ago. The following reports may help our readers understand how Shanghai is moving along this new road.

THE new road for better economic results is being travelled in Shanghai, which, as our previous reports show, has won national recognition for the economic results it has achieved. But developments in China's modernization drive pose a host of new problems for this metropolis.

Ceased To Be the "Marshal"

In the two decades beginning 1958, the iron and steel in-

dustry was given top priority for development over the other industrial departments in China. Hence it acquired the good name "marshal." Wherever the "marshal" went (i.e., wherever an iron and steel plant was to be built) during that period, the green light was always given to "him." Most of the products, however, were used in heavy industry and not much benefit was brought to the people because only a very limited quantity of rolled

steel was allotted for consumer goods production and the varieties and specifications were not all suited to needs. So people described this "marshal" as "indispensable but inoffensive and unreliable."

Now the iron and steel industry has ceased to be the "marshal" and has begun to serve light industry, the market and the people's livelihood. Such a change is seen as a fruitful re-

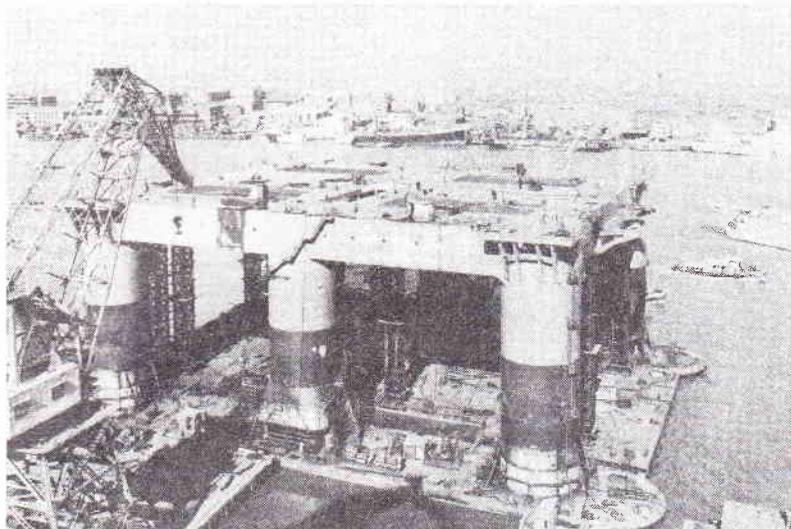
durable consumer goods in order to supplement the overburdened light industrial enterprises.

Some claim that the change in the service reorientation of heavy industry is "going from one extreme to another." But experts believe it is a correct measure towards restoring a normal relationship between the production of capital goods and the production of consumer goods, in which the two exchange with and supplement each other, a relationship that has been disrupted for a long period of time.

Industrial Restructuring and Technical Transformation

To remedy the past one-sided emphasis on accumulation and to improve the people's livelihood, Shanghai has readjusted the ratio between the economic sectors and strengthened the consumer goods producing sectors, such as light industry, textile industry and handicrafts. Ten machine-building factories have switched to the production of bicycles, sewing machines and other consumer goods in short supply on the markets. In addition, efforts are being made to produce new metal materials, macromolecular compounds, petrochemicals, computers and precision meters. All this is intended to rationalize the makeup of raw materials, the product mix, the industrial structure and the organization of enterprises and to streamline their management.

The current industrial restructuring is the fourth one Shanghai has witnessed since 1956 when the city basically completed socialist transformation. Each restructuring, which has assumed the form of reorganizing and technically transforming existing enterprises,



China's first semi-submerged offshore oil rig, built by the Shanghai Shipyard.

sult of the economic readjustment.

Over the last few years, with the reduction of heavy industrial capital construction and the important place given to consumer goods production, Shanghai's metallurgical industrial department has taken the initiative to fulfil the needs of light, electronic and machine-building industries. In May 1979, at a meeting in Shanghai to receive customer orders for rolled steel, the department vowed to do everything possible to satisfy the customers' needs for whatever specification and quantity of products, regardless of the profit.

In the last three years, Shanghai's metallurgical department has provided light industry and markets with one million tons of rod wire, strip steel, steel sheets, welded steel tubes and other kinds of merchant bars. Shanghai can now provide over 90, instead of 80, per cent of the rolled steel it needs.

In 1981, the state quotas were cut by a big margin for the Shanghai No. 5 Steel Plant which produces special steel. To rearrange its production, the

plant investigated the market in 25 provinces and cities and discovered that its sales were shrinking because the variety and specifications of its products did not cater to the customers' needs.

The plant then developed more than 80 new products and was willing to fill all orders, including alloy steel for clock and watch parts or products less than one ton. The number of customers has increased from 1,600 to 2,700, and the workers no longer worry about being out of work.

"Reorientating our service, increasing the output of products that sell well on the market and improving our marketing—these have revitalized the production of special steel in our plant," said Zhang Yi, director of the No. 5 Steel Plant.

Shanghai's machine-building industry once completely equipped new factories: now it aids the technical transformation of existing enterprises, especially those in light industry. Some machine-building factories even used part of their surplus capacities to produce



The merger of the Shanghai "Harvest" Tractor Plant with the Shanghai Bicycle Plant to form the Shanghai Yongjiu (Forever) General Bicycle Plant will boost bicycle output by a big margin.

achieved pronounced results with low capital construction costs.

The Shanghai Bicycle Company is a case in point. When this company was set up in 1956, it had only 496 small factories, 7,100 workers and staff members and an annual production capacity of 180,000 bicycles. The company has undergone restructuring on four occasions in accordance with the principle of specialization and co-operation and now has four assembly factories, 12 accessory factories and two others, one research institute, one supply and marketing department and one workers' college.

