

BEIJING REVIEW

北京周報

A CHINESE WEEKLY
OF
NEWS AND VIEWS

- Reforming the Political Structure
- Chinese-Dutch Relations
- The Deaf-Blind in China



HIGHLIGHTS OF THE WEEK

What Readjustment Means

Deng Xiaoping on the current Chinese situation (p. 8). Readjustment and economic reform (p. 3).

Blueprint for Political Reform

A wide-ranging discussion of China's political structure by a leading Party theoretician. It gives the general orientation for improvements in the people's congresses, the legal system, democratic management and the relations between Party and government, between central and local authorities (p. 17).

Foreign Exchange Control

Why tighter foreign exchange control (p. 6). Full text of the new regulations (p. 25).

Sino-Dutch Relations

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India-Pakistan Relations

With the Russian bear edging closer to the subcontinent, it is time India improved its relations with Pakistan (p. 13).

Namibian Independence

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Deaf-Blind in China

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Party congresses are being held at the basic (county) level (p. 6).



Our representative.

Photo by Sun Shuxian and Wu Guofa

BEIJING REVIEW

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Published in English, French, Spanish, Japanese and German editions

Vol. 24, No. 4 January 26, 1981

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Published every Monday in Beijing, The People's Republic of China

Distributed by GUOJI SHUDIAN, (China Publications Centre), P.O. Box 399, Beijing, China

Subscription prices (1 year):

Australia.....A.\$12.50 U.S.A....US\$13.50
New Zealand...NZ.\$14.50 U.K.....£6.80
Canada.....Can.\$15.60

Economic Reform and Readjustment

While stressing economic readjustment, China recently also stresses centralized leadership. Does this mean the abandonment of reforms in the economic system?

Reforms in China's economic system involve two major aspects: One is to give the enterprises more power in making their own decisions (in the fields of finance, planning, raw materials, supply, and marketing of products) so as to facilitate their economic activities in accordance with the government plan and the situation on the market; the other is to give the enterprises guidance in conformity with economic laws, that is, to manage the economy with such economic means as prices, credit, taxation and profits. Both must be carried out under the unified leadership of the central authorities.

To ensure steady progress, we have selected some enterprises to experiment with such reforms.

Giving the enterprises more power of self-decision has proved effective in enlivening the economy and the market. About 6,600 key enterprises have carried out this experiment over the past two years, and they have done better than other enterprises in arousing the enthusiasm of the workers, in improving economic management and in increasing production and income. The remarkable economic results so far achieved show that such reforms are in the right direction. The experiment will be continued in these enterprises this year, but the scope will not be expanded for the time being.

Economic readjustment is aimed at checking the disproportionate development of the national economy, bringing about a balance in state finance and credit and stabilizing the economy. This will in the long run provide conditions for instituting economic reforms. But, readjustment will be the central task in the next few years, which will of course hold back the reforms. It is common knowledge that large-scale reforms are inadvisable and may end in failure when the financial and economic situation is not stable.

To make readjustment a success, it is necessary at present to enforce centralized leadership. Under ordinary conditions, government intervention in the economy is to accomplish, by means of the state plan, a comprehensive balance in the

national economy, particularly a balance in finance, credit, materials and foreign exchange. Such intervention does not hinder but helps the enterprises in their normal, independent economic activities. However, contradictions sometimes do arise between readjustment and reform under certain conditions. If this happens, reforms must be subordinate to readjustment.

Reform measures favourable to the current readjustment will remain in force in the course of readjustment. An example in this respect is that, instead of state financial allocations, bank loans will be extended for capital construction beginning this year. This not only conforms to the principle of management through economic means, but is conducive to reducing the scope of capital construction and to the readjustment of the national economy.

— Economic Editor Jin Qi

Foreign Funds and Capitalism

Foreign funds are flowing into China, will this make China turn capitalist?

To realize the four modernizations, we adhere to the policy drawn up by Chairman Mao: relying mainly on our own efforts, with foreign assistance as a supplementary means. We have opened our country to the world and foreign funds are being introduced, but this will not change our socialist system of public ownership, for the amount involved is very small. Foreign funds and technology and even factories built by foreigners in China can be used as a supplementary means to

help develop our socialist production.

There is no denying the fact that decadent capitalist things will follow in the wake of foreign funds and technology. The Chinese Party and Government are aware of this, and there is nothing to be afraid of. We have, moreover, to distinguish between what is and what is not capitalism. We must learn advanced science and technical know-how as well as management expertise, and make them serve our socialist cause. These things do not have a class nature and should not be discarded as "capitalist."

— Economic Editor Jin Qi

LETTERS

Lin-Jiang Cliques on Trial

I found your detailed report of the trial of the Lin Biao and Jiang Qing counter-revolutionary cliques very good. You described the facts objectively and in detail and exposed the crimes of these cliques and the harm brought to the Chinese people by the rule of these phoney socialists. I detest the crimes of the peremptory rule published in your weekly. Keep up the good reporting for which the Chinese people have long waited.

Gerd Wedemeyer
Wiesbaden, W. Germany

I was particularly interested in the article "Trial of Lin Biao and Jiang Qing Cliques — Major Points of the Indictment" (No. 47, 1980). The organization of the article was done rather well, and it was relatively easy to follow the article's course. Unfortunately, the list of names involved was too overwhelming, and I tended to lose track of who was being mentioned at times. I believe that a list of the persons involved, either at the beginning or the end of the article, with their positions before they were found to be counter-revolutionaries, would serve to help readers understand the cliques' crimes more easily.

I also felt that the term "counter-revolutionary" was used too much, and as such lost much of its effectiveness. I think that only limited usage of the term for the Lin Biao-Jiang Qing cliques would be more appropriate.

The article also ended abruptly and left me wondering if something was missing. A concluding paragraph would be in order.

Paul A. Brown
San Antonio, Tx., U.S.A.

On Party Relations

I would like to comment on the article "Principle of Independence of the Parties of Various Countries" (No. 46, 1980). The article states that during their rule, the

gang of four took as their criterion for judging between Marxist and revisionist parties the attitude of these parties towards the "cultural revolution" and the gang's ultra-Left line. This approach, of course, is incorrect. For a long time, the predominant tendency in the international communist movement is that experience or line of other communist parties, who have won revolutionary victories, are applicable to all countries. This is dogmatism.

Jose Tapia Granados
Madrid, Spain

I would like to say something about the style of writing in various articles carried in *Beijing Review*. Take "Principle of Independence of the Parties of Various Countries" (No. 46, 1980) for example. This article, based on the scientific theories of Marx and Engels, has vividly expounded the principle of independence of the parties of various countries. However, it has dealt differently with the theories of revisionism and social-imperialism. The use of unidentified quotations instead of scientific evidence is not the way to gain the confidence of sincere readers. I do not doubt the authenticity of the quotations, but they should be handled correctly in order to leave no foothold for the enemies of the working class.

Lothar Heusch
Koblenz, W. Germany

More About Eliminating Feudal Influences

I found the article "The Need to Eliminate Feudal Remnants" (No. 45, 1980) worth reading. At present, questions concerning the trial of the gang of four, criticism of the "cultural revolution" and the evaluation of Mao Zedong Thought are being widely covered in the Japanese media. Your article explained the theoretical background of these questions. In concise terms, the article pointed out that during the "cultural revolution," the "capitalist-roaders" and "revisionism" under attack were imaginary, while feudalism, under the guise of socialism, was used to scramble for power and wealth. It is rather difficult for foreign readers to fully understand this situation from only one or two ar-

ticles. Therefore, I hope you will continue to publish such articles.

Masatoshi Sawada
Hyogo, Japan

Urban Population

I find the article "More Small Cities Needed" (No. 44, 1980) very interesting, because I work at a government planning department. I fully agree with your views on restricting the growth of big cities and establishing more small cities. What interests me, in this respect, is the distribution of urban and rural inhabitants in China. Is the percentage of city residents in China lower than in Europe?

Rudolf Rothlisberger
Bern, Switzerland

China's urban population numbers around 120 million, accounting for one-eighth of the total population. — Ed.

News Analysts' Articles

I think that in the "International" column your news analysts do an excellent job. For example, the report on the war in the Middle East explained the causes and made the call for a just and lasting peace which we all want.

The column is very valuable as it provides skilful articles on subjects which are sometimes all too easily glossed over here.

Alex. G. Macaskill
Lanarkshire, Scotland, U.K.

My general opinion of your articles and special features is: they help to enrich the readers' knowledge in social, political and economic spheres.

I have found that the contents of your magazine are useful, particularly articles or reports in the international column. This section is very interesting and well illustrated and contains many good articles.

David Chuma Koehson
Eldoret, Kenya

The articles by your analysts are equal in quality to any newspapers, easy to read and no waste of words.

Willard G. Sibus
Auburn, NY., U.S.A.

POLITICAL

Carrying Forward the Yanan Spirit

Wang Guowen, Vice-Director of the Propaganda Department of the Yulin Prefecture Party Committee, was dismissed from his post five years ago. The charge was that he refused to carry out an order from the higher authorities to get the peasants to deliver and sell more grain to the state.

In 1975 Wang Guowen stayed for a period of time in a commune in the Yulin Prefecture, an impoverished district in north-west China's Shaanxi Province, to make an on-the-spot investigation of the conditions there. It was a lean year and the commune's grain output dropped by 5,000 kilogrammes, yet the higher authorities wanted the commune to deliver 50,000 kilogrammes more than the set quota. In consideration of the actual situation and un-

willing to add difficulties to the peasants, Wang refused to carry out the order three times and was therefore dismissed.

Northern Shaanxi was an old revolutionary base area and Yanan was where the Central Committee of the Chinese Communist Party was located during the War of Resistance Against Japan (1937-45). To do their bit for the national liberation cause, large numbers of revolutionary youths and progressive people from all walks of life went to Yanan. They worked, studied and fought against the invaders under very difficult conditions. They considered serving the people an honour and regarded hard work and plain living a source of joy. This spirit later came to be known as the Yanan spirit.

Wang Guowen's action which was prompted by his consideration for the interests of the people reminded veteran revolutionaries of a story on the lips of the Yanan people in the 1940s. On a rainy day in August

1942, a meeting on determining the quota of grain to be delivered by the peasants was being held in the small auditorium of the Border Region Government when there was a crash of thunderclap. Soon news came that the head of Yanchuan County was struck dead. On hearing this one of the peasants said why didn't the thunderclap strike Chairman Mao.

The story was soon passed on to Chairman Mao who was not offended but wondered why the peasant had uttered those words. When an investigation revealed that the grudge was against the government's raising the quota of public grain in disregard of the peasants' difficulties, he instructed that it be reduced from 30 million to 24 million kilogrammes. This was welcomed by the masses in the base area and enhanced the prestige of the Communist Party.

A heavy quota of public grain was levied again on the peasants in the same place more than 30 years later as a result of the "Leftist" deviation. Wang Guowen upheld the Yanan spirit and disregarded criticisms or dismissal from office. In 1978 he was rehabilitated and asked to take up his former job. However, he insisted that he continue to work at the grass-roots level in the poor Mizhi County where he was sent after he was dismissed. There, he conscientiously carried out the Party's rural policies and supported the introduction of a new system of responsibility in production, with fixed quotas for working groups which comprise a small number of people. Though he was criticized by the leadership again and again for "going backwards," he did not give way. Facts later proved that he



Cadres talking with peasants who assisted in the war to liberate northern Shaanxi Province in 1948.

was correct. This system which upheld the principle of "to each according to his work" aroused the enthusiasm of the peasants and the brigade to which they belonged increased its grain output by a big margin.

Cadres like Wang Guowen who carry forward the Yanan spirit of seeking truth from facts and dedicate themselves to the cause of the people are held in high esteem. A 1965 graduate of Beijing University's department of political science, Wang was elected deputy secretary of the Mizhi county Party committee last summer.

