

BEIJING REVIEW

北京周报

A CHINESE WEEKLY OF
NEWS AND VIEWS

- **Legislation Helps Open Policy**
- **Dalian—China's Northernmost Port City**





Dalian Harbour receives 4,500 freighters a year.

SPOTLIGHT

Dalian Harbour

Dalian Harbour, an ice-free port, has trade relations with more than 140 countries and regions. Its 48 berths, 23 of which can accommodate 10,000-ton ships, can handle up to 35 million tons of cargo a year. This makes it the second largest port in China, after Shanghai.



At the computer centre in Dalian Harbour, the complex activities of a busy port are controlled.



China's first mechanized oil wharf is being rebuilt.

Xianglujiào port in Dalian Harbour, one of state's major construction projects, will be able to handle 960,000 tons of cargo a year when completed.

Containers wait to be loaded.



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COVER: A bird's-eye view of Zhongshan Square in Dalian.	
Photo by Wu Deming	

HIGHLIGHTS OF THE WEEK

Legislation Holds Open China's Doors

Opening to the outside world is a basic policy included in the Chinese Constitution. In recent years, China has steadily implemented the open policy through concrete legislation and has joined many international treaties (p. 16).

Dalian — Northernmost Gateway to China

As China throws its doors wide open to the rest of the world, Dalian, the most important port city in northeast China, has opened to foreign investment. An accompanying interview with Dalian's mayor outlines the city's specific advantages (p. 24).

Kohl Talks Business in China

West German Chancellor Helmut Kohl took home several new economic agreements after a one-week visit to China. His meetings with top Chinese leaders stressed the mutual benefits of bilateral relations (p. 6).

Reforming Foreign Trade System

The reform now going on in foreign trade will separate administrative departments from enterprise management. All foreign trade corporations will be able to make their own decisions about how to run their business. This will simplify many approval procedures and increase efficiency (p. 4).

An Account of Hometown Education

A *Beijing Review* staff member describes the changes that have taken place in education in rural Pingdu in Shandong Province — his hometown — since his primary school days (p. 18).

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Reforming the Foreign Trade Structure

by **WANG DACHENG**
Economic Editor

In order to meet the needs of opening to the outside world and enlivening the domestic economy, the State Council has approved and put into effect a plan for reforming the foreign trade system. The reform is expected not only to invigorate Chinese foreign trade enterprises, but also to bring convenience and benefits to foreign businesses.

In the past five years China's foreign trade has developed rapidly. In 1983 the total volume was US\$40.7 billion, almost double that of 1978. Of this, the volume of exports increased US\$12.5 billion, pushing China from 32nd to 16th among the world's exporters.

So far, about 600 import and export corporations have been established in the central departments and provinces. The scale of exports done by the various localities has also widened. Some large key enterprises have been allowed to conduct foreign business on their own, and some foreign trade corporations have launched pilot projects to integrate industry or technology with trade. But these reforms have not fundamentally eliminated the drawbacks of the existing foreign trade structure, especially the problem of rigid control over enterprises resulting from the indistinct division of labour between administration and enterprise management.

Often the different functions of administrative bodies and enterprises become confused. On the one hand, because of too much

administrative interference, foreign trade enterprises have neither the power to make their own business decisions nor clear responsibilities. The state takes care of the profits and losses, which only encourages bureaucratism and the tendency of "everybody eating from the same public pot." On the other hand, because the administrative departments are busy taking care of daily affairs, they have no time to attend to

By reforming the old foreign trade system, all foreign trade businesses or corporations will be independent from their higher administrative departments, able to make their own decisions about how to run their business.

important policy problems. So in fact, the role of the administrative bodies is also weakened.

The current reform will first of all separate government administration from enterprise management. All foreign trade businesses or corporations will become independent from their higher administrative departments, able to make their own decisions about how to run their business. This will simplify approval procedures and make the work more efficient.