The company has 14,300 on its payroll and in 1981 it produced 4.10 million bicycles. It can produce 50 kinds of bicycles compared with only one kind in its early days. At eight of the 13 national conferences to appraise the quality of bicycles, the company's "Fenghuang" (Phoenix) and "Yongjiu" (Forever) bicycles were rated No. 1.

Technical transformation of existing enterprises goes hand in hand with industrial restructuring. Under the past irrational management system, enterprises had no financial resources for equipment replacement, and technical transformation was accomplished mainly by relying on the efforts of the workers and technicians. In the last 25 years, workers and technicians in the Shanghai Bicycle Company have developed 41,000 technical innovations, produced 1,300 pieces of special-purpose equipment and mechanized 80 per cent of the production processes (40 per cent of them automated or semi-automated). Formerly, only 20 per cent of these processes were mechanized. This reflects light industry's difficulties on the one hand and demonstrates the spirit of self-reliance on the other. (Things have been picking up since 1981 when heavy industry began to increase the supply of metal materials and equipment to aid light industry.)

In 1956-80, the Shanghai Bicycle Company contributed

2.800 million yuan to the state revenue in taxes and profit. During this period, it received only 32.6 million yuan from the state for capital construction, which it could repay with the profit made within a month and a half.

Multiple Forms of Economic Integration

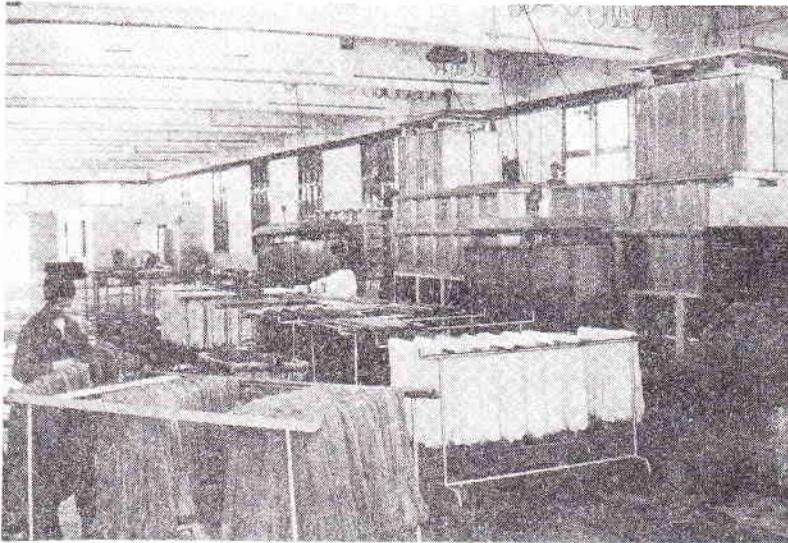
Shanghai's experience proves that co-operation creates a new productive force.

The municipal handicrafts bureau specializes in the production of daily necessities and art pieces. With the improvement of the people's livelihood and the development of foreign trade brought about since economic readjustment work began, the bureau has seen burgeoning development. The key to its success lies in the integrated economic units it has organized on the principle of voluntary participation and mutual benefit. Such integrated units assumes various forms such as:

—Corporations that combine two kinds of production capacity—the first are factories organized on the principle of division of labour along specialized lines whose products enjoy a brisk market but whose capacity falls short of the demand; the second are factories producing similar products but operating under capacity. The bureau now has 14 such corporations;

—Combined management of state-owned and collective enterprises for developing urgently needed products without changing the ownership of the participating enterprises. There are 30 units under such management;

—Integrated production of municipal-owned factories with that of the factories run by the



This dyeing and finishing workshop was built and put into production by the state-owned Shanghai Woollen Mill in co-operation with a collective enterprise.

neighbourhood committees or by people's communes in the suburbs, with the participants sharing the investment. The bureau has set up 58 such units:

— Compensatory trade or cooperative production with other areas of the country. Twenty-four such projects are now going on;

— Investments with other provinces and municipalities in setting up integrated marketing centres. This is also intended to give full play to the market's role in regulating the economy under the guidance of state plans;

With less investment and more speed, these integrated economic units and projects have helped expand the production of goods in high demand for both the domestic and international markets by breaking with the customary practice in which each region or department manages its own enterprises. They are also conducive to organizing production rationally. As a result, total output value of the municipal handicrafts bureau increased 27 per

cent in 1980 and 6.8 per cent in 1981. Output of washing machines, sewing machines, "Hua-sheng" electric fans and minibicycles — all badly needed in the market — has vastly increased.

Into World Market

With the adoption of the open-door policy in recent years, how can Shanghai's traditional ties with foreign countries, its relatively solid industrial basis and its strong scien-

tific and technical forces be used to expand exports? How can a greater number of heavy industrial products be put on the world market to maintain the balance of trade? These questions figure prominently in the period of national economic readjustment.

Shanghai's shipbuilding industry has excellent export prospects. Orders for freighters received from foreign customers by the end of October last year, with a total deadweight capacity of 500,000 tons, will keep Shanghai's shipyards busy until the end of 1983. The metropolis' five sizable shipyards are capable of building and repairing freighters up to 80,000- and 25,000-ton class respectively. The shipyards also provide good conditions for scientific research and industrial experimentation. The past scattered management resulted in much waste of the shipbuilding resources. To rectify this situation, the newly established Shanghai Shipbuilding Company is putting them under unified management.