Renmin Ribao, organ of the Party, said in a commentary: We must follow Comrade Wang Guowen's example and always keep in mind that ours is a country with a population of 1,000 million, of whom 800 million are peasants. Since our country is poor and has many difficulties to overcome and lacks funds and consumer goods, we must carry forward the Yanan spirit, share weal and woe with the masses, live plainly and work hard, and do our best to fulfil the current tasks.

Party Congresses Convened

Over 700 or one-fourth of China's counties, cities and autonomous prefectures convened Party congresses and elected their respective Party committees according to the stipulations of the Party Constitution.

Prior to this, elections were carried out on a trial basis in several provinces and municipalities, with emphasis on improving inner-Party democracy.

Compared with their predecessors, the newly elected Party committees are smaller in number but younger, better

educated and more capable. In addition, their members do not concurrently hold as many posts as before.

In areas where national minorities live in compact communities, a number of minority cadres have been elected to the leading bodies. According to the figures of three autonomous counties in west China's Qinghai Province, national minority cadres account for more than 60 per cent of the standing committee members of the three county Party committees.

ECONOMIC

Strengthen Foreign Exchange Control

The Provisional Regulations for Exchange Control was promulgated by the State Council on December 18 last year.

For a long time China has carried out the principle of centralized control and unified management by the state over foreign exchange. But it lacks a complete and systematic foreign exchange law. This has resulted in over-extension of power in this field.

In recent years, with the development of the national economy and the increase of economic exchanges with other countries, the state needs large amounts of foreign exchange for importing advanced technology and equipment from abroad. It is therefore all the more necessary now to have a better management and a more effective use of its foreign exchange earnings. The provisional regulations, with 31 articles in seven chapters, meet the needs of this new situation.

Bu Ming, Director of the State General Administration of Exchange Control, said that

now many people in the industrial, commercial and financial circles abroad are anxious to know more about China's exchange control policy with regard to joint ventures run by both Chinese and foreign enterprises. In order to encourage investment from abroad, a flexible policy has been adopted in the regulations with regard to the foreign exchange receipts and payments of these enterprises as long as they are normal business activities, but these activities are subject to supervision and inspection by the State General Administration of Exchange Control and its branch offices. It is stipulated that foreign partners of these enterprises may apply to the Bank of China for remitting abroad their net profits after paying the tax.

Bu Ming stressed that, in order to maintain a unified domestic market for Renminbi, circulation and use of foreign currencies are strictly forbidden within the boundaries of China. No Chinese and foreign offices or individuals are allowed to engage in unauthorized buying or selling of foreign exchange or other illegal activities with regard to foreign exchange. (See p. 25 for full text of the regulations.)

Urban Income Increases

The average per-capita monthly income of the workers' and staff's households was 32.68 yuan in the first quarter of 1980, or 72.7 per cent more than in the corresponding period of 1964. After deducting the extra expenses resulting from price hikes, the increase was 60.1 per cent. This was recently disclosed by the State Statistical Bureau after an investigation of different types of workers in various cities.

The method used during this investigation was more repre-

sentative in character. The cities were selected according to their location and size, and as to the workers, consideration was given to the various wage brackets of different trades and other factors.

Under investigation were workers, engineers and technicians, government employees, teachers, shop assistants, scientists and medical workers in 86,955 households in Beijing, Shanghai, Tianjin and 41 other cities. The previous investigation was made 14 years ago.

The results of the investigation showed that in Guangzhou, Shanghai, Beijing, Tianjin, Xinjiang's Urumqi and five other cities, the average per-capita monthly income was more than 35 yuan. In Wuhan, Nanjing, Chongqing, Xian and 12 other cities, the average was between 30 and 35 yuan. In northeast China's Harbin and Daqing, northwest China's Lanzhou and 15 other cities, the average was below 30 yuan. In the city of Qingjiang in northern Jiangsu Province, the average was 25.2 yuan, which was the lowest.

Of the 86,955 households investigated, in 9.3 per cent of them the average per-capita monthly income was over 50 yuan, and members in 2.1 per cent of the households had difficulty in eking out a living and had to get subsidies from their units for their average monthly income was below 15 yuan. Most of the households, or 67.2 per cent of the total, had an average per-capita income of 25 to 50 yuan a month.

An important factor accounting for the increase in income was a pay raise in the years 1977-79 for three-fourths of the workers and staff members throughout the country. In ad-

dition, the bonus system was introduced in most enterprises.

The investigation showed that the increase in income was uneven. The pay of most people working in cultural, educational and medical units and in government offices and people's organizations was relatively low.

Changes in Light and Heavy Industries' Proportion

Despite a slight drop in the output of energy, China's total industrial output value in 1980 increased by 8.4 per cent over that of 1979. This was 2.4 per cent more than planned.

The speed of growth of light industry surpassed that of heavy industry. It accounted for 46.7 per cent of the total industrial output value in 1980 as against 43.1 per cent in 1979, while heavy industry accounted for 53.3 per cent last year as against 56.9 per cent in 1979.

This was achieved after implementing the policy of read-

justing the economy, thereby bringing about a change in the proportion between light and heavy industries.

Whether light and heavy industries are in the right proportion is an important indication of the rational structure of the national economy. During the First Five-Year Plan (1953-57), the proportion between light and heavy industries was 53 to 47, and the situation was quite good at that time. Later, as a result of "Left" thinking in economic work, there gradually emerged a disproportion in the last few years of the 1950s, and by 1960 light industry had dropped to only 33.3 per cent. After readjustment in the early period of the 1960s, it went up to 50.4 per cent in 1965. From 1966 to 1978, the proportion of light industry for the most part hovered around 43 per cent.

In 1980, the state granted a loan of 2,000 million yuan for the light, textile and electronic industries while the local authorities appropriated a sizable amount of funds for the light



To meet the needs of the people, the Beijing Printing and Dyeing Mill has increased its production of cloth with new designs for decorative purposes.

industry. In addition, priority was given to the light industry in transport and in the supply of raw and other materials and electric power. These measures helped boost by a big margin the output of the light, textile and electronic industries as well as medicines. The output of much-sought-after products such as bicycles, sewing machines, wrist-watches, chemical fibre cloth, TV sets, tape recorders, cameras and pocket electronic calculators increased from 30 to 300 per cent last year as compared with 1979.

The development of light industry in Shanghai, China's biggest industrial city with a population of 11.32 million, epitomizes the achievement of economic readjustment now being carried out throughout the country. Its light industrial output value last year accounted for 52 per cent of the total industrial output value in the city, outstripping that of heavy industry for the first time in ten years.

Efforts are being made to increase the output and variety of quality goods in Shanghai. TV sets, in particular, enjoy a brisk demand. In the first 11 months of last year, 750,000 TV sets were produced as against 160,000 sets in 1979. The textile industry provided 110 new products for the market, all of which were awarded prizes for their high quality.

FOREIGN RELATIONS

Deng Xiaoping on Current Situation

Vice-Chairman Deng Xiaoping recently spoke on the current Chinese and international situation to Japanese visitors in Beijing.

When he met with the delegation of the House of Councillors led by President Masatoshi Tokunaga on January 12, Vice-Chairman Deng said that China's political situation is the most stable since the 1960s. He added: "China is a country with a rural population of 800 million. So China's stability depends on the situation in the rural areas. A great change has taken place in China's rural areas since the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party held in December 1978. The rural situation now is inspiring, and the urban situation is also good."

Deng Xiaoping added: "In the process of China's modernization, we should also develop the spiritual side of our past civilization which was destroyed during the decade of turmoil from 1966 to 1976. We should try our best to restore it. Otherwise, China would be imperfect even if it becomes rich."

Describing the current international situation as eventful, Deng said: "To deal with the eventful and turbulent international situation, it is necessary for all peoples to unite and for China and Japan to have good relations and further strengthen contacts between the two countries and peoples."

During his meeting with Vice-Speaker of the House of Representatives of Japan Haruo Okada and his party on January 16, Vice-Chairman Deng said that China's current economic readjustment "is in the fundamental interests of the Chinese people."

He said: "If the present readjustment of the national economy were not carried out, financial deficits would continue to appear and prices would go up. Since the Third Plenary Session of the 11th

C.P.C. Central Committee, workers and peasants in China have increased their income and improved their livelihood to some extent. If prices kept rising, the workers and peasants would lose all the benefits they have gained."

"Although the economic readjustment and curtailment of capital construction appear to be a temporary retreat, they are in essence a step forward," Vice-Chairman Deng went on to say. "Through such a readjustment, China's economy will advance on a more stable and solid base. In this sense, the readjustment is conducive to the four modernizations programme."

Premier Li Jong Ok's Visit to China

Shortly after the new year began, Premier Li Jong Ok of the Democratic People's Republic of Korea paid a visit to China (January 10-14). During his stay in Beijing Premier Li Jong Ok met with Vice-Chairman Deng Xiaoping and held talks with Premier Zhao Ziyang. Premier Zhao asked him to convey to President Kim Il Sung the best wishes of Chairman Hua Guofeng, Chairman Ye Jianying of the Standing Committee of the National People's Congress and other Party and state leaders. Speaking highly of Sino-Korean friendship, Premier Zhao said: "This friendship has been cemented with blood by our two peoples in their protracted common struggles. It is our common desire to continue to consolidate and develop this friendship."

Premier Zhao added: "The new proposal advanced by President Kim Il Sung for the establishment of a Democratic Confederal Republic of Koryo and for the reunification of

north and south Korea is reasonable and correct." The Chinese Premier reiterated the Chinese people's consistent stand of giving firm support to the Korean people's just struggle to reunify their fatherland.

Premier Li Jong Ok said that the agreement on a number of issues reached by the leaders of the two countries shows that the two governments and peoples are determined to safeguard and develop Korean-Chinese friendship whatever storm may happen in the world.

In the past year there were nearly a hundred mutual exchanges in the fields of politics, economy, science, sanitation, press, culture and arts and sports.

China Asks for Lower-Level Sino-Dutch Diplomatic Relations

The Chinese Foreign Ministry handed a note on January 19 to the Dutch Ambassador to China J. Knepelhout concerning the Dutch Government's approval of the submarine deal with Taiwan. The note asked for downgrading Sino-Dutch diplomatic relations to the Charge d'Affaires Office level and proposed that the two sides conduct negotiations to this end. The note said that the Dutch Government must bear full responsibility for this downgrading and for whatever happens to relations between the two countries.

The note said: "Taiwan is an inalienable part of China's sacred territory. The correct attitude of a country on the question of Taiwan has always been an important prerequisite

for the establishment of diplomatic relations between China and that country. It was precisely because of the Dutch Government's attitude on this question that Sino-Dutch relations remained at the Charge d'Affaires Office level for a long time. When China and the Netherlands upgraded their diplomatic relations in 1972, the two sides confirmed in the joint communique the principles of mutual respect for sovereignty and territorial integrity and non-interference in each other's internal affairs, and the Dutch Government stated unequivocally that it respects the Chinese Government's position that Taiwan is a province of the People's Republic of China. But on November 29, 1980 the Dutch Government went so far as to approve the construction of submarines for Taiwan by Rijn-Schelde-Verolme. This act completely contravenes the principles set forth in the Sino-Dutch communique on upgrading their diplomatic relations and violates the basic norms guiding international relations. This act of the Dutch Government, which seriously infringes on China's sovereignty, not only interferes with and hinders the cause of peaceful reunification of Taiwan with the mainland of China but also does harm to peace and stability in the Asian-Pacific region.