Enterprises will engage in foreign trade under the state plan, conduct independent business accounting and assume sole responsibility for profits and losses, within the framework of state policies and laws. This means in-

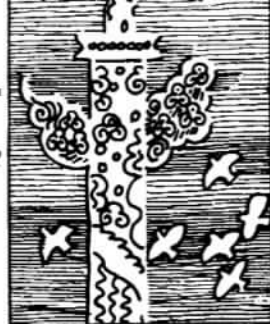
creased profits for those businesses which are well run. After paying taxes to the state an enterprise may increase its accumulation funds, or the staff's welfare funds and wages.

The administrative departments in charge, from the Ministry of Foreign Economic Relations and Trade to the provincial, municipal and autonomous regional foreign economic and trade departments or commissions, still perform their administrative duties. These include unified leadership, working out policies and plans, supervising enterprise managers and their business activities, discharging incompetent personnel and administering foreign business agencies.

Foreign trade enterprises will act as agents in China's import and export business. Under this system, the enterprises provide services, are entrusted to handle import and export business and receive a service charge, while the production enterprises are responsible for the gains and losses. This is an effective way to wipe out the practice of "everybody eating from the same public pot."

In the past, all exports were handled by foreign trade corporations. They bought goods from production enterprises and took responsibility for gains and losses, which ended up with the state shouldering the responsibility. This was necessary when domestic commodities and circulation channels were inadequate, and it did ensure the source of goods in developing foreign trade.

But with the development of commodity production and the increase of circulation channels, this



way of trading has become more and more unsuitable for the changed situation. Since the production enterprises do not make direct deals with foreign businesses, they show no concern for the sale of their products, leaving production and marketing unconnected, and thus fail to make flexible reactions to the changes in demand on the international market. The agent system, under which the production enterprises assume sole responsibility for their gains and losses, will help solve these problems.

In fact, in recent years half of China's import and some of its export business have been done under this system or on a trial basis. It has now been decided that from 1985 on reforms will be carried out step by step and all import business and most export business will be done by implementing this system.

With their decision-making powers, various import and export corporations will greatly simplify procedures in trade talks with foreign businesses and work efficiency will be enhanced.

Because some foreign trade enterprises are allowed to offer the same types of goods within the approved scope of business, in competition with each other, a much wider choice will be available for foreign businesses.

In the same way, foreign business people who sell their commodities in China will have direct contacts with more foreign trade enterprises, but their commodities must be competitive so they can meet the needs of China's widening market.

LETTERS

Voice From Africa

I am an industrious reader of your magazine. I wish your country happiness and success in your modernization drive. I appreciate your efforts to transmit messages to the information-hungry world.

Beijing Review enables me to know the experience of New China.

The international column is my favourite. I hope you carry more reports on the liberation movements in the exploited countries.

The magazine is insufficient in reporting on the African Continent and the Indian Ocean countries.

I hope *Beijing Review* will have more articles on the theory and practice of Chairman Mao's New Democracy.

Selemani Attoumani
Mayotte, Iles Comores

Your magazine is very interesting. I especially like the colourful covers, which indicate that you have paid more and more attention to the techniques of photography.

I like your attitude when you discuss important international issues and your viewpoints on them. This is well embodied in your reports on people's worries about the arms race between the two superpowers and their deployment of missiles in Europe.

I am also interested in the news about China. I felt very glad when I read about China's great economic achievements in issue No. 33. You have greatly progressed in the production of radios, TV sets, washing machines, tractors, computers and other industrial products. Your country is march-

ing steadily towards industrialization and modernization.

China's agricultural yield has also increased year after year.

I'm eager to know something about China's automobile industry, since there are a lot of automobiles here.

Y.H. Wong Soo
Mauritius

I am a new reader of your magazine, and glad to receive it because it expands my knowledge about China.

I never saw what your old magazine looked like, but I really like the new one. I hope you put more pictures in your weekly.