The Shanghai Machine Tools Plant, renowned for its heavy-duty, high-precision grinding



Li Gentong (second from left), director of the Shanghai Machine Tools Plant, and foreign visitors watching a universal cylindrical grinder.

machines, is quickly expanding its exports. With sophisticated equipment, buildings, means for trial runs and other testing, the plant's 6,000 workers and 650 engineers and technicians produce 2,000 machines every year. These range from grinding machines (each weighing 100 tons) for processing rollers and crankshafts up to eight metres long, to high-precision thread grinders, gear grinders and digital grinders. Its products have been exported to 40 or so countries and regions. In 1981 it exported 144 machines in 19 varieties and its total export value was more than triple that of 1980. Of this, 58.3 per cent was earned from the plant's first sales to Europe and North America, and 22 per cent from sales to Australia, New Zealand, Japan and Xianggang (Hong-kong).

The Shanghai Machine Tools Plant has sent representatives to investigate the needs of the North American and European markets and learn their business practices; at home they also hold trade talks with visiting businessmen. The plant has maintained contacts with 56 foreign companies. In its daily work, the plant emphasizes updating designs, developing more varieties, improving management and training workers and technical personnel. A series of strict product quality control measures have been taken and major products are undergoing value engineering and value analyses. In 1980, the plant became one of the first enterprises under the machine-building department to trade directly with foreign countries.

"Exports and business ties with foreign countries keep us abreast of the situation in the world market and in technical development," said Li Gentong, the director and chief en-

gineer of the plant. "They also enable us to see clearly the strengths and weaknesses of our products and to improve our technology and management accordingly. But trade with foreigners on the principle of equality and mutual benefit is still new to us. We never bothered about selling our own products before — our government took care of it. Now we are required to do business ourselves. We'll get better at it as long as we keep learning."

This 64-year-old machine-building expert has spent 30 years developing the Shanghai Machine Tools Plant. He personally gives lectures and oversees efforts to train workers and staff in their vocational work.

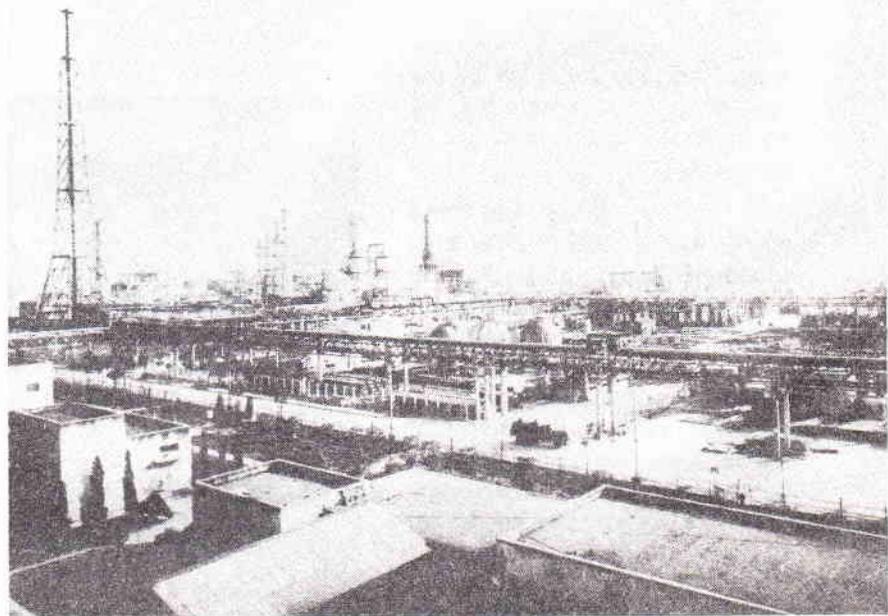
Modernize Management

The key to modernization is people. Sophisticated equipment can be bought, but it won't help if the "hardware" operator lacks modern ideology,

skills and knowledge in management.

One of China's largest new enterprises is the Shanghai Petrochemical General Works in Jinshan County, equipped mainly with modern machinery and technology bought abroad which produces more than 100,000 tons of chemical fibres every year. From the very beginning its workers and staff have received careful job training in techniques and management. They mastered the operational techniques of the installation which has a closeknit production line, complicated technology and a high level of automation shortly after the first-stage project was commissioned in 1979. The 2,200 million yuan investment in this project were recovered in two and a half years.

The workers and staff in this plant are trained both on the jobs and in technical classes. Overhauling the equipment, which takes place once a year, provides them with an oppor-



The Shanghai Petrochemical General Works in Jinshan County.

tunity to learn equipment installation and maintenance skills from experts. The plant has a polytechnic school, a workers' spare-time college and a secondary technical school, in which workers and students master the functions and operation of equipment and learn how to fix a breakdown. A young worker named Ye Sheng-tu can, without looking, tell the names and functions of all the valves and pipes (totalling 2,000 metres) under his charge.

The Shanghai Petrochemical General Works has also established a design and a research institute where 500 technical personnel study installations bought from abroad so that they can improve upon them.

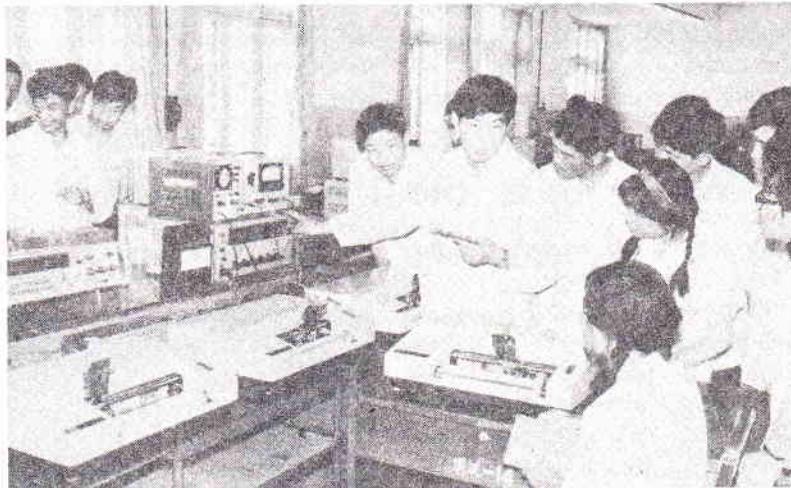
With the director in charge, the general works also has an effective system to direct the production. Arranging production plans in light of actual conditions and dispatching the work force flexibly, this directing system ensures sustained and safe operation at each installation.