"It must be pointed out that prior to the adoption of the afore-mentioned decision by the Dutch Government, the Chinese Government, out of its desire to maintain friendly relations between the two countries, had repeatedly stated its position to the Dutch side, expecting the latter to set store by

these friendly relations and refrain from approving the R.S.V.'s sale of submarines to Taiwan. After the Dutch Government took the above decision, the Chinese Government made representations to the Dutch side on December 3, 1980 and again on January 2, 1981, urging the Dutch Government to alter its wrong decision and giving a warning against serious consequences which might arise from this decision. In reply, the Dutch Government informed the Chinese side of its willingness to carefully study and consider the position of the Chinese Government. It is most regrettable, however, that after studying the matter, the Dutch Government still ignored the just position of the Chinese Government, rejected the legitimate demand of the Chinese side and continued to stick to its wrong decision. The Chinese Government and people cannot but feel strong indignation at this."

Message of Greetings To President Reagan

Premier Zhao Ziyang on January 20 sent a telegram of greetings to Ronald Reagan on his assumption of the office of the 40th President of the United States.

The telegram said: "It is our hope that, during your tenure of office, the relations between China and the United States will continue to develop and the traditional friendship between our two great peoples will grow in strength steadily on the basis of firm abidance on both sides by the principles of the communique on the establishment of diplomatic relations between our two countries."

Safeguard Chinese National Dignity

DESPITE the Chinese Government's repeated advice and protest, the Dutch Government on January 16 publicly affirmed that it will not change its erroneous decision approving the sale of submarines to Taiwan. The Chinese Ministry of Foreign Affairs solemnly made representations to the Dutch side to downgrade diplomatic relations between the two countries and proposed bilateral negotiations be held over this issue. This is a necessary step taken by the Chinese Government to safeguard state sovereignty and national dignity and to safeguard the basic norms governing international relations.

Contravenes Principles

The Dutch Government's approval of the sale of submarines to Taiwan completely contravenes the principles contained in the Sino-Dutch joint communique of 1972 on upgrading diplomatic representation to ambassadorial level. This communique affirmed the principle of mutual respect for the sovereignty and territorial integrity of the two countries and non-interference in each other's internal affairs. It noted that the Chinese Government reiterates that Taiwan is a province of the People's Republic of China. The Government of the Kingdom of the Netherlands respects this position of the Chinese Government and recognizes the Government of the Chinese People's Republic as the sole, legal Government of China. Now, the Dutch Government has stubbornly approved the sale of

military vessels to the Taiwan authorities. This is gross interference in the internal affairs of China and violation of China's sovereignty. This is absolutely unacceptable to the Chinese Government and the Chinese people. Responsibility for any retrogression in Sino-Dutch relations resulting therefrom rests entirely with the Dutch Government.

It must be pointed out that not very long ago, the Dutch Prime Minister Andreas Van Agt on a visit to China was accorded a hearty welcome and the two countries signed two agreements on economic, technical and cultural cooperation. Prime Minister Agt at that time expressed the wish to strengthen friendly relations and economic and cultural links between the two countries. However, behind the backs of the Chinese Government and the Chinese people, the Dutch side was engaged, at the same time, in a deal with the Taiwan authorities which violates the principles contained in the Sino-Dutch communique.

Untenable Reasons

The Dutch side has put forth diverse reasons to try and justify why the Dutch Government persists in its decision approving the sale of submarines to Taiwan. However, all these so-called "reasons" are untenable. Here are some of the "reasons" advanced.

One. When the Dutch Prime Minister was in China last October, he informally indicated to the Chinese Government that

the Netherlands might sell submarines to Taiwan and the Chinese side had not threatened to take any punitive measures. By this, he implied that the Chinese Government appeared to express tacit consent. This allegation is completely without basis.

The Chinese Foreign Ministry spokesman on January 18 formally refuted this assertion, pointing out that throughout the Dutch Prime Minister's visit no one on the Dutch side had in any way intimated Dutch intentions to sell submarines to Taiwan. The Netherlands News Agency reported that Prime Minister Van Agt himself has explicitly stated at a press conference on November 28 that during his talks with Chinese leaders in China, he had not mentioned the deal because he would not have got real consent from China and would have only aroused strong aversion. What the Prime Minister now claims obviously does not correspond to facts.

A second reason given by the Dutch is that the deal is in the main, one between a private Dutch company and a Taiwan enterprise and that no political factors are involved. Everyone knows that the submarine deal is not, by any means, a non-governmental transaction, and that the Taiwan authorities are buying those submarines to equip their armed forces. Moreover, the deal has been officially approved by a decision of the Dutch Government. This shows that the deal is a political one and not one between private enterprises, as is claimed.

A third reason. The Dutch Government claims that the Chinese Government protest is "ambiguous." "It is open to various interpretations." This is

not true at all. China's stand on Taiwan is consistent, unequivocal and known to all. On learning about the submarine sale, the Chinese Government repeatedly stated its position on the issue to the Dutch side, advised the Dutch Government to refrain from the deal, and lodged protests against the deal. China warned that the deal was bound to jeopardize Sino-Dutch relations.

On January 2, the Chinese Foreign Ministry once again expounded the Chinese Government's position to the Dutch ambassador in Beijing. He was told clearly that the decision of the Dutch Government approving the building of naval vessels for Taiwan violates the basic norms governing relations between states, contravenes the principles contained in the Sino-Dutch joint communique raising the level of diplomatic representation between China and the Netherlands and that China demanded prompt measures be taken by the Dutch Government to cancel the submarine deal. Otherwise China would have to demand the downgrading of diplomatic relations between the two countries to the level of charge d'affaires.

The Dutch authorities' assertion that the submarine deal is prompted by domestic economic difficulties is not tenable either. If a country can flout the norms governing international relations at will and impair the sovereignty of another country because of its economic straits, is it not irrelevant for it to talk of international agreements and norms?

Friendly relations between China and the Netherlands were established after prolonged effort. There are broad prospects for development in political, economic and cultural cooperation between the two

countries. The Chinese Government and people cherish such friendly relations between the two countries. However, the Dutch Government has now not hesitated to undermine the friendly relations for momentary interests. This kind of short-sightedness shows lack of appreciation of the overall world situation, and runs counter to the fundamental interests of the Dutch people as well.

China's Stand

Let us reaffirm: Taiwan is an inseparable part of China's sacred territory, and that the Government of the People's Republic

of China is China's sole legitimate government. We will never tolerate any nation conspiring and intriguing for "one China, one Taiwan" or "two Chinas," nor will we tolerate any country which has formal diplomatic relations with China to establish "official relations" with Taiwan. We are also firmly against any country selling arms to Taiwan. China's stand over the Taiwan issue is unshakable. Anyone who thinks that the Chinese Government and people will bargain over this principle is making a tremendous mistake.

("Renmin Ribao" Commentator, Jan. 20, 1981. Subheads are ours. — Ed.)

Why Geneva Conference on Namibia Failed

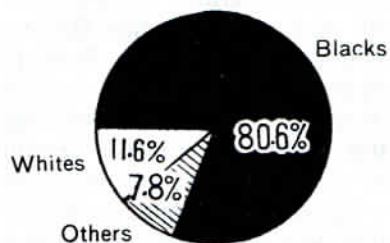
THE principal goal of the U.N.-sponsored conference on Namibia held in Geneva earlier this month was the implementation of the relevant U.N. resolution leading to independence for Namibia this year. U.N. Secretary-General Kurt Waldheim made this point clear in his opening speech on January 7.

Representatives from the South African government and the South West Africa People's Organization (SWAPO), the two antagonists, formally met for the first time, but they failed to reach a ceasefire agreement after eight days of talks. The SWAPO delegation reiterated its organization's commitment to the U.N. plan for the independence of Namibia and readiness to declare a ceasefire. The South African delegation insisted that a ceasefire was "premature." The conference ended on January 14 without accomplishing anything.

According to the U.N. plan, the first step was to bring about a ceasefire in March this year, followed by the setting up of a demilitarized zone in the northern border area, the despatch of 7,500 U.N. troops to the territory and then preparations to begin in June for the U.N.-supervised elections in October leading to independence.

Pretoria's Stratagems

When the conference began in Geneva, the South African delegation introduced a so-called "procedural" problem, averring that talks should be carried on between the representatives of



Namibian Population: 908,800

Principal Political Forces in Namibia

South West Africa People's Organization (SWAPO). The South West Africa People's Organization is one of the first Namibian nationalist organizations and has been formally recognized by the Organization of African Unity and the United Nations.

SWAPO wants Namibian independence through U.N.-supervised elections on the principle of "one man one vote." SWAPO guerrillas began their armed struggle on August 26, 1966 when they attacked a South African barracks in the Caprivi Strip in Namibia.

The organization has about 7,000 men under arms with principal bases in neighbouring Angola and Zambia.

SWAPO is against any attempt at an "internal solution" engineered by the South African authorities and had boycotted the bogus elections for a "constituent assembly" rigged up by Pretoria.

Namibia National Front. The Namibia National Front is another nationalist organization, founded in May 1977. It has refused to work with the South African authorities for an "internal solution" and had also boycotted the bogus elections. It is opposed to armed struggle and wants "social equality" and "racial equality." This organization is regarded as a middle-of-the-road force among Namibian nationalists.

Democratic Turnhalle Alliance. The Democratic Turnhalle Alliance was set up on the eve of bogus elections for a "constituent assembly" announced by the South African authorities. It is a hotch-potch of white forces represented by the Republican Party and ten political organizations of the black tribes and people of mixed blood in the territory. Leadership is in the hands of the white minority. It has the backing of the South African racist regime, foreign monopoly capitalists and most of the whites in Namibia. SWAPO and many African countries condemn it as a puppet manipulated by Pretoria.

SWAPO and the "internal parties" of the territory. By "internal parties" it meant the Democratic Turnhalle Alliance (D.T.A.), which had secured most of the seats in the rigged elections for a "Namibian Constituent Assembly" at the end of 1978. This phony election was part of the South African scheme for an "internal solution," in which SWAPO and other democratic forces were all excluded. At the Geneva conference this month, Pretoria wanted the world to recognize its puppets. It demanded that the "internal parties" should be allowed to be represented by a separate, independent delegation to Geneva, in which case SWAPO would have to contend with its puppets while it with-

drew to manipulate things from behind the scenes. Pretoria asked to attend the meeting as an observer, just as the front states (Angola, Mozambique, Zambia, Botswana and Tanzania), Nigeria, the OAU and five Western countries (Britain, Canada, France, the United States and West Germany) were doing.

The South African scheme fell through. The conference recognized only SWAPO and South Africa as partners to a "direct dialogue" and the D.T.A.'s representatives were included in the South African delegation.

Pretoria had to accept a dialogue in this form, but it accused the U.N. of "partiality" to

SWAPO and demanded that the United Nations treat "the internal parties" on an equal footing. It claimed that as confidence was lacking between two sides a ceasefire was premature. This put a stop to the U.N. plan.

Pretoria's obstruction did not begin this year. A U.N. plan for Namibian independence had been formulated according to a Security Council resolution of July 1978 based on a proposal by the five Western members of the Security Council. The plan fixed the end of 1978 as the date for Namibian independence. The South African authorities agreed and hopes were high for achieving independence for Namibia. Then suddenly, Pretoria went back on its word, claiming that support from Angola and Zambia to the Namibian guerrillas could not be monitored. The U.N. special committee and the U.N. Secretary-General again made efforts to find a solution. Pretoria, however, managed to find a pretext each time to sabotage a solution. So what happened at Geneva was not unexpected.

Aims and Considerations

Why Pretoria refused to agree to a ceasefire was only too obvious. It wanted to press ahead with its armed suppression of the Namibian people and weaken the armed forces of SWAPO. At the same time, this would allow it time to build up its forces inside Namibia in the hope of them winning the U.N.-supervised elections and establishing a government responsive to its wishes. The authorities in Pretoria would like to see an "independent" state like

the "homelands" they have been setting up in South Africa.

The South African authorities are afraid of Namibia achieving genuine independence, because Namibia is mineral rich, especially in diamonds and uranium. The country is said to have the largest uranium deposits in the world. South African capitalists have invested heavily in mining enterprises in this country and profits from these reach almost 100 million U.S. dollars a year. If elections are held under U.N. supervision SWAPO is sure to win it, because it has broad popular support at home and is recognized internationally as the representative of the Namibian people. Moreover, South Africa has no way to exert any influence over this truly nationalist organization.