Your country has achieved great progress in building a new China.

Every week *Beijing Review* gives its readers China's opinions and world news. Although there is a big distance between us geographically, I feel China is within reach.

Boseba-EI Zamac E. Engangi
Zaire

I really enjoy your magazine. In addition to its easy English, its photos are very eye-catching, especially those on the covers. The most important thing about magazine is that it must have attractive covers. *Beijing Review* does this.

I am very interested in Chinese embroidery and consider it a wonder. I once saw some during an international trade fair in Algeria. I hope I can communicate with some Chinese involved in this work.

Kiard Ghanva
Algeria

Trade Emphasized During Kohl's Visit

Economic relations were the major topic of discussion during West German Chancellor Helmut Kohl's visit to China Oct. 7-13. He took home the fruits of these talks — a contract to establish a joint production Volkswagen factory in Shanghai, an agreement on inland navigation and an exchange of notes on six technical co-operation projects.

Kohl met Premier Zhao Ziyang on Oct. 8, and said his visit was aimed at "closer co-operation" with China. He told his host that West Germany "would begin financial co-operation with China."

Zhao said, "We are not only willing to co-operate with your country's big companies, but also attach great importance to co-operation with your small and medium-sized businesses." He added that he hoped West German firms would invest in the 14 coastal cities China recently opened to outside investment.

West Germany has been China's major European trading partner for years. Last year the two countries did 4.7 billion Deutsche marks worth of business, up 25 per cent over 1982 and up 760 per cent from 1972, the year the two established diplomatic relations. In the first six months of this year, trade went up another 11.5 per cent over the same period last year.

Bilateral trade has expanded so quickly because it is beneficial to both sides. One third of West Germany's gross national product comes from exports. China is a developing country working hard to modernize itself. Its policy of opening to foreign investment will aid in the realization of this aim.

During his stay in Beijing Kohl also met with other Chinese leaders, including Deng Xiaoping, Chairman of the CPC Central Advisory Commission, President Li Xiannian and Party General Secretary Hu Yaobang. All said they were satisfied with the progress of

bilateral relations and greatly valued Kohl's visit.

To pave the way for further co-operation in the future, Zhao and Kohl have agreed that on the basis of the investment protection agreement already signed by the two countries, an agreement on avoiding double taxation should be signed as soon as possible.

Deng: Open Policy Will Never Change

China's policy of opening to the world will not change in this century or even in the next, Deng Xiaoping told a delegation from the Komei Party of Japan, led by Chairman Yoshikatsu Takeiri, on Oct. 11.

Explaining why this long-range policy is especially significant, the Chairman of the CPC Central Advisory Commission said China hopes to raise its average per-capita income to US\$800 by the end of this century. "What is more important is to lay the foundation for still greater development of the nation's economy in the future," Deng said.

In the next 50 years China will continue its open policy to fulfil a still more grand goal — approaching the level of the developed countries, Deng said, adding, "This is where our real ambition lies."

China must continue its open policy if it wants to develop its economy, Deng said. "And it will be simply impossible to change it when China's economic and trade ties with other countries have developed and become closer."

Chairman Deng Xiaoping meets with Chancellor Helmut Kohl.



Using funds from abroad and establishing joint ventures with foreign firms cannot possibly impair the sovereignty of socialist China, Deng said. On the contrary, he added, it will only facilitate the development of the socialist economy.

Because China's economy will be even more developed in another 50 or 70 years, the socialist sector, the principal part of the national economy, will then be strong enough to withstand almost any shock.

Takeiri asked how China will draw up a basic set of laws for Hongkong. Deng pointed out that the Sino-British joint declaration on the Hongkong question already outlines China's plans for Hongkong in detail. Drawing up laws based on this accord is an easy matter.

Deng also said China's proposal for Taiwan's reunification with the mainland would be even more liberal, because Taiwan would be allowed to keep its own troops.