In 1980, scurrying rats on a switchboard caused a breakdown in the plant's generating sets, and many installations stopped work as a result. Emergency measures were taken and the machines started to work again within 20 hours.

This accident served as a lesson for all. It also tested the ability of the workers and staff in operating a modern enterprise. The plant launched a campaign to wipe out rats. Thus a bad thing was turned into a good thing.

Tap the Talent

The national drive for four modernizations needs people well versed in both modern technology and management.



Laboratory work is one important aspect of the training programme of workers' spare-time schools.

Many important enterprises in Shanghai have put the training of the workers and staff high on their agenda. They have set up special organs to take charge of training, allotted more funds, mapped out training plans, expanded schools and added new teaching facilities. Many leading members give lectures themselves and many attend the training schools.

The Shanghai Refinery beside the Huangpu River has 5,000 workers and staff and its highly automated equipment refines 4 million tons of crude oil every year. Its workers' training department has 84 full-time teachers, some part-time teachers and 18 teachers invited from Shanghai's colleges and universities, who teach in its workers' technical school, short-term training classes and workers' college. In 1981, it spent the large sum of 150,000 yuan for workers' training.

Beginning in 1978, the refinery has grouped its workers, according to the production needs and the workers' technical levels, into 34 training classes where they systematically study management, operation, safety measures and electric meters maintenance. Techni-

cians are also given opportunities to polish their technical know-how and study foreign languages. Thus every one in this refinery has the chance to learn, as ensured by a 1979-85 training programme. In 1980, 3,600 people, or 70.6 per cent of the total number of workers and staff, attended 99 classes.

The refinery's leaders attach great importance to the workers' training and makes frequent checkups on the implementation of the training programme. For example, the committee secretary attends classes given by the chief engineer.

The training of all the workers and staff has helped improve the refinery's management and ensured safety in production. In 1980, production accidents dropped 25 per cent as compared with the previous year and the economic losses incurred by accidents were reduced from 112,000 to 3,000 yuan. Power consumption decreased from 875,500 to 770,900 kilocalories per ton. At a national conference of the chemical industry, the Shanghai Refinery won four citations for its outstanding progress in product quality, energy conservation,

management and workers' training. In 1981, crude oil supply was cut by 7 per cent, but the refinery's total output value kept its previous level, with a slight increase in profit.

Where Does the New Road Lead?

by He Haosheng

Will the economic readjustment now under way in China lead to a "form of laissez-faire capitalism" as some foreigners speculate? This question is answered by He Haosheng, a responsible member of the Shanghai Economic Research Centre, as follows. — Ed.



WITH the step-by-step reform of the economic system since the Third Plenary Session of the 11th Party Central Committee in December 1978, China has greatly adjusted its economic policies in the spirit of seeking truth from facts. This has evoked a variety of reactions and speculations abroad. Some foreign press suggested that China may adopt a form of laissez-faire capitalism — the kind of economic mix that prevails in most Western countries — while at the same time retaining its communist slogans. I think that is a gross misunderstanding.

When approaching a problem one should grasp its essence. The mixed economies in Western capitalist countries is, in fact, a mixture of government-run enterprises and capitalist-owned enterprises; it is a mixture by which the state interferes with the economic life and the spontaneous tendencies of capitalist enterprises. Such a mixed economy is in essence a market economy based on a private system of ownership. China's economic readjustment, however, is aimed at gradually rationalizing its own economic structure by changing the

system of management and the method of administration of the socialist economy, not by changing its nature. The three basic characteristics of the socialist system have not changed and will not change.

Public Ownership of the Means of Production

In ownership structure, we have corrected the deviations of limiting the development of the collective economy, pushing too quickly for the abolition of the individual economy and blind pursuit of a high level of socialization. We now allow the development of diversified economies and advocate multiple methods of management. This is appropriate because the developmental level of our productive forces is uneven and still rather low and because it facilitates economic development in light of local conditions, opens up broad avenues for increasing production and creates more job opportunities.

Chinese urban and rural collective and individual economies have developed somewhat in recent years. Larger private plots have been allotted to peasants in the collectives, and family

sideline occupations are being protected. In addition, there are some joint state-owned and collectively owned enterprises and joint ventures with Chinese and foreign capital. All these have effectively stimulated economic development. Nevertheless, state-owned and collectively owned enterprises still dominate the national economy as a whole, while individual enterprises and other economic forms account for only a very small proportion.

Shanghai, for instance, had only 11,000 private enterprises at the end of 1980, the bulk of which were engaged in commerce and service trades. Their volume of business was less than one-thousandth of the city's total turnover from retail trade. Peasants' family sideline occupations accounted for only 9 per cent of the gross agricultural output value (it was higher in other localities). Obviously, the reforms have not altered and will not change the basic pattern of socialist ownership.

On Distribution According To One's Work

The socialist principle of distribution, "to each according to his work," is being better implemented with the economic reforms. In order to correct the long-standing deviation of egalitarianism in distribution, China's rural collectives have widely adopted the responsibility system in production in which wages are based on production. Similar economic responsibility systems have also been introduced in urban industrial and commercial enterprises (for example, profit sharing). Bonus systems for encouraging over-fulfilment of production targets, and piece rate wage systems have been instituted for workers and staff members.