India and Pakistan Face Common Problems

INDIAN Prime Minister Indira Gandhi in a recent letter to Pakistan President Mohammad Zia-ul-Haq expressed India's willingness to continue the friendly relationship with Pakistan and reiterated determination to respect Pakistan's national unity, territorial integrity, political independence and sovereign equality. Earlier, speaking to newsmen, Mrs. Gandhi stated that in view of the increasing interference by the big powers in the Indian Ocean and the region it has become much more important for the two neighbours of India and Pakistan to "stand together rather than be embroiled" in their own matters.

Urgent and Necessary. The Indian Prime Minister's statement that India and Pakistan should

Another point which must not be overlooked is that if Namibia achieves independence as Zimbabwe has done, forces inside South Africa opposing apartheid could quickly topple the present racist regime.

The Fight Ahead

From experience, no one can be persuaded that Pretoria has any sincerity of committing itself to bringing about a peaceful settlement and Namibian independence. Its performance in Geneva is further proof of this and it also demonstrates that further strenuous efforts must be made before the U.N. plan can come into effect. But whatever Pretoria does, independence is inevitable. The people of Namibia demands it.

— "Beijing Review" news analyst Yi Fei

"stand together" deserves attention. The necessity does exist for these two subcontinental nations to "stand together" or in other words, to unite and cooperate, and the need today is more pressing than ever.

If the region is likened to a residential neighbourhood and one house on the edge of the settlement — Afghanistan — is being forcibly occupied by bandits, what are those in the settlement going to do? Go on minding their own business or, even worse, go on squabbling with each other? Or will they close ranks to try and rescue their neighbour in distress and so prevent more incursions by the bandits?

When Soviet tanks rolled into Czechoslovakia, the subcontinen-

tal countries strongly denounced it, although Czechoslovakia is a long way away. This time, the Soviets have invaded Afghanistan, which is much closer and which poses a real threat to the region. Can countries in this region afford to ignore it?

The Afghan situation in South Asia is comparable to the Kampuchean situation in Southeast Asia. The people in both these areas are feeling, directly or indirectly, the presence of Soviet military forces that have infiltrated into the borders of these regions. It would be strange if people ignore this fact and, instead, turn their attention to some other, illusive, "threat" or, even worse, make strategic arrangements for the two regions based on this distorted consideration.

Moscow's Next Step. Afghanistan stands between South and West Asia. If the Soviet Union holds its ground there, it would be in a position to push expansion forward in all directions. To the west, it would be able to thrust into the oilfields of the Middle East, presently the hottest spot in the world. To the south, it could drive straight to the Indian Ocean. These two possibilities have already been widely speculated on in the world.

The possibility of an eastward thrust by the Soviet Union cannot be ruled out either. Two tactics may be employed by the Soviets. One is to back one country to subvert or invade another country, or at least attempt to change the status quo of the present border between the two countries by force. A case in point was recently disclosed by former Indian Prime Minister Morarji Desai, who said that Moscow had "advised" India "to teach Pakistan a lesson."

The Soviets calculated on profiting at someone else's expense. Let others bleed themselves white and then step in to profit. It seems a really clever scheme, but is it so easy to realize? Is the country which is to do what the Soviets want it to do willing to be tied more tightly to Soviet global strategy, become subject to Soviet control politically, militarily and diplomatically and to swing away from the non-aligned movement?

The other tactic the Soviets may resort to is to directly invade Pakistan. But this may prove even more difficult. Such an invasion would not only bring disaster to Pakistan, but to the whole subcontinent as well. Pakistan stands as a barrier against a Soviet thrust into the hinterland of the subcontinent. Once it falls into the embrace of the polar bear, India would have no buffer zone or protective screen to keep out that superpower's engines of war. These are possibilities that sober-minded politicians in India and other South Asian countries must consider in all seriousness.

Common Interests. President Zia Haq proposed to India last year that the two countries sit down together and jointly review their defence requirements. Pakistan's Major General Rao Farman Ali Khan (retired) elaborated on this. He said that a superpower was knocking at the door of Pakistan and in view of this situation India had an obligation of directly aiding Pakistan. He said that the stark reality was that India's defence was related to the defence of Pakistan and India's survival to a large measure was contingent upon Pakistan's ability to

safeguard its sovereign existence.

These words were said in complete sincerity. But, still, some have found them difficult to understand and even more difficult to put into practice. Is it imaginable that long-standing problems on the subcontinent could be solved in a day? A country's minimum efforts to increase armaments for self-defence could well be taken as a move directed against its neigh-

bour. However, nothing in the world can be taken for granted. In human history, alliances and groupings of various countries have continually been in flux. Out of their desire to see peace and stability on the subcontinent, Asia and the rest of the world, people have every reason to hope for unity and cooperation among all countries that are subjected to such a threat.

— Guo Ping

The Situation in El Salvador

GUERRILLAS of El Salvador have launched their long-promised "general offensive" against the army. Fierce fighting erupted in the suburbs of the capital San Salvador, in Santa Ana, Ahuachapan, Chalatenango, Zacatecoluca, Usulután and elsewhere. The situation is chaotic and grim. Reported foreign involvement in the fighting in El Salvador has added a new threatening factor to the already complicated situation.

Most Turbulent in Central America

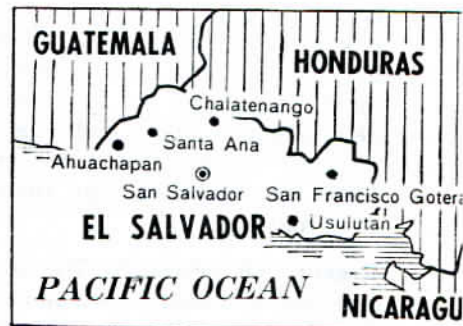
For more than a year, El Salvador has been the most racked by violence in Central America. Conflict between the various political forces has grown more complex and fighting between the guerrillas and government and Right-wing armed forces has sharpened.

After the successful coup by some officers in October 1979 against General Romero, economic and social reforms were promised the people. These have not appeared because of

resistance by various forces and the government has been reshuffled several times because of internal dissensions. There were clashes and confrontations. Violence and killings occurred almost daily and the whole situation was getting out of hand.

Right Violence

The Right-wing forces in El Salvador representing the interests of the feudal oligarchy have been resorting to extreme violence. Most of the political killings were carried out by far-Right elements in the army. The Right wants to prevent reforms and to see a more ruthless suppression of the Left. According to the Human Rights Committee of El Sal-



vador, from October 1979 when the junta came into power to December 31, 1980, political violence claimed more than 14,000 lives. The toll was greater than the total number dead in the other Latin American countries for the same reasons over the same period. Not long ago, Right-wing terrorists kidnapped and murdered six leaders of the Democratic Revolutionary Front, the chairman of the Agrarian Reform Committee of El Salvador, two U.S. advisers to the Salvadorean authorities on agrarian reform and three U.S. nuns. The bloody crimes of the Right have aroused widespread indignation. While the Roman Catholic Church in El Salvador pointed out that most of the political murders over the past year involved members of the armed forces, the president of the junta praised the military for "making heroic contributions in dealing with subversion together with the people."

Anti-Government Forces Grow

Anti-government organizations have charged the ruling junta, the government and the armed forces of supporting the Right and of even being manipulated by these forces. These organizations said there have been no real reforms and no real benefits to the people. On the contrary, people demanding social progress, democracy and freedom have been suppressed. They believed no co-operation with this regime was possible and differences could not be solved through peaceful negotiations. They held that violence must be met by violence, which is why guerrilla attacks have grown in frequency and in fury. Government troops have been engaged in a continuing series of "mopping-up" and

"encirclement" campaigns to stamp out resistance. However, they have not been able to wipe out the guerrillas, who have grown in strength even as their enemies claimed to have eliminated them.

Like the Carter administration, the Reagan administration supports the present Salvadorean Government. The Americans hope to stabilize the political situation there with limited agrarian reform to bolster up the regime against the Left and the extreme Right. This reform would benefit the ruling clique and foreign monopoly-capital but would hurt the interests of the big landlords. This is opposed by the Right-wing and is also unacceptable to the guerrillas. An alliance of the five main guerrilla groups announced on January 7 that they would launch

a full-scale offensive before Reagan took office on January 20 to topple the present government and establish a new one. On the same day the Democratic Revolutionary Front consisting of 18 anti-government organizations called on all public officials to resign, stop co-operating with the government and to join action for complete liberation. On the day the "general offensive" was launched, 800 officers and soldiers of the second brigade stationed in Santa Ana defected to the guerrillas.

As the guerrillas say they will press the offensive for a month, the situation is still fluid. Whatever happens will not bring political stability to El Salvador unless the country's deep-seated economic and social contradictions are solved.

— Yao Chuntao

U.S.S.R.

Acute Economic Troubles

Report From Moscow

THE Soviet Union is a superpower and its economic might is second only to the United States. Yet, its deep-seated economic contradictions have grown more acute on entering the 80s of this century and the consequences of its lopsided economic structure and ossified, defective system of management have surfaced even more glaringly.

Problems. The Soviet Union is territorially the largest country in the world, with about 0.86 hectare of cultivated land for each person. Reports say that its production of tractors has led the world since 1968 and its output of chemical fertilizer since 1973. Despite this, Soviet farm production con-

tinues to be a huge problem. Compared with tsarist Russia 60 years ago, Soviet Russia has made relatively insignificant progress. Its 1980 grain output was only twice that of 1913.

During the 1976-80 five-year plan period, main farm output targets were not fulfilled. The 1980 grain output was some 30 million tons short of the planned annual average quota and some 50 million tons less than the planned target for 1980. Huge imports of grain, fodder, meat, eggs, fruit and vegetables in recent years alleviated demand somewhat, but did not make good the shortages.

This raises the interesting question of why this country has after so many years, with so much land, with so many

tractors and with such huge quantities of chemical fertilizers, been unable to solve its chronic shortage of foodstuffs and low farm outputs?

Soviet industrial production registered much greater development than agriculture. According to official Soviet figures, total Soviet industrial output value is now 80 per cent that of the United States', or one-

still has to import huge quantities of steel products and tubes to meet its own needs. It also leads the world in oil and coal production, but its chemical industry producing for civilian use is very poorly developed. The Soviet machine-building industry develops much faster than any other department, but the machinery and equipment used in civilian-orientated in-

up constantly, but more and more projects have been unable to be completed and investments show a dwindling return.

Of course, all these contradictions and difficulties are not accidental.

Onerous Burden. The special priority given by the Soviet Union to developing heavy industry, the armament industry in particular, must, of course, have a profound effect on the economic structure as a whole. According to official Soviet statements, the Soviet gross national income is equal to 67 per cent of the United States', while its strategic and conventional weapons are "on a par" with the United States. The West, however, claims that Soviet military spending and arms are much more than that of the United States. All-out arms expansion has imposed a very heavy burden on the Soviet economy.

Recently, in spelling out its economic development policy for the next five years, the Soviet Union announced that output of consumer goods will increase a little faster than capital goods and integrated enterprises will be established which will embrace agriculture, industry and commerce. It also called for shortening the capital construction front, diverting the money mainly to renovating existing plant and equipment, completing projects under construction and improving planning and management. Whether this policy can be implemented, to what degree, and how much it can change the existing economic situation remains to be seen.

— *Xinhua Correspondent*
Wang Chongjie

Why is the Soviet Union plagued by low agricultural outputs and food shortages when it has such a vast cultivated acreage, huge numbers of tractors and large quantities of chemical fertilizers?

Why can't the Soviet Union turn out enough consumer goods to satisfy domestic demand, with the huge industrial potential it possesses?

fifth of the world's. But a closer scrutiny of the Soviet Union's ten five-year plans reveals that its industrial growth is slowing down. The growth rate set for the tenth five-year plan is the lowest, yet available statistics show that even this has not been achieved.