Addressing a question long on the mind of international observers, Deng said that Ivan Arkhipov, First Vice-Chairman of the Soviet Council of Ministers, had postponed his visit to China for reasons internal to the Soviet Union. China's invitation remains open.

Deng and Takeiri also talked about problems on the Korean Peninsula and Sino-US relations during their 90-minute meeting.

Official Ties With Taiwan Opposed

President Li Xiannian told a visiting Swiss parliamentary delegation that China "appreciates Switzerland's refusal to sell arms to Taiwan" and continues to strongly oppose any country having

official ties with the Taiwan authorities.

Li made his remarks at a meeting on Oct. 8 with the delegation led by Andre Gautier, President of the Swiss National Council. The delegation arrived in Beijing on Oct. 6 at the invitation of the National People's Congress Standing Committee. The visit was the first by a Swiss parliamentary delegation since the two countries established diplomatic relations in 1950.

Gautier said that China's diplomatic settlement of the Hongkong question may help bring the Chinese on Taiwan closer to the mainland. "We believe that your reunification with Taiwan will be achieved," he said.

As a permanently neutral state, Switzerland contributes a great deal to establishing a more peaceful world. It insists on justice and respects China's sovereignty by refusing to sell arms to Taiwan.

Both China and Switzerland look upon safeguarding world peace as their principal aim in international affairs. To achieve socialist modernization, China needs a peaceful international environment, while Switzerland, as a neutral state, also wants world peace.

Both Chinese and Swiss officials expressed hope that the two countries would increase contacts and co-operation in various fields.

County Cadres Now Become Younger

According to recent statistics, the average age of cadres in a reorganized county leading body is under 45 — one-third of them are as young as 40. County officials in Beijing are now 46.5 on an average, and in Shanghai they are 45.5.

The number of standing committee members and heads or dep-

uty heads of the counties has fallen by 18 per cent. The number of those with a college-level education has increased to 45 per cent from the original 10.8 per cent. Of these 15.4 per cent have special technical training. Now, at least one of every two county leaders or Party secretaries has a college-level education in 80 per cent of China's counties.

Counties joined the nation's provinces and prefectures in reorganizing their leading bodies, beginning in the second half of 1982. The work of reorganization in provinces and prefectures ended early this year.

China Focuses on Minority Peoples

In an effort to increase understanding about China's minorities and promote unity among Chinese people of all ethnic backgrounds, the Chinese Government has produced a series of programmes about minority customs and conditions for television and radio.

The glimpse of minority life offered by the weekly "Fraternal Nationalities" series is just part of the government's attempt to increase mutual understanding while encouraging cultural development in the minority areas.

China has 55 minority nationalities, numbering more than 67 million people, or about 6.7 per cent of the total population of the country.

Of the 2,978 deputies to the Sixth National People's Congress (NPC) in 1983, there were 405 from minorities, constituting 13.5 per cent of the total. The smallest ethnic minorities — the Hezhe and Lhoba — which have fewer than 2,000 people, have their own representatives in the NPC.

China has established five autonomous regions, 31 autonomous prefectures, 83 autonomous counties and more than 800 autonomous townships. The administrative head of an autonomous region, prefecture or county is a citizen of the nationality, or of one of the nationalities, exercising regional autonomy in the area concerned.

China promulgated its first law on regional autonomy for ethnic minorities this June. It went into effect on October 1.

At present, there are 11 educational institutes for minority people and 1.1 million minority students have been trained (including those now at school).

Statistics from the State Nationalities Affairs Commission show that in 1983 there were 34 radio stations, about 1,000 cultural centres and libraries, 33.58 million books and 74 different magazines in minority languages in the autonomous areas.

The number of medical centres in the minority autonomous areas has increased almost 80 times that of 1949.

To promote economic and cultural development in the minority areas, the state allocated more than 85 billion yuan (about US\$33 billion) between 1950 and 1983.