In the course of reform, we adhere to the principle of giving consideration to the interests of the state, the collective and the individuals. Of the profits created by the 1,400 Shanghai factories which have adopted the economic responsibility system, 92 per cent were turned over to the state and about 8 per cent were retained by the enterprises and their workers and staff members. The portion kept by the enterprise was used mainly to increase production and improve the collective's welfare. An individual worker's total annual bonus generally equalled his average bimonthly income. Of course, the actual gains of an enterprise and the amount of a worker's income varied with the success or failure of management and the volume of production. These differences are unavoidable at the present stage. The responsibility system encourages the advanced and spurs the backward to catch up. Its effect is to constantly raise the production level of the enterprises and the society as a whole.

Planned Economy

The planned economy is closely linked with the socialist ownership of the means of production. But as a result of over-concentration of planned management, too many and too rigid restrictions were imposed on the enterprises, supply and demand were not co-ordinated. To overcome this defect, we continue to pursue a planned economy while simultaneously regulating production according to market demand. Specifically, we have initially enlarged the enterprises' power of self-management in arranging production and selling products, and are gradually adjusting the scope and extent of planned management.

Several methods are applied

to planning an enterprise's production, depending upon the importance of its products, and the particular economic sector it belongs to. For example, direct planned management is prevalent in the state-owned enterprises (production targets are determined by state planning and are not optional); indirect planned management is applied to collective enterprises (contracts for production and marketing or for purchasing and marketing are arrived at mutually between state-owned enterprises and collective economic units); free production is allowed for individually run enterprises (there is no state involvement in production decisions).

The state issues instructions for the production of goods which affect the national economy and people's livelihood and for the production and distribution of strategic materials. State guidance, allowing for some decisions by the enterprise itself, is utilized for the many varieties of ordinary products. Enterprises are allowed to freely produce secondary, small products. When an enterprise has fulfilled the state targets for products under instructive plans, it is allowed to increase production and sell its products freely according to market demands. These measures will improve the system and methods of planned management so as to meet the needs of society, without negating the planned economy. It is necessary to continue to strengthen planned management of key projects and of the major proportionate relationships between agriculture, light industry and heavy industry and between accumulation and consumption.

In recent years, an increasing portion of production and circulation has been regulated ac-

SPECIAL FEATURE/NEW TRAIL

ording to market demands in Shanghai. In 1980, for example, the output value of some industrial goods produced outside the state plan according to market demands accounted for about one-third of the city's total. Another one-fourth came from the retail trade of products not appropriated under the state plan but sold in the market by the enterprises themselves. Clearly, the planned economy still predominates.

As historical materialists, we do not deny the tremendous progressive role the laissez-faire capitalist economy has played in history. The socialist economic system was established in China only 30 years ago. The systems of management and distribution are imperfect and will be improved through constant summation of experience in the course of practice. At the same time, we should absorb the technical achievements and management experience accumulated over the hundreds of years of capitalist economic development and, in the light of China's conditions, we should analyse how to select, assimilate and use them. But one point is clear: In the course of readjustment, we will not turn back nor will we establish a laissez-faire capitalist system; we will establish a new system of socialist economic management which conforms to the system of democratic centralism and suits China's conditions and modernization requirements. □



OCEANOGRAPHY

Rare Discovery in Central Pacific

Three Chinese oceanographers have discovered rare microtektites with the composition of Darwin glass in deep sea sediment cores.

The three scientists, Peng Hanchang, Zhao Kuihuan and Chen Suitian, who are assistant researchers from China's First Institute of Oceanography, discovered the rare, extraterrestrial objects in cores obtained during a 1979 expedition.

"As far as I know, you are the first to find microtektites with the composition of Darwin glass," wrote John A. O'Keefe, geophysicist of the US National Aeronautics and Space Administration, to the Chinese scientists after learning of their discovery.

The rare microtektites, which were discovered in cores taken from 5,000-metre-deep cores obtained at 3 degrees N., 165 degrees E.; 5 degrees N., 165 degrees E. of the Pacific Ocean, are silica-rich. One of them is similar in composition to "Darwin glass," which was initially identified about 150 years ago.

Tektites range from dozens of microns to about 10 centimetres in diameter and microtektites are less than one millimetre each in diameter. They are important for the study of outer space, the origin of planets, artificial celestial bodies and astronomical devices. Scientists from many

countries devote strenuous efforts to finding them.

The first tektite was found by the British biologist Charles Darwin during his five-year (1831-36) global survey of wildlife. He found it on an island in the Pacific south of Australia. Its composition and surface texture of flanges, pits and ripples completely differed from anything found on earth. The object was accepted by scientists as a standard tektite and was subsequently named "Darwin glass" or "Darwin tektite." It is now in the collection of a geological institute in London.

Tektites have been found only in the four definite areas of the Australian, North American, Ivory Coast and Czechoslovakian strewn-fields since the 19th century. Many scientists believe that tektites may have been formed by substances from volcanic eruptions on the moon. Other scientists hold that they are substances that resulted from the collision of huge meteorites with rocks on the earth.