Abnormalities. A particular feature of the structure of Soviet industry is that its heavy industry gets top priority while its light industry receives scant attention, and this discrepancy gets wider and wider. Comparing industries turning out consumer goods with industries turning out capital goods, investments and output values of the latter have risen much faster.

Departments of heavy industry are given priority by the Soviet authorities, but even among these, there are many abnormalities. Although the Soviet Union has ranked first in iron and steel since 1971, it

dustries are extremely backward.

Problems besetting the production and supply of industrial consumer goods and daily necessities are even greater. What the Soviet press reveal and actual market survey confirms, many industrial consumer goods are shoddy, expensive and offer very little by way of variety. Cotton cloth, footwear, furniture, paper and even toilet articles like toothpaste are frequently unobtainable.

Again, one is led to ask why the rate of development of Soviet industry shows such a slide downwards? Why can't the Soviet Union with its huge industrial productive capability meet popular consumer demand?

Serious problems plague Soviet communications and transport as well as its overall economic planning and management. Investments put into capital construction have gone

Reforming the Political Structure

This is an abridged translation of the third part of a long article by Feng Wenbin, Vice-President of the Party School under the Central Committee of the Communist Party of China. It first appeared in "Renmin Ribao" under the heading "On Questions of Socialist Democracy." — Ed.

SOCIALIST democracy in China is deficient, and moreover, has long been trampled underfoot. Of the many different contributing factors involved, the principal one arises from problems in its structure. In order to fully bring out the superiority of socialism, the political structure must be reformed and put on a sounder basis.

This great endeavour, crucial to the future and destiny of our country, demands that the reforms be carried out in a planned, methodical way.

All power belongs to the people. The people are the masters of the country, the masters of our society. All affairs of the state and society are to be run by the people, who have the supreme authority to govern the country and direct the multifarious affairs of the society. This is the basic point of departure for our current reforms in the political structure and for developing and improving our socialist democratic institutions.

To put the institutions of socialist democracy on a sounder basis, we must, at present, work for a correct solution of problems in the following six spheres:

One, revamp the institutions of the people's congress.

In China, the organ of power through which the people govern the country is the National People's Congress and the local people's congresses at various levels; all state affairs of im-

portance are to be decided on by the people's congress. All leading members of the executive organs of the state are either elected or appointed by the people's congress, are subject to its supervision and may be removed from office by it. The people's congresses at various levels are elected by the people and the electoral units have the right to supervise the deputies they elect and replace them at any time as prescribed by law.

The Chinese Constitution explicitly provides for all these functions and powers. In real life, however, we have failed to carry them out to the letter. Some stipulations of the present Constitution are no longer applicable to the new situation, many are imperfect, or unclear, and therefore need revision. In fact, we have not yet seen to it that the entire populace fully enjoy their democratic rights — they have not really been able to exercise their power of governing the state or the various enterprises and undertakings, and we lack specific procedures for applying the principles of socialist democracy. This is demonstrated by the fact that democracy more often than not exists in form only, while in reality a few people only too often have all the say. People's deputies and leading officials of government organizations are only nominally elected, while actually, voters cannot as yet fully have their choice through elections. At present, only deputies below the county level are directly elected. In reality, the people at large are not yet in a position to supervise the deputies and leaders they elect, to say nothing of exercising the right to remove them from office when necessary. Our electoral system still leaves much to be desired. For example, specific provisions are lacking to ensure that people's deputies meet their constituents at regular intervals, solicit and reflect their opinions, and report their work to them.

In revamping and reforming the institutions of the people's congress, we must, at the present

stage, do the following three things: One, improve the way the people's deputies are elected and enable those who are better qualified to come to the fore. Measures should be taken step by step to elect people's deputies at all levels by direct popular vote. A deputy should have close ties with the masses and, at the people's congress or its standing committees, he should speak and act on behalf of the people who elect him, not on his own behalf. We should draw up working rules for people's deputies so that they can play their part effectively. Conditions should be created for people's deputies to perform their duties regularly, not act as deputies only when the congress is in session and have nothing to do when it is not.

Next, every effort should be made to ensure that the people's congresses at all levels become authoritative organs of the people's power, to ensure especially that the local people's congresses at all levels have more say about things in their own localities. Effective measures should, in particular, be taken to really strengthen the right of national autonomy and the unity of the various nationalities in national autonomous localities.

Thirdly and lastly, revamp the standing committees of the people's congresses at all levels so that they become organs of state power exercising the functions and powers of people's congresses when the latter are not in session. All local people's congresses at and above the county level have now set up standing committees, which is a step forward in revamping the institutions of the people's congress. As from now, the standing committees of the local people's congresses should carry out their work actively and play their part in full.

Two, practise division of work between the Party and the government.

To give full play to the role of the government organs and to develop socialist democracy and bring about democratization of the nation's political life, it is necessary to build up from top to bottom a powerful government working system, and to demarcate a clear division of labour between the Party and the government.

1. The place of the Party in the nation's political life should be properly defined. The Party is the core of leadership in the state. Party leadership over the government organs (as well as enterprises, undertakings and all

non-Party organizations) means leadership in the line, principles and policies, means regular political and ideological work, aimed at ensuring the unification of the country, unity of the people and the socialist orientation; it does not mean replacing the government and taking over the functions and powers of the government. Party organizations and their leaders should carry out activities in line with the Constitution, the law and the resolutions of the organs of the people's power.

2. The Party must ensure in various ways that the organs of state power and administrative organs can fully exercise their functions and powers. It must ensure the independence of the judiciary, ensure that all economic and financial organizations, educational, science and cultural organizations, and mass organizations as well, under the guidance of the Party line, principles and policies, can carry out their work independently, in an orderly, efficient, manner and in co-ordination with one another.

3. The way to carry out Party activities and exercise Party leadership also needs big improvement. The Party should, through its own Party groups and Party members in the various non-Party organizations, play a vanguard or exemplary role, unite, bring over and guide the masses. Party directives on the work of the various non-Party organizations should be issued to the Party groups or Party members working in these organizations; the Party must not give orders or issue directives directly to these organizations. A Party organization has binding power on its own members and may tell a member to do this or that and punish him; however, it cannot command, give orders to, or punish members of the people's congress, members of other political parties, members of the mass organizations or the masses in general; it may try to influence them through its own ideology, line, principles and policies and the exemplary deeds of its own members.

In many situations, with a division of work between the Party and government lacking, the Party committee takes charge of everything and concentrates power in its own hands. With a view to changing this state of affairs, it has been decided to set up a powerful working system from top to bottom, from the State Coun-



cil down to the local people's governments. Matters that fall within government jurisdiction are to be discussed, decided on and recorded in documents by the State Council and the people's governments at various levels; on these matters, the Party Central Committee and Party committees at various levels will no longer issue directives. A Party committee will cease to examine and rule on law suits as it did before — this should ensure independent prosecution and trial by the judicial organs. The existing system of the director taking charge of a factory under the leadership of the Party committee should be shifted step by step to one of the director taking charge under the leadership of the workers' congress or its standing organ.

These reforms will have the following advantages: when Party committees are released from day-to-day routine work, they can concentrate on ideological and political work, on organizational and supervisory work; this will help improve and strengthen Party leadership, help ensure implementation of the Party's line, principles and policies, help bring into play the initiative and creativeness of the government organs at various levels, as well as of enterprises and other undertakings; this will provide more scope for socialist democracy and strengthen the socialist legal system, so that we can do our work in various fields even better and bring about a faster development of national construction. It can be seen that all these reforms are designed to strengthen and improve Party leadership, not in any way to relinquish it or weaken it.

Three, carry out a system of division of powers under unified leadership of the central government.

A socialist country should handle properly the relationship between the central government and local governments and other grass-roots units, and should allow the localities ample control over their own affairs as this will bring their initiative into better play. Socialist democracy, on the one hand, calls for unified leadership by the central government, uniform

laws and disciplines, and unified national planning; it is wrong to impair centralism and unification which are indispensable, and practise dispersion and anarchism. On the other hand, it requires that local governments and grass-roots units can exercise definite rights to run their own affairs, including the right to control finances, to manage and administer enterprises and to run personnel affairs.

China is a big country and local conditions differ from place to place. Those who know local conditions the best are the cadres and masses of a particular place. Subjectivism and issuing orders blindly can be avoided only when a locality is enabled to exercise the power due to it, and only when it is allowed to act with greater independence — both provisions based on the premise of firm unified leadership from the central government. Only then can a locality really proceed from actual conditions and, after investigations, do its work properly and in a realistic way.

Comrade Mao Zedong pointed out in 1956 in *On the Ten Major Relationships*: "Our territory is so vast, our population is so large and the conditions are so complex that it is far better to have the initiative come from both the central and the local authorities than from one source alone." In September the same year, the resolution of the Eighth Party Congress said: In order to overcome bureaucracy in the central state organs and at the upper levels generally, and in order to give full, wide play to the initiative and flexibility of all state organs of local and lower grades, to the benefit of the general upsurge of socialist construction in our country, we must properly readjust administrative functions and powers between the central and local state organs, and between the higher and lower local state organs. In the political report to the congress, mention was made of the need to ensure for enterprises proper amount of autonomy, to ensure the implementation of regional national autonomy and bring about national equality.

It is a pity that we have failed to act according to these correct principles. For years we have held the muddled view that socialism is possible only when there is a high degree of centralism, so the more highly centralized the power, the greater the degree of socialism. As a result, the power has become increasingly concentrated in the hands of the central government while any effort to expand the power of the local governments, the power of national autonomy or the power of enterprises has been looked on as dispersionary, springing from local



nationalism and "refusing to follow the leadership." In 1978, at the Third Plenary Session of the 11th Party Central Committee, the tasks of reforming the managerial structure and granting more power of autonomy to the local authorities and enterprises were proposed. Preliminary experiments in carrying them out have yielded definite results. But overall reform of the managerial structure in the political, economic, cultural and educational fields according to the principle of developing socialist democracy remains a herculean task.

Four, develop diversified forms of the system of democratic management and expand the right of self-decision in enterprises.

The major and most basic rights due to labourers under socialism are the rights to govern their country, run enterprises and manage cultural and educational affairs. We must not interpret the people's democratic rights as government by some people and under their government the people enjoying the right to work, to education and social security. An enterprise is the base and a cell of socialist economy; only when each cell gives full play to its vitality can the entire socialist economy grow in a healthy way. The old system of factory management should undergo reform because it does not help modernize factory management and the managerial structure.

The workers' congress or the conference of workers' representatives in a factory should have the right to discuss and decide on major issues in the unit; the congress or conference should have the right to replace, or to suggest that the higher authority replace, administrative personnel in the unit who are unfit for their jobs, and gradually introduce the practice of electing factory leaders up to a certain level.

In rural people's communes, we must likewise give full scope to democracy, ensure for the labouring people their democratic rights and set up the system of the conference of representatives of the commune members. The vestiges of feudal autocracy are even stronger in the countryside and it is impossible to arouse the commune members' enthusiasm for production if we fail to give full scope to democracy and, in the absence of their enthusiasm, it will be impossible to carry out successful socialist construction in the countryside.

Five, reform the cadre system step by step.

Civil service personnel in a socialist country should be the people's public servants. Some cadres and a few leading cadres, however, do not now behave like public servants, but rather like overlords. Reforms of the existing cadre system are necessary if the masses are truly to govern the country, if the leading personnel at all levels are going to be younger in age, if they are to acquire professional skill and knowledge. If we do not try to solve problems through institutional reforms, the idea that the people are masters of the country remains empty talk. There should be a set of rules to guide personnel work in respect to promotion, employment, checkup, examination, transfer, awards, selection, dismissal and retirement.