Surveys of China's five autonomous regions — Inner Mongolia, Xinjiang, Guangxi, Ningxia and Tibet — last year showed that the average annual income of peasants or herdsmen reached 200-300 yuan. And in Rutog County in Tibet and Madoi County in Qinghai Province, the average income reached 478 yuan, 100 yuan more than the national average.

To improve communications in the remote minority areas, 12,000 km of railways and 230,000 km of highways have been built over the past 35 years.

First Cadre Exam For Factory Heads

Not long ago China organized a state examination for the first group of factory directors and managers to test their understanding of the basic principles and policies concerning socialist economic construction and their general knowledge about business management.

In all, 9,019 directors and managers from the industry, commerce, foreign trade, building, post and telecommunications, transportation and communications industries sat for the examination. Their average score was 75.78 points out of 100 for their understanding of principles and policies, and 99.30 per cent of them passed the examination. The average for business knowledge was 74.05, and 94.47 per cent passed the test.

The state examination, the first of its kind since the founding of New China, is one of the major reforms of the cadre system. It puts into practice the directive Premier Zhao Ziyang gave in his Report on the Work of the Government at the Second Session of the Sixth National People's Congress last May. The report said, "The state will organize uniform examinations (plus assessment of professional performance) for factory directors and managers. Those who fail must not be allowed to remain at their posts."

China now has several hundred thousand factories and mines staffed with about 100 million workers. The understanding of policies, vocational and managerial levels of directors and managers of these factories and mines have a great bearing on the economic development of the country. China urgently needs to help improve the managerial level of these factory direc-

tors and managers and update their education.

China Running In the Space Race

China has put 15 satellites into space over the past 15 years, and the latest, weighing over 900 kg, is on course with all instruments functioning normally even though it has already fulfilled its mission.

The satellite was launched into space by a new type of carrier rocket on April 8, 1984. Within eight days of launching, it was positioned 125 degrees east longitude above the earth's equator.

With its continued success in space ventures, China has demonstrated that it ranks among the world's leading nations in carrier rocket and satellite technology.

China started its astronautics industry in 1956 and launched its first carrier rocket in 1964. In May 1980, a carrier rocket was launched and splash down in a predetermined area in South Pacific. In September 1981, a single-launch vehicle sent three satellites into orbit, and the following year China successfully carried out a submarine-based carrier rocket launch.

In April 1970, China launched its first satellite. The following year, the nation's first satellite carrying scientific research equipment was put into space. The satellite sent back valuable data for seven years circling the earth.

China is the third country in the world, after the Soviet Union and the United States, to master the technology for recovering satellites. The first recovered satellite was launched in November 1975, and, since then, four more satellites have been recovered.

A complete set of facilities have

been built for launching, monitoring and controlling rockets and satellites. China's space technology is also making great contributions to the national economy. Information collected by satellites has been successfully applied in land and forestry resource surveys, mineral exploration, hydrogeological prospecting and environmental monitoring.

Peasants Invest in Varied Businesses

Peasants from Guangdong Province have invested their extra earnings to build 20 hotels with 1,200 rooms in Guangzhou and its outskirts. The economical and convenient hotels have been welcomed by tourists.

Peasants in the province have also put up the money for 280 tea-houses and restaurants in Guangzhou, offering local cuisine for 20,000 people.

Since the implementation of the new rural economic policies, Chinese peasants have gradually be-

come well-off and are being encouraged to invest in diversified interests, instead of just farming.

Peasants in Jiangsu Province raised 254 million yuan to build and expand 23,900 village and town businesses in the first seven months of this year. In the developed rural areas in southern Jiangsu Province, half of the labour force is now working in collectively run factories.

The rural enterprises in Fujian Province employ 1.45 million peasants, or 20 per cent of the labour force in rural parts of the province. The total income of these enterprises makes up 40 per cent of all the income from agricultural production.