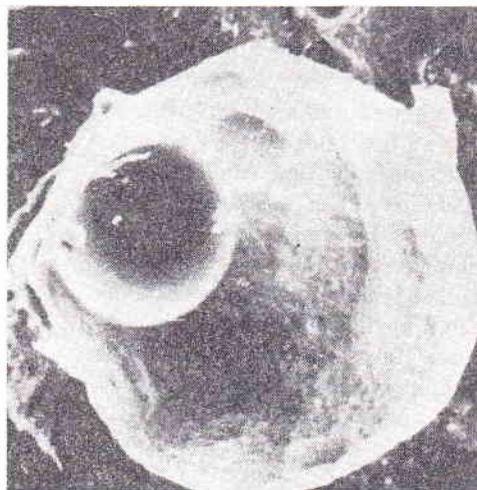
Marine Pollution Study

Petroleum is the principal pollutant in China's coastal

waters. Discharges from oil refineries and oil tankers as well as increases in offshore oil prospecting and exploitation constitute the primary sources of pollution.

China started its study of marine pollution in 1972 and over 100 surveys have been conducted, covering 380,000 square kilometres of water. According to data received from 4,700 monitoring stations, some parts of Bohai Bay and the East China Sea are rather seriously contaminated. Although this constitutes a threat to marine life, the situation can still be reversed.

Bohai, an inland sea with a low self-purification capacity, is surrounded by heavy industrial centres and oilfields. It has been given a priority rating in marine environmental protection. Efforts have been made during the last few years to minimize oil pollution. Shengli Oilfield, the second largest in China, is located along the southern bank of Bohai Bay. It has 16 facilities for treating polluted water and 94 per cent of the effluent can be caught. The Qilu Petro-Chemical Company in Shandong Province has recycled 50,000 tons of crude oil from its two waste water treatment installations during the past three years.



Scanning picture of a microtektite with a diameter of 0.26 millimetres.

MEDICINE

Computers Replace Doctors of Traditional Chinese Medicine

Doctors of traditional Chinese medicine no longer need to be face to face with their patients to make diagnoses. Now, even if the doctors are absent, patients can still be diagnosed

and treated, through the use of a new method developed by China's medical and scientific and technological circles in recent years. The rich experience of individual veteran doctors of traditional Chinese medicine is now stored into computers.

Beginning in 1979, the Beijing College of Traditional Chinese Medicine, in co-operation with the Automation Research Institute of the Chinese Academy of Sciences and the Beijing No. 2 Medical Institute, worked out the first computer software for diagnosing hepatitis and prescription by placing Dr. Guan Youbo's experience on computer. In December that year, this formula was appraised and approved by both doctors and computer experts and it won first prize among Beijing's scientific and technological accomplishments in 1980.

Medical workers and computer experts across the nation attended special classes held in the Beijing College of Traditional Chinese Medicine in August 1980. The use of computer treatment was studied and publicized in more than 20 hospitals and automation research institutes in Beijing, Shanghai, Nanjing and other places. Drawing on the knowledge and experience of Fang Zhixuan, a veteran doctor of traditional Chinese medicine, the Beijing College of Traditional Chinese Medicine wrote a programme for diagnosing vasculitis that was put into use in May 1981. Computer programmes for diagnoses and treatment of rheumatism based on work by dermatologist Zhao Bingnan and associate professor Wang Weilan are also in process. A programme for treating patients of orthopaedics has been edited by the Fujian College of Traditional Chinese Medicine where satisfying results have been

obtained using the treatment in outpatient service.

Over 2,000 people have already been treated by computers in China's medical departments. Computer prescriptions are over 95 per cent accurate.

ENERGY

Achievement in Utilizing Solar Energy

Two hundred and seventy papers presented at the 1981 annual meeting of the Chinese Society of Solar Energy in Hangzhou, capital of Zhejiang Province, indicate that China has made new progress in research on the utilization of solar energy.

The country now has 30 factories producing solar heaters, with an annual output of 50,000 square metres in surface capacity. At present, 100,000 square metres of solar heaters are in use nationwide. Apart from bathrooms of army units and government organizations, service trades like barber shops, restaurants and hotels, some rural areas also have popularized household solar heaters. Solar heaters have been used to provide lukewarm water for industrial and agricultural production in Tianjin, Beijing and Henan Province.

Solar stoves are particularly welcomed in northwest and north China which have long hours of sunshine in the summer, and in remote and pastoral areas where fuel is insufficient. Some peasants even give solar stoves to their daughters as dowries.

Since 1971 when China successfully used solar cells in its first satellite, these cells have been used as the electrical

source for navigation lights on the Xisha Islands and along the East China Sea coast. They are also used in the railway signaling system, microwave relay stations, astronomical observatories, meteorological stations and on electric fences in pastoral areas. New technology to improve efficiency and lower production costs is being developed.

Solar energy research is continuing at 27 institutes, universities and colleges throughout China, pursuing fields such as solar heated houses, manufacture of solar desiccators, solar power generation and the transforming and storage of solar energy. Since 1979, several experimental solar heated urban houses in Beijing, Gansu and other places have been built, including one five-story building.

(Continued from p. 8.)

firm attitude taken by the British Government led by Mrs. Thatcher in containing the hegemonist ambitions of the Soviet Union. He said: "Britain has worked energetically to promote the growth of the European Community and ensure that it will speak with one voice to the outside world. This is of positive significance to the efforts made by Europe to gain strength through unity."

Lord Privy Seal Atkins said in his toast: "Despite the great differences between our political and economic philosophies, Britain and China share a wide range of common interests, in particular an overriding interest in the preservation of world peace and a common determination to uphold the principles of sovereignty by resisting expansionism and aggression from any source. It is therefore important that we continue frequently to exchange our ideas in these and other areas."