The existing electoral law in our country is mainly applicable to the election of deputies to the people's congress. These days in some enterprises and undertakings, leaders are being elected on a trial basis, but in most cases, they are still appointed by the higher authority. Conditions permitting, the electoral system should be extended to all fields, wherever it is essential, and it should gradually replace the appointment system. In some government offices and units, not all leading cadres are to be elected by the masses there, but can only be appointed by the higher authority; still they must be subject to the supervision of the masses, who have a right to demand the replacement of cadres who are not on to their jobs. With a general electoral system, it is possible to place the right person in the right post so that every one can do his best. We must acknowledge and respect the people's democratic rights, and also have confidence that the people have the socialist consciousness and ability to choose their leading cadres well. Every convenience and facility must be provided to ensure that the people enjoy these rights.

Besides an electoral system, there must also be a reliable system for supervision and recall. "No elective institution or representative assembly," said Lenin, "can be regarded as being truly democratic and really representative of the people's will unless the electors' right to recall those elected is accepted and exercised." (*Draft Decree on the Right of Recall.*) Our present Constitution and laws do have stipulations

(Continued on p. 28.)

Well-Being of the Deaf-Blind in China

by Wu Houde and Our Correspondent Tian Sansong

There are about 1.6 million blind people and over 3 million deaf-mutes among the nation's population of 1,000 million. How do these people get along? What has the government done for them? What about their well-being now and in future? This report answers all these questions. — Ed.

LIFE was harsh for most people in old China and for the blind and the deaf-mutes it was much more miserable. For many of them, there was the added humiliation of having to wander in the streets to beg for a living. It was only after the founding of New China that welfare for these unfortunate people was started and expanded. In the last 30 years much work has been done in the following fields to help them:

Finding jobs. All kinds of measures have been adopted to deliver these people from their plight, particularly, to help them earn their own living. Action in this field was taken step by step with outstanding achievements.

It began in the early days of the People's Republic when the government provided those among them who had no means of livelihood with a place to live, food and clothing.

Step two was to help those with the ability to work get organized and take up whatever productive labour they were capable of. This gave them secure jobs with a regular income.

Step three. With the development of the national economy, in the late 50s, local governments in many parts of the country set up factories as part of a social welfare scheme for creating employment. Thousands of the blind and deaf were taken on as staff members or workers, while some were chosen as cadres. To date, the whole country has over 900 such factories under the auspices of civil affairs departments in the local governments at all levels.

Additional measure. These factories receive various kinds of favourable treatment from the people's government. It is stipulated that a newly-opened social welfare factory may be exempted from taxes in the first year and further exemption may be applied for if it still has difficulties; that no income tax will be levied in a factory where over 35 per cent of the workers in its productive departments are either blind or deaf, or, income tax may be 50 per cent less in the case of a factory where the number of such workers constitutes 10 to 35 per cent. Profit made by these factories, apart from what goes for expanded reproduction, is by and large used for improving these people's livelihood.

In Chongqing, southwest China, the Hongyan factory manufacturing switches is one which in recent years has produced an annual output value equivalent to about two million U.S. dollars and a yearly profit exceeding a hundred thousand dollars. The money is used to build houses for these handicapped workers and staff members, finance nurseries, set up



Deaf women workers in a social welfare factory in Jingdezhen, Jiangxi Province, painting floral designs on porcelain vessels.



Cao Heng (middle) communicating with other deaf people in sign language.

small farms and to provide various fringe benefits. For instance, the next of kin of its workers and staff members get free medical service (they themselves get free medical service at the expense of the state); their children are admitted to the factory's nursery free; tuition fees and other school expenses of children at primary and middle school level are paid by the factory; its bath houses are open to all family members free, etc. Besides, whenever they fall into financial straits because of heavy family burdens or meet with some misfortune such as the death of a family member, the factory pays them subsidies; when they die, the factory is responsible for the living expenses of dependent children until they come of age.

Other avenues of employment are also open to the blind and deaf. Those with professional skill or a proper educational background may work in government offices, schools, hospitals or cultural and art units. Those who do not belong to any particular organization may take up such productive activities as knitting, or embroidering and sewing organized by the neighbourhood committee or local residents' committee. Blind people also work in clinics providing massage as a form of prescribed medical treatment.

In the countryside, local governments organize people with these physical disabilities to engage in whatever farm labour they are capable of, while requiring all production teams to take into account their special situation in allocating work.

Specialized personnel. With a regular job and income, with a chance to show their own talent and with a secure livelihood, these people acquire an optimistic outlook. Most of them are happily married when they reach the prop-

er age. Not a few, after painstaking efforts, have become scientists, engineers, doctors, painters, artists or advanced workers who have made contributions to society.

Cao Heng, an engineer who lost his sense of hearing at 19 following an illness, taught himself for over 20 years and finally succeeded in applying the principle of electronic computers to the work of surveying with the result that efficiency in surveying calculation was greatly raised. His book *Mathematical Language and Its Application in Surveying Calculations* has filled a blank in that field in our country. In recognition of his contribution, the Jiangsu Provincial People's Government conferred on him the title of Labour Hero.

Gan Bolin, who lost his sight in childhood and became a beggar, is now a musician. After liberation he was sent to a school for blind children and later to a training class for blind musicians. He developed his ability through diligent study and has held nearly 100 solo concerts in Beijing and elsewhere in the country. Widely acclaimed as a "fine performer of a national musical instrument," he is now in charge of the research and teaching department of national musical instruments of the Jilin Provincial Institute of Arts.



Gan Bolin (right) talking to Han Qixiang (left), who is Vice-Chairman of the Chinese Ballad Singers' Association, and Bude, a Deputy of Tibetan nationality to the Fifth National People's Congress.

Training and education. The Central People's Government pointed out in the early days of the founding of the People's Republic: People's governments at all levels should set up schools for the blind and the deaf and give physically incapacitated children, young people and adults a proper education enabling them

to become builders with culture and scientific knowledge and professional skill.

Under the guidance of this principle, our schools for the blind and the deaf have grown in number from 41 before liberation to over 290, more than a seven-fold increase. Those enrolled in these schools now number 32,000 against a mere 3,000 in the past, about a ten-fold increase. In many places, there are also part-work, part-study schools and technical schools, professional schools and spare-time evening schools for them; in many rural primary schools, there are special classes for deaf children.

Shanghai is one of the places in our country with some success in education for the blind and the deaf. In the 20 districts and counties under its jurisdiction there are 18 schools for the deaf, one school for the blind and one technical school. All blind and deaf children have access to a primary school education, a junior middle school education and in the case of the deaf, if they study well, to a technical school. Heilongjiang Province leads the country in its educational endeavours for the blind and the deaf in the countryside. It has 56 schools for the deaf and two schools for the blind and the deaf so that in most of the counties in the province, deaf children do not have to go to a school outside the county where they live. The Beijing Teachers' College has a special education research section under its Department of Education.

To raise these people's educational level, the state has unified the braille throughout the country, established a publishing house for the blind, founded five periodicals in braille, namely, *Knowledge and Life*, *Scientific Knowledge*, *Hygiene*, *Selected Literary Works*, and *Science for the Young* and published quantities of books in braille. The China Association of the Blind and the Deaf is also publisher of *The Blind People's Monthly* and *The Chinese Deaf People*, and primers in braille. A sign language has been worked out for the deaf.

Prevention and treatment. As a major undertaking in welfare work China's health departments have done a great deal to prevent blindness and deafness. Some exploration has been done in the field of treatment. Since such epidemic diseases as measles, diphtheria, encephalitis and trachoma which can lead to blindness or deafness have been brought under control, and also since public sanitation

has been improved, the incidence of these disabilities has registered a marked decrease.

Investigations in the early days of liberation showed that trachoma was the main cause of blindness in our country. On the average, one out of four blind people had suffered loss of vision because of trachoma. The state then started work on preventing and treating trachoma and this has reduced the cases of trachoma year by year. In Heilongjiang, for instance, the incidence of trachoma has dropped from over 70 per cent in the past to 34. The number of blind people who accounted for 0.7 per cent of the province's population in the early years of liberation has been reduced to 0.11 per cent.

Endemic goiter and cretinism, caused by iodine deficiency due to particular geographical conditions are two main factors giving rise to deafness. In northern China there are about 160 million people exposed to the menace of goiter. Cretinism occurred in places with a high incidence of goiter. Now that the state has founded specialized agencies to carry out preventive work and treatment, enormous quantities of iodine salt, iodized edible oil and potassium iodine have been supplied to the iodine-deficient areas, with the result that the number of patients has gone down considerably. Taibai County, in Shaanxi Province, northwest China, has made outstanding achievements in this respect. Today no children under 15 suffer from cretinism and now there are also no cases of blindness due to this disease.



Sign language training for pre-school children.



Leaders of the China Association of the Blind and the Deaf. From left to right: Li Zheng, Wu Qian, Huang Nai and Li Shihan.

Association founded. The national association of the blind and the deaf with local branches, is a people's organization. In 1954 the China Blind People's Welfare Institute was founded, and later in 1956, the China Welfare Institute of the Deaf was founded. In 1960 the first national congress of the blind and the deaf met in Beijing at which the China Association of the Blind and the Deaf was founded. Its second national congress was held in 1964.

After the "cultural revolution" began in 1966, this association and its branches at all levels were closed down and all its welfare undertakings were discontinued.

Since the downfall of the gang of four, these branches have been re-opened one by one. Last April, its third national congress met to sum up experiences and lessons from its work, amend its regulations and draw up a set of working principles.

Its constitution says: All branches must show concern for the plight of the blind and the deaf and work for their well-being. The association should strengthen ties and co-operation with its counterparts in other countries and help foster a new socialist ethic of taking care of the blind and the deaf.

The congress also elected the following persons to the national committee of the association: Cheng Zihua (honorary chairman), Wu Qian (female, chairman), Huang Nai, Li Shihan and Li Zheng (vice-chairmen), and Meng Jingzhi (advisor).

Gap and Plan

Leaders of the association are of the opinion that China is lagging far behind the advanced countries in work for the well-being of the blind and the deaf.

The widest gap is in educational opportunities. On a countrywide scale, not all blind and deaf children are now in school. Pre-school education is non-existent. Most of the schools for these people are primary schools, while middle and technical schools are very few in number. The schools are poorly equipped, with almost no modern facilities. Throughout the country there is not an institute for training teachers in this special field of education.

China is a populous country and economically underdeveloped. Though the state has time and again stressed the need to help these people, there are still some places where little concern is shown for them, where not all of them have jobs.

During the "cultural revolution," not a few specialized agencies engaged in research work in preventing and treating blindness and deafness were liquidated and work in this field was seriously held back. They have been restored in the last two years and some planning has been done, but so far no marked achievements have resulted.

Plans. What about future developments? We have entered a new epoch centring on the four modernizations, said the association leaders, and we hope to help more blind and deaf people, particularly by giving them training so that they can make contributions to the four modernizations. At the same time, as the nation's economy and culture develop, people with these handicaps will be provided with more welfare so that they can live still better. We look forward to carrying out certain specific plans:

- To develop education for these people in steps. At present, the main thing to do is to introduce universal primary school education and train teachers for this special field of education and also to gradually improve the educational standard and facilities in schools for the blind and the deaf.

- At the same time, we should wipe out illiteracy among these people, open up all types of classes for professional training, and unfold spare-time activities in culture, science and technology in order to raise their cultural and technical level.

• We must further develop the work of prevention and treatment, including related research work, stress the study of eugenics and safeguard the health of newborn babies. We hope to reduce the incidence of these afflictions to a minimum and probe for effective cures.

• Efforts should be made to find jobs for those who are capable of work, so that they can contribute to national construction.

• More publicity should be carried out. The blind and the deaf who have made outstanding achievements in studying, work and

productive labour should be commended. We must give publicity to units and individuals for showing warm concern for the blind and the deaf and criticize those who frown upon and hurt them, so that society as a whole will be encouraged to emulate these units and individuals and oppose the old idea of discriminating against the blind and the deaf.