A technical development corporation jointly set up by peasants and scientists in Anhui Province early this year provides consultation and other services. It sold share certificates at 1,000 yuan each to finance itself. A peasant from Wuxi County in Jiangsu bought 10 shares.

An ordinary rural factory worker earns an annual wage of about

1,000 yuan, almost the same of an urban worker. He also has additional income from his crops on the land he contracts from his brigade. After deducting agricultural tax, selling a set quota of grain to the state and paying into the collective's accumulation fund and welfare fund, he may keep or sell whatever is left.

Regions Co-operate For Mutual Growth

The promotion of regional economic and technical co-operation, a major reform of China's economic structure, is the only way to accelerate economic growth. It is also another way to open China to the world, Vice-Premier Wan Li told a national meeting on economic and technical co-operation and assistance held in Tianjin in late September.

China is very large, and its natural and economic conditions vary greatly from place to place. Development is therefore uneven, Wan said. The coastal areas in the east have a solid industrial foundation, but they are short of natural resources. Although the hinterland and the border areas are rich in natural resources, their technological level is low.

Because the state has long exercised rigid control over these areas, there was little exchange of materials and know-how. This was handicapping the economic development of the country. Emphasizing regional co-operation means breaking down the barriers the old policies had created, enabling different regions to support each other, he continued.

This economic and technical co-operation will be based on voluntary participation and mutual benefit. The labour force, materials

Peasants of Daqiu village in Jinghai County, Tianjin, work in a printing house they run themselves.



and financial resources will be fully mobilized to make the most of the advantages of each region. Each will supply what the other needs, make the best possible use of favourable conditions and avoid unfavourable ones and promote the common progress of the advanced and the underdeveloped regions. Wan pointed out that in this way China will quickly meet the needs of production, and economic setups will be more evenly distributed.

Wan also said that one of the state's major policies is to encourage the advanced to support the underdeveloped, the coastal areas to support the hinterland and the Hans to support the minority groups, in order to rectify the inequities left over by history. Although some work units which provide assistance to others will have to make some sacrifices, it will be beneficial to the overall progress of the state and should be done in a socialist country.

Economic and technical cooperation has begun all over the country, Wan said. Special organizations to guide this work have been set up in various provinces and regions. Agreements on 8,549 co-operative projects were concluded in 1983. This was 40 per cent more than the sum total for the previous two years. The materials exchanged in these projects were valued at 4.9 billion yuan.

Since 1980, Shanxi Province has provided 20 provinces and municipalities with 40 million tons of coal and created 100 billion yuan in output value for the state.

Forty-three engineering projects will be built with the assistance of other localities in the Tibet Autonomous Region this year; most of them are already under construction. It is estimated that they will be completed in September 1985. Wan told the meeting.

Chinese Bank to Provide Loans

The Industrial and Commercial Bank of China has decided to provide loans for compatriots from Hongkong, Macao, Taiwan and overseas Chinese who come to invest in development projects on the mainland.

Projects entitled to such loans include mines, power stations, highways, bridges, railways, harbours and forestry farms, as well as infrastructural facilities in economic development zones.

The terms of the loans are, in general, one to 15 years, with none exceeding 20 years. Preferential interest rates will also be granted.

Newspapers Reach Record Numbers

China's more than 1,333 newspapers now reach one out of every 10 people in the country, and its newspapers have experienced a circulation increase of 78 per cent over 1978 and today's readership now totals 14 times that of 1951.

China's Xinhua News Agency has become one of the largest news distributors in the world. About 160 Chinese-language newspapers and magazines in Hongkong, Macao and outside the country also receive dispatches from the Chinese News Service.

Television, news and information programmes are also reaching record numbers of Chinese citizens. Since 1980, the output of TV sets has increased at an annual rate of 70 to 105 per cent. The central broadcasting station broadcasts in Chinese and five minority languages and China's overseas radio service "Radio Beijing" broadcasts in 38 foreign languages.