Books

Introduction to Vol. I Of "Selected Works Of Liu Shaoqi"

Selected Works of Liu Shaoqi,
Vol. I (in Chinese)

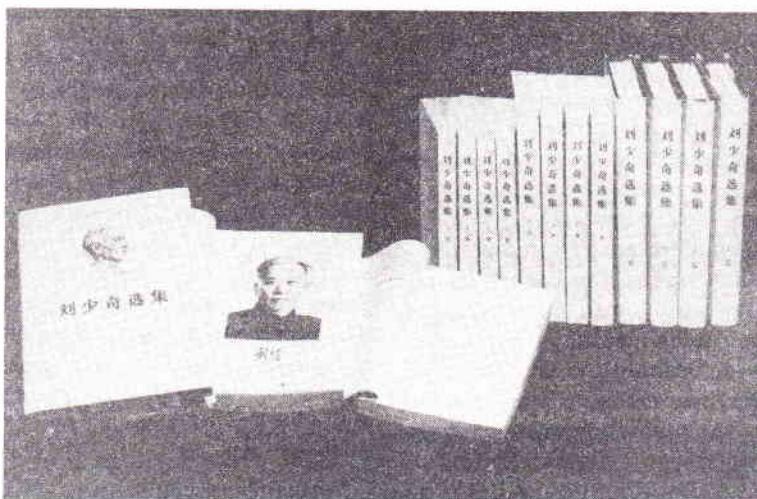
《刘少奇选集》上卷

Published by the People's
Publishing House,
Distributed abroad by Guoji
Shudian (China Publications
Centre), P.O. Box 399, Bei-
jing, China

Selected Works of Liu Shaoqi,
Vol. I, edited by the Editorial
Department on Party Litera-
ture of the Central Committee
of the Communist Party of

China and Chairman of the People's Republic of China. This book reflects his outstanding achievements and devotion to the Chinese people's liberation cause. It records his outstanding contributions to the formation and development of Mao Ze-dong Thought, which is the crystallization of the Party's collective wisdom, and embodies the rich experiences gained by the Party and people in their heroic struggles over the decades.

Liu Shaoqi was one of the outstanding leaders in the Chinese workers' movements dur-



China, includes important works written during the new-democratic revolution (1919-49). It contains 38 articles concerning workers' movements, underground work, Party building, the united front and armed struggle.

Comrade Liu Shaoqi (1898-1969), a great Marxist, proletarian revolutionary and theorist, was Vice-Chairman of the Central Committee of the Com-

ing the First Revolutionary Civil War (1924-27). This book contains three articles written during that period. One of them, "The Position of the Working Class in the Revolution and the Policies of the Working Class Movement," was the concluding part of the report he delivered at the Third National Labour Congress during May 1926 in Guangzhou. The article pointed out: The

working class is the leading class in China's national revolutionary movement; the peasantry is the natural ally; the petty bourgeoisie an important revolutionary force; the bourgeoisie may take part in the revolution but it cannot carry the revolution to completion; the working class should guard against its possible betrayal of the revolution. The imperialists and warlords were the targets of the national revolution. The article stressed that the working class should strengthen economic struggle in the movement against the imperialists and warlords and form an alliance with the working class of the world.

During the Second Revolutionary Civil War (1927-37), Liu Shaoqi participated in the Party's underground work in the Kuomintang-held areas. He rejected Wang Ming's "Left" errors and put forward correct proposals for preserving and developing the Party's revolutionary forces in the White areas. In 1936, Liu Shaoqi was sent by the Party Central Committee to the anti-Japanese frontlines, Beiping (now Beijing) and Tianjin, to co-ordinate the Party's work in north China and publicize the Party's new anti-Japanese national united front policy. Many of the articles he wrote during this period summed up the Party's experiences in the White areas. Nine of them are included in this book.

"Criticism of the Policy 'Withdraw From the Scab Unions'" written in January 1932 pointed out that politically conscious workers should join the scab unions where there were masses, get close to them, win them over, carry out patient, arduous and long-term work among them and accumulate strength in the White

areas so as to expand the revolutionary ranks and attack the main enemies.

"Eliminate Close-Doorism and Adventurism" written in April 1936 emphasized that the broad national revolutionary united front had become decisive for the Party to lead the Chinese revolution to victory and that it was necessary to lay bare the mistake of close-doorism and effect a change in the Party's tactics.

Written in November 1936, "Leadership Is the Central Question in the National United Front" pointed out that before the national united front was formally established, the main danger was the "Left" idea of rejecting the united front while after its formation, the main danger was the Right idea of abandoning and neglecting the seizure of leadership, and that it was necessary to pay great attention to tactics of struggle in the united front work.

"On the Party and Mass Work in the White Areas," a report delivered at a Party conference of representatives from the White areas held in Yanan in May 1937, stressed the need to effect a thorough change in the Party and mass work, and to liquidate the "Left" close-doorism and adventurism which many comrades believed to be correct for long years.

During the early and middle periods of the War of Resistance Against Japan (1937-45), Liu Shaoqi penetrated far behind enemy lines where he fruitfully led the anti-Japanese war in the north and central parts of China. He returned to Yanan in 1943 to take part in the leadership of the Party Central Committee. Seventeen

articles written during this period are included in the book.

"How To Be a Good Communist," a speech given at the Marxist-Leninist Academy in Yanan in July 1939, was published and distributed many times after 1943. After nationwide liberation in 1949, it was published and distributed in many foreign languages, including English, Russian, Japanese, French, German and Spanish. This work was designed to inform Party members about the need to foster a communist world outlook. The article suggested that Party members should engage in Marxist-Leninist theoretical study in order to better serve the people and the revolution. It constitutes an enrichment of the theory of Marxism-Leninism and Mao Zedong Thought on Party building.