While strengthening work in this field at home, we must absorb the advanced experiences from abroad and enhance friendship with the blind and the deaf of all lands. □

Provisional Regulations for Exchange Control Of the People's Republic of China

Following is the full text of the provisional regulations for exchange control of the People's Republic of China promulgated by the State Council on December 18, 1980. They will come into force on March 1, 1981. — Ed.

Chapter I

General Provisions

Article 1 These provisional regulations are formulated for the purpose of strengthening exchange control, increasing national foreign exchange income and economizing on foreign exchange expenditure so as to expedite the national economic growth and safeguard the rights and interests of the country.

All foreign exchange income and expenditure, the issuance and circulation of all kinds of payment instruments in foreign currency, dispatch and carriage into and out of the People's Republic of China of foreign exchange, precious metals and payment instruments in foreign currency shall be governed by these regulations.

Article 2 Foreign exchange herein mentioned refers to:

- a. Foreign currencies, including banknotes, coins, etc.
- b. Securities in foreign currency, including government bonds, treasury bills, corporate bonds and debentures, shares, interest and dividend coupons, etc.
- c. Instruments payable in foreign currency, including bills, drafts, cheques, bank deposit certificates, postal savings certificates, etc.
- d. Other foreign exchange funds.

Article 3 The People's Republic of China pursues the policy of centralized control and unified management of foreign exchange by the state.

The administrative organ in charge of exchange control of the People's Republic of China is the

State General Administration of Exchange Control (SGAEC) and its branch offices.

The specialized foreign exchange bank of the People's Republic of China is the Bank of China. No other financial institution shall engage in foreign exchange business, unless approved by the SGAEC.

Article 4 All Chinese and foreign organizations and individuals in the People's Republic of China must, unless otherwise stipulated by law or decree or in these regulations, sell their foreign exchange proceeds to the Bank of China. Any foreign exchange required is to be sold to them by the Bank of China in accordance with the quota approved by the state or with relevant regulations.

The circulation, use and mortgage of foreign currency in the People's Republic of China are prohibited. Unauthorized sales and purchases of foreign exchange and unlawfully seizing possession of foreign exchange in whatever ways and by whatever means are prohibited.

Chapter II

Exchange Control Relating to State Organizations and Collective Economic Units

Article 5 Foreign exchange income and expenditure of state organs, armed forces units, non-governmental bodies, educational institutions, state enterprises, government establishments, and urban and rural collective economic units in China (hereinafter referred to as domestic organizations) are all subject to control according to plan.

Domestic organizations are permitted to retain a proportion of their foreign exchange receipts in accordance with relevant regulations.

Article 6 Unless approved by the SGAEC or its branch offices, domestic organizations shall not: possess foreign exchange; deposit foreign exchange abroad; offset foreign exchange expenditure against foreign exchange income; or use the foreign ex-

change belonging to state organs stationed abroad or Chinese enterprises and establishments resident in foreign countries or in the Xianggang (Hongkong) and Aomen (Macao) regions, by way of borrowing or acquisition.

Article 7 Unless approved by the State Council, domestic organizations shall not issue securities with foreign exchange value inside or outside China.

Article 8 Departments under the State Council and people's governments of various provinces, municipalities and autonomous regions shall compile annual overall plans for domestic organizations under their respective jurisdiction whereby loans may be accepted from banks or enterprises in foreign countries or in the Xianggang (Hongkong) and Aomen (Macao) regions. These plans shall be submitted to the SGAEC and the Foreign Investment Control Commission for examination and forwarding to the State Council for approval.

The procedure for examining and approving individual borrowings shall be prescribed separately.

Article 9 The portion of foreign exchange retained by domestic organizations, non-trade foreign exchange and foreign exchange under compensatory trade received in advance for later payments, funds borrowed in convertible foreign currency, and other foreign exchange held with the approval of the SGAEC or its branch offices, must be placed in foreign currency deposit accounts or foreign currency quota accounts to be opened with the Bank of China, and must be used within the prescribed scope and be subject to the supervision of the Bank of China.

Article 10 When domestic organizations import or export goods, the banks handling the transactions shall check their foreign exchange receipts and payments either against the import or export licenses duly verified by the customs or against the customs declaration forms for imports or exports.

Article 11 State organs stationed abroad must use foreign exchange according to the plan approved by the state.

The operating profits of enterprises and establishments in foreign countries or in the Xianggang (Hongkong) and Aomen (Macao) regions must, except the portion kept locally as working funds according to the plan approved by the state, be transferred back on scheduled time and be sold to the Bank of China.

No Chinese organization stationed abroad is permitted to keep foreign exchange for domestic organizations without authorization.

Article 12 Delegations and work-groups sent temporarily to foreign countries or to the Xianggang (Hongkong) and Aomen (Macao) regions must use foreign exchange according to their respective specific plans, and must, upon their return, promptly transfer back to China their surplus foreign exchange to be checked by and sold to the Bank of China.

Foreign exchange earned in their various business activities by the delegations and work-groups referred to in the above paragraph and by members

thereof, must be promptly transferred back to China and must not be kept abroad without the approval of the SGAEC or its branch offices.

Chapter III

Exchange Control Relating to Individuals

Article 13 Foreign exchange remitted from foreign countries or from the Xianggang (Hongkong) and Aomen (Macao) regions to Chinese or foreign nationals or stateless persons residing in China must be sold to the Bank of China, except the portion retained as permitted by the state.

Article 14 Chinese and foreign nationals and stateless persons residing in China are permitted to keep in their own possession foreign exchange already in China.

The foreign exchange referred to in the above paragraph shall not, without authorization, be carried or sent out of China either in person or by others or by post. If the owners wish to sell the foreign exchange, they must sell it to the Bank of China and are permitted to retain a portion thereof as convertible foreign currency according to the percentage prescribed by the state.

Article 15 When foreign exchange that has been kept in foreign countries or in the Xianggang (Hongkong) and Aomen (Macao) regions by Chinese residents in China prior to the founding of the People's Republic of China, by overseas Chinese prior to their returning to and settling down in China, by Xianggang (Hongkong) and Aomen (Macao) compatriots prior to their returning to and settling down in their home places, is transferred to China, the owners are permitted to retain a portion thereof as convertible foreign currency according to the percentage prescribed by the state.

Article 16 When foreign exchange belonging personally to individuals sent to work or study in foreign countries or in the Xianggang (Hongkong) and Aomen (Macao) regions is remitted or brought back to China, the owners returning after completion of their missions are permitted to retain the entire amount as convertible foreign currency.

Article 17 The percentages of foreign exchange retention permitted under Articles 13, 14 and 15 of these regulations shall be prescribed separately.

Foreign exchange retained by individuals as permitted under Articles 13, 14, 15 and 16 of these regulations must be deposited with the Bank of China. These foreign exchange deposits may be sold to the Bank of China or remitted out of China through the Bank of China, or taken out of China against certification by the Bank of China. It is however not permitted, without authorization, to carry or send deposit certificates out of China either in person or by others or by post.

Article 18 Foreign exchange remitted or brought into China from foreign countries or from the Xianggang (Hongkong) and Aomen (Macao) regions by foreign nationals coming to China, by overseas Chinese and Xianggang (Hongkong) and Aomen (Macao) compatriots returning for a short stay, by foreign experts, technicians, staff members and workers engaged to work in domestic organizations, and by foreign students and trainees, may be kept in their own possession, or sold to or deposited with

the Bank of China, or remitted or taken out of China.

Article 19 Chinese and foreign nationals and stateless persons residing in China may apply to the local branch offices of the SGAEC for the purchase of foreign exchange to be remitted or taken out of China. When approved, the required foreign exchange will be sold to the applicants by the Bank of China.

When foreign experts, technicians, staff members and workers engaged to work in domestic organizations require foreign exchange to be remitted or taken out of China, the Bank of China will deal with their applications in accordance with the stipulations in the contracts or agreements.

Chapter IV

Exchange Control Relating to Foreign Representations in China and Their Personnel

Article 20 Foreign exchange remitted or brought into China from foreign countries or from the Xianggang (Hongkong) and Aomen (Macao) regions by foreign diplomatic missions, consulates, official commercial offices, offices of international organizations and non-governmental bodies resident in China, diplomatic officials and consuls as well as members of the permanent staff of the above units, may be kept in their own possession, or sold to or deposited with the Bank of China, or remitted or taken out of China.

Article 21 The conversion into foreign currency, if required, of visa and certification fees received in Renminbi from Chinese citizens by foreign diplomatic missions and consulates in China, is subject to approval by the SGAEC or its branch offices.

Chapter V

Exchange Control Relating to Enterprises With Overseas Chinese Capital, Enterprises With Foreign Capital, and Chinese and Foreign Joint Ventures And Their Personnel

Article 22 All foreign exchange receipts of enterprises with overseas Chinese capital, enterprises with foreign capital and Chinese and foreign joint ventures, must be deposited with the Bank of China, and all their foreign exchange disbursements must be paid from their foreign exchange deposit accounts.

The enterprises referred to in the above paragraph must submit periodic reports and statements of their foreign exchange business to the SGAEC or its branch offices, all of which are empowered to inspect their activities in respect to their foreign exchange receipts and payments.

Article 23 Except where otherwise approved by the SGAEC or its branch offices, Renminbi should in all cases be used in the settlement of accounts between enterprises with overseas Chinese capital, enterprises with foreign capital, Chinese and foreign joint ventures and other enterprises and

individuals residing in the People's Republic of China.

Article 24 Enterprises with overseas Chinese capital, enterprises with foreign capital and foreign partners in Chinese and foreign joint ventures may apply to the Bank of China for remitting abroad their net profits after tax as well as other legitimate earnings by debiting the foreign exchange deposit accounts of the enterprises concerned.

The enterprises and foreign partners referred to in the above paragraph should apply to the SGAEC or its branch offices for transferring foreign exchange capital abroad by debiting the foreign exchange deposit accounts of the enterprises concerned.

Article 25 An amount not exceeding 50 per cent of their net wages and other legitimate earnings after tax may be remitted or taken out of China in foreign currency by staff members and workers of foreign nationality and those from the Xianggang (Hongkong) and Aomen (Macao) regions employed by enterprises with overseas Chinese capital, enterprises with foreign capital and Chinese and foreign joint ventures.

Article 26 Enterprises with overseas Chinese capital, enterprises with foreign capital and Chinese and foreign joint ventures which wind up operations in accordance with legal procedure, should be responsible for the liquidation within the scheduled period of their outstanding liabilities and taxes due in China, under the joint supervision of the relevant departments in charge and the SGAEC or its branch offices.

Chapter VI

Control Relating to Carrying Foreign Exchange, Precious Metals and Payment Instruments in Foreign Currency Into and Out of China

Article 27 No restriction as to the amount is imposed on the carrying into China of foreign exchange, precious metals and objects made from them, but declaration to the customs is required at the place of entry.

To carry foreign exchange out of China or to carry out of China the foreign exchange previously brought in shall be permitted by the customs against certification by the Bank of China or against the original declaration form at the time of entry.

To carry out of China precious metals and objects made from them or to carry out of China the precious metals and objects made from them previously brought in shall be permitted by the customs according to the specific circumstances as prescribed by government regulations or against the original declaration form at the time of entry.

Article 28 Renminbi traveller's cheques, traveller's letters of credit and other Renminbi payment instruments convertible into foreign currency may be brought into China against declaration to the customs, and taken out of China against certification by the Bank of China or against the original declaration form at the time of entry.

Article 29 Unless otherwise approved by the SGAEC or its branch offices, the carrying or sending out of China either in person or by others or by post of the following documents and securities held by Chinese residing in China is not permitted: bonds, debentures, share certificates issued abroad; title deeds for real estate abroad; documents or deeds necessary in dealing with creditor's right or owner's right to possession regarding inheritance, real estate and other foreign exchange assets.