Economic gains by Chinese citizens are credited for the increase in newspaper variety and circulation. While peasants once had little time or money for newspapers, today some 800 newspapers and periodicals are aimed at peasant readers, and some of those publications have a circulation of more than one million. In order to help boost the economy in the rural areas, these publications often print stories on policy and technology and articles that can assist peasants in their farming. Peasants subscribe to the newspapers at their own expenses. In Hunan Province alone, 2 million peasant families now subscribe to various kinds of newspapers and periodicals.

The development of China's mass media has brought vitality to journalism, education and research work. There are 120 journalism research institutes throughout the country, and one, the Shoudu Society of Journalism, has sponsored some 100 academic discussions over the past five years. At present, 26 colleges and universities offer journalism courses and 2,600 students and postgraduates are enrolled. At the same time, about 10,000 working journalists have had their skills sharpened in training courses.

Fashions Making Strong Comeback

A giant garment exhibition held last month in Beijing attracted millions of visitors. For weeks the Beijing Exhibition Hall became one of the most bustling places in the city, rivalling big fashion markets all over the world.

Fashion models showed off designs that nobody would have imagined in China 10 years ago. But the crowds weren't shocked. Instead, they were buying, trying to update their wardrobes.

China once enjoyed a reputation as the "kingdom of hats and clothes." Unfortunately, for many years in the past Chinese clothing was largely restricted to dull colours of blue, grey and green, all in unalterable styles.

Living standards, especially among the peasants, remained so low that people could not afford fashionable clothes. Moreover, shackled by narrow-minded ideas, people didn't venture to follow fashion trends, for fear of being labelled as one who was after the "bourgeois way of life."

But now more and more people have money and reason to dress up. In the Beijing Exhibition Hall, peasant Yang Jianzhong, with 1,000 yuan (US\$400) in his pocket, spent 100 yuan buying an imitation fox fur coat for his daughter. The sum is equal to the per-capita annual income of a decade ago. The 51-year-old peasant lives in Tongxian County on the outskirts of Beijing and his family of four now earns 30,000 yuan a year.

The Chinese citizen now spends one-fifth of his income on clothing on an average, a nine-fold increase over the 1952 figure.

At the same time, the country's leaders and the mass media are criticizing conservative ideas about dress. An article in *Renmin Ribao* (People's Daily) stressed the importance of dressing well. It commented that the Party has a revolutionary tradition of working hard and living simply, but that doesn't mean the simple life should be the end purpose. On no account should proletarians "be satisfied with poverty," said the article.

While visiting the Beijing clothing exhibition, Vice-Premier Tian Jiyun said that young women have right to dress up. The idea of dressing like an old woman, as has

been expected of young women in the past, is outmoded, he said.

Despite the fact that most people still wear old-style blue and grey suits, beautiful clothes are popping up all over. Young women, in particular, are beginning to brighten their wardrobes.

They prefer to buy middle- or high-quality clothes, such as flight jackets, parkas and reversible coats. Chinese-style tunics and other traditional dresses have also returned to the streets in bright colours.

Chinese men, too, are getting fashion conscious. Western-style suits are now in vogue among young men. Some 300 Western-style suits are sold daily in the Beijing Department Store on Wangfujing Street.

When asked why he chose to buy one, a young man, eyeing his new suit in a full-length mirror, answered briskly, "I'm tired of wearing Chinese tunic suits. Moreover, Western-style clothes are comfortable and graceful."

In order to meet the demands of the consumers and boost the fashion trend, the first Beijing Fashion Association was founded in Beijing earlier this month. Bo Yibo, Vice-Chairman of the Central Advisory Commission of the Communist Party of China, was named honorary president of the association.

Inmates Reformed Through Reading

An imprisoned woman mugger, previously believed incorrigible, recently confessed, after reading 90 books and writing a 60,000-word diary during