"On Inner-Party Struggle" was a speech delivered in July 1941 at the Party school of the Central China Bureau of the Party Central Committee. The article puts forward a set of principles regarding inner-Party struggle. It points out that such struggles should be conducted with responsible attitudes towards the Party and the revolution. While it was necessary to draw a clear line of demarcation of ideological principle in inner-Party struggle, one should try as far as possible to adopt a gentle method and a sincere and frank attitude and avoid taking disciplinary measures. One should have the sense of propriety in his criticism of Party organizations, comrades and work. It was necessary to provide comrades who were punished with every possible opportunity to appeal to higher authorities. Unprincipled disputes within the Party were prohibited. All these principles were effective weapons

for correctly conducting inner-Party struggles.

"Report on Six-Year Working Experience in North and Central China," written in March 1943, was a report about the Party's work and experience gained in north and central China during the War of Resistance Against Japan. It was important literature for those studying Party history and summing up historical experiences.

"On the Party" was the first, second and fifth parts of the report on the revision of the Party Constitution delivered at the Seventh National Congress of the Chinese Communist Party in 1945. The report expounded the Party's nature, its guiding thought, the characteristics of the Chinese revolution, the Party's mass line, its system of democratic centralism. It was a comprehensive summary of Party building since its establishment in 1921. The theoretical viewpoints and ideological principles set forth in this report provide an important guideline for us to strengthen Party building today.

During the Third Revolutionary Civil War (1945-49), Liu Shaoqi was one of the principal leaders of the Party Central Committee. When the enemy launched an offensive against Yanan in the spring of 1947, the Party Central Committee decided that Mao Zedong, Zhou Enlai and other comrades should remain in northern Shaanxi to direct the nationwide liberation war. Liu Shaoqi, then Secretary of the Working Committee of the Party Central Committee, was shifted to north China where he and Comrade Zhu De took charge of the day-to-day work of the Party Central Committee. Nine of the articles he wrote during this

period have been included in the book.

"The Present Tasks and Strategic Plan" was written in September 1945. When Mao Zedong, Zhou Enlai and other comrades went to Chongqing for negotiations with the Kuomintang, Comrade Liu Shaoqi acted as Chairman of the Party Central Committee. This article was a message of instruction to the Party he drafted in accordance with the Party Central Committee's strategic decision. After victory in the War of Resistance Against Japan, the Kuomintang reactionaries made active preparations for a civil war in order to preserve the rule of the big landlords and the big bourgeoisie. This message, which put forward the principle of "defensive towards the south and expansion towards the north," was an extremely important strategic plan worked out after repeated deliberations by Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De and other leaders and was of great importance to a country-wide victory for the liberation war.

"Directives on the Question of Land" was a document he drafted for the Party Central Committee on May 4, 1946. In light of the changed situation, the Party Central Committee decided to change the policy of reduction of rent and interest to the policy of confiscating the land of the landlords and distributing it to the peasants.

"On the Principles for Economic Construction in New China" was written in June 1949. It pointed out that after the people's liberation war, the central task was to restore and develop China's economy. The article noted that the national

economy of New China would be composed mainly of five sectors, that the state-owned economy must be developed as the mainstay, co-operative economy must be universally established, help must be given to independent small producers so that they would develop step by step in the direction towards co-operatives; state capitalist economy must be organized and private capitalism be allowed to expand to a certain extent so as to effect a gradual and steady transition to socialism.

Selected Works of Liu Shaoqi, Vol I, will provide foreign readers with rich data on the history of the Chinese revolution. The book will be published and distributed in English, Japanese, French, German and Spanish next year.

A Brief Introduction To a New Book (1)

A Guide to the History of the Communist Party of China (in Chinese)

《中国共产党历史讲话》

Written by Xu Yuandong, Ma Qingbo and others,

Published after revisions in April 1981 by the Chinese Youth Publishing House, 408 pp.

Price: RMB 0.90 yuan,

Distributed at home by Xinhua Bookstore,

Distributed abroad by Guoji Shudian (China Publications Centre), P.O. Box 399, Beijing, China

This revised edition covers the history of the Chinese

Communist Party from 1921 when the Party was founded to the 1949 victory of the democratic revolution. The first edition was published in 1962.

The book includes the results of research on the history of the Party in recent years. In the spirit of closely linking historical conclusions with historical facts, the revised edition made a correct judgement on historical figures and events, on the relations between the leaders and the Party organization and between the leaders and the people; as well as the relations between class struggle and national struggle.

The book shows that Mao Zedong Thought and the Party's fine tradition and style of work developed during the course of the integration of Marxism-Leninism with the practice of the Chinese revolution.

The book presents the first and second co-operations between the Chinese Communist Party and the Kuomintang. The chapters concerning the first co-operation highlight the positive role played by Dr. Sun Yat-sen and the Left-wingers of the Kuomintang: Liao Zhongkai, Soong Ching Ling, He Xiangning as well as patriotic generals like Feng Yuxiang. The chapters concerning the second co-operation affirm the positive role played by patriotic Kuomintang generals Zhang Xue-liang, Yang Hucheng and others.

The book's appendix contains 12 reference tables. One lists the names of the members of the First through the Seventh Central Committees of the Chinese Communist Party. Another contains the battle array of the Chinese People's Liberation Army during the first half of 1949. Both have been added to the revised edition.

Wu Zuoren's Chinese Painting



Wu Zuoren, born in 1907 in Shaoxing, Zhejiang Province, studied fine arts in France and Belgium in the 1930s. His work combines the skills of traditional Chinese painting with Western oil painting, and covers a wide range of subjects. He is perhaps most famous for his animal paintings. He is now the Honorary President of the Central Academy of Fine Arts in Beijing and concurrently Vice-Chairman of the All-China Federation of Literary and Art Circles.

Camel herding.

An Eagle.



Yaks.

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