Article 30 The carrying or sending out of China of Renminbi cheques, drafts, passbooks, deposit certificates and other Renminbi instruments held by Chinese or foreign nationals or stateless persons residing in China, is not permitted, either in person or by others or by post.

Chapter VII

Supplementary Provisions

Article 31 All units and individuals have the right to report any violation of these regulations. Reward shall be given to such units or individuals

according to the merit of the report. Violators shall be penalized by the SGAEC, its branch offices or by the departments of public security, or by the departments of administration of industry and commerce, or by the customs. According to the seriousness of the offence, the penalties may take the form of compulsory exchange of the foreign currency for Renminbi, or fine or confiscation of the properties or both, or punishment by judicial authorities according to law.

Article 32 The exchange control regulations for special economic zones, for trade in border areas, and for personal dealings between inhabitants across the border shall be formulated by the people's governments of the provinces, municipalities and autonomous regions concerned in the spirit of these regulations and in the light of specific local conditions, and shall be enforced upon the approval of the State Council.

Article 33 Detailed provisions for the enforcement of these regulations shall be formulated by the SGAEC.

Article 34 These regulations shall come into force on March 1, 1981. □

(Continued from p. 20.)

on supervision and recall, but they are not acted on seriously because we lack concrete ways and measures to carry them out. It is necessary to set up a system of elections, supervision and recall, effect an all-round reform of the cadre system, and have them legally institutionalized. This is a very important thing in perfecting the socialist democratic system and a major organizational measure for giving full play to the superiority of socialism.

Six, put the socialist legal system on a sounder basis and safeguard the people's democratic rights.

Political democratization in our country should be made a system. A complete set of laws should be drawn up to have democracy institutionalized and made part of the law, which will see to it that the democratic system is implemented. In the past, our cadres did not have a strong concept of rule by law. This is related to our long-time emphasis on rule by men ignoring rule by law, and also to the absence of traditions of legality. For many years, someone's say was law and power was law, so that even the Constitution and laws in general became mere scraps of paper and there was no safeguard for the people's rights.

Among the masses, there are people who know nothing about democratic order and who are not yet used to democratic procedures. They have not yet thrown off the influence of anarchism taken on during the "cultural revolution," are obsessed by individualism, and often violate the law, impairing the people's interests and obstructing other people's exercise of their democratic rights. This state of affairs must not be allowed to go on any longer. The people's legitimate rights must be safeguarded and no one should be allowed to infringe on them. Any one, no matter who he is, who violates the Constitution and the laws must be dealt with according to the law, and the principle that all citizens are equal before the law must apply. □



CLIMATIC TREND

Global Warming or Cooling?

World meteorologists all agree it is too early to tell if the globe will be getting warmer or cooler. It may take two decades or even longer to determine a preliminary general trend, for climatic fluctuations involve complicated natural and human factors.

Heated discussions on the current trend took place last December at a technical conference on climate in Asia and the Western Pacific in Guangzhou, south China.

Bert Bolin, a world renowned meteorologist and professor at Stockholm University in Sweden, and several other specialists held that the general global climatic trend is towards a warming. The chief factor is the release of huge amounts of carbon dioxide into the atmosphere which is having a greenhouse effect. Bolin also said that the average annual emission of carbon dioxide into the air in the past decade was about 5,000 million tons.

According to some specialists, carbon dioxide in the atmosphere has increased 15 per cent since the beginning of the industrial revolution in the early 18th century. Calculations show that if the carbon dioxide doubles, the average global temperature will go up one degree centigrade. This could possibly happen by the middle of the 21st century or even earlier, according to a U.S. government report issued last July 24. And if that is the case, temperatures in the polar regions may rise as much as five to ten degrees centigrade since the greenhouse effect of the

carbon dioxide in these areas is obvious. Ice there will melt, seas will rise and people will have to abandon many coastal cities, the report claimed.

"I don't think the carbon dioxide will double by the middle of next century," argued Koichiro Takahashi, professor at Japan's Waseda University.

"My research shows that there seems to be a global cooling," the well-known Japanese professor stated. He believed temperatures began declining in Asia in the 1960s and in Europe in the 1940s. Several factors are behind the decline, one being increased air-borne volcano ash in recent decades. Before the 1940s, he said, few volcanoes erupted, a factor also noted by British, West German and some American specialists. This, plus sun spot activities and atmospheric vapour changes, has affected the earth's solar radiation.

Chinese meteorologists said global cooling seems to be the general trend. There has been a temperature decrease in the North Polar region, Africa, southern China and the Eastern Atlantic in the past two decades, according to Wang Shaowu, an associate professor at Beijing University. China had cool summers in 1957, 1964, 1969, 1972 and 1976, the 48-year-old Chinese specialist said. Besides, he reported, the average temperature from 1971 to 1980 was lower than that from 1931 to 1960 despite the increased carbon dioxide release. "We all agree that the carbon dioxide increase can lead to a temperature rise, but it's hard to say the reason for this is the increase in carbon dioxide," he continued.

Based on extensive studies of Chinese meteorological records, navigational logs, annals of various localities and ancient literary works over the past 5,000 years, Chinese meteorologists maintained that the changes in the past decade are similar to those over the past 500 years.

Specialists at the conference sponsored by the World Meteorological Organization regarded world climatic changes as being closely connected with global population, food and energy resources.

POPULARIZATION

Science for the Millions

There are over 300 natural science popularization centres throughout China today, including museums, zoos, botanical gardens and nature reserves. They provide the people with opportunities for a richer cultural life, broader knowledge and a wider outlook.

The Beijing Museum of Natural Science, which in recent years has presented an increasing variety of exhibits, has been attracting more and more visitors. Since producing the TV play *Peking Man* in conjunction with the Central TV Station, it has been working on a popular science film with the Zhujiang Film Studio. The Natural Science Museum of Shanghai receives more than 1,000 visitors each day, about 60 per cent of them students from colleges, middle schools and primary schools, who take it as an ideal classroom after school. The botanical garden on Hainan Island is used not only as a centre for scientific research and

teaching, but also as a scenic attraction for tourists and holiday makers.

Still, these are but small beginnings. As a big agricultural country with a long coastline, China has not one agricultural museum and has set up but one aquarium, in Qingdao. And there is only one planetarium, in Beijing.

Last December, the Chinese Association of Natural Science Museums was founded in Beijing with 67 organizations and 300 individual members taking part.

The noted paleoanthropologist Pei Wenzhong, discoverer of the first skull of Peking Man and curator of the Beijing Museum of Natural Science, was elected president of the association.

Pei Wenzhong said the new association would promote the popularization of natural science and help set up museums in other parts of the country, and it would also promote exchanges with museums of other countries.

NATIONALITIES

Cultural Exhibition

A current exhibition of garments, jewelry and cultural artifacts of the minority nationalities living in southwest China's Yunnan Province has attracted tens of thousands of visitors each day in Beijing.

Sponsored by the Yunnan Museum, the exhibition displays hundreds of pictures and samples of shoes, dresses, earrings, necklaces, daggers and belts of various unique styles. It is intended to explain the history, daily life, culture and customs of the minority people, and to help enhance mutual understanding and



A Yi woman wearing a cockscomb hat.

unity among the people of China's various nationalities. In addition, the exhibition offers a good opportunity for anthropological and ethnological research related to the people of this region.

Yunnan Province has the largest concentration of different minority nationalities in China. Twenty-two of China's 55 minority nationalities live there, as well as two forest tribes who have not yet received official nationality status. The minority nationality people number ten million, roughly one-fourth of the total minority population of China.

These nationalities vary greatly in culture and style of dress and adornment. This is reflected in the objects on display. The Bai people's blue sleeveless jackets worn over simple white shirts harmonize with the natural scenery of their native land — snow-capped mountains and the blue waters of Er-

hai Lake. The moon-and-star-patterned clothing worn by women of the Naxi nationality symbolize their industriousness; legend has it that while the Naxi men were out to war, their women laboured from early morning till late at night to finish all the farm work.

One of the most attractive items on display is a cockscomb hat like those worn by the women of the Yi nationality. According to an old legend among these people, there was once a monster who wanted to take possession of a beautiful young woman. The monster killed her young lover, but when it chased after the girl, a cock crowed and scared the monster away. Carrying the cock under her arm, she then hurried back to her dead sweetheart, and the cock's crow brought him back to life. Later, the girl made a hat in the shape of a cockscomb and the couple lived happily thereafter. The Yi hat on exhibition is decorated with as many as 1,000 silver beads.

Pictures on display show the colourful tattooing of men of the Va nationality, the needled designs on the faces of the Dulong women and other minority adornments such as head hoops, giant earrings, bracelets and necklaces. Many of these items have never been seen before by residents of Beijing.



Women of the Va nationality.

Depicting Socialist Transformation of Capitalist Enterprises

Morning in Shanghai (Vol. IV, in Chinese) by Zhou Erfu

《上海的早晨》(第四部)

Published by People's Literature Publishing House, Distributed by Xinhua Bookstore, Beijing

Renminbi 2.80 yuan (de luxe), 2.25 yuan (paperback in big format), 1.85 yuan (paperback in small format).

The last volume of *Morning in Shanghai*, a novel focussing on the whole process of the socialist transformation of capitalist industry and commerce in Shanghai, China's largest industrial city, was published at the end of 1980. This four-volume book, with a distinctive theme of historical significance, is an artistic reconstruction of this revolution.

Volume I (published in 1958) and Volume II (published in 1961) describe the historical events of the "3-anti's" movement (1951-52) against corruption, waste and bureaucracy within the Party, government, army and mass organizations and the "5-anti's" movement (1952) against bribery, tax evasion, theft of state property, cheating on government contracts and stealing of economic information — unlawful acts committed by owners of private industrial and commercial enterprises. The two movements marked the first trial of strength between the bourgeoisie and the proletariat at the early stage of China's socialist revolution.

Volume III, published earlier last year, describes the overcoming of new contradictions which emerged in the wake of

the above two movements. These struggles, while checking the unlawful activities of a number of capitalists, unite, educate and remould the law-abiding capitalists and also are an education for the revolutionary ranks. But many capitalists, denounced during the movements, feel discouraged and throw up their job. A democratic reform therefore is



carried out among the workers, which brings about an upsurge in production. In the meantime, policies designed to mobilize the initiative of the capitalists to boost production are put into practice.

Volume IV climaxes the multiple contradictions which were mounting in the previous volumes. It tells how the question of the system of ownership is solved by transforming capitalist enterprises into joint state-private enterprises.

The author skilfully presents the fierce struggle in which an undercurrent of resistance from some capitalists seethes in a seemingly peaceful atmosphere. Alarmed by a coming campaign for transforming private ownership into joint state-private ownership, they organize secret meetings to seek tactics against the Communist Party. But the Party's policy of utilizing,

restricting and transforming capitalism helps those vacillating national capitalists understand the significance of the socialist transformation and how their own future is bound up with it. By contrasting the old and the new societies and considering their private interests, they finally accept the transformation of their own accord.

The volume is outstanding for, among other things, its successful and detailed descriptions of different types of capitalists. They include Xu Yide (nicknamed iron abacus), the main character, who is astute and calculating and always sets himself against the workers; the political broker Feng Yongxiang, a capitalist without capital; "Red boss" Ma Muhan.

young, energetic and willing to listen to the suggestions of the workers. The volume also portrays the workers and their growing maturity in the struggle.

By comparison, the descriptions of rural life in this volume turn out a bit pale.

The author, Zhou Erfu, was Director of the Propaganda Department of the Shanghai Municipal Party Committee and Director of the United Front Department of the C.P.C. Southeast Bureau after liberation. His keen interest in life, profound understanding of his times, and familiarity with the characters and their social milieu enabled him to create this outstanding work. The author is now a Vice-Minister of Culture.

All four volumes of this book contain pictures drawn by Hua Sanchuan, a well-known artist.

— Zhang Mu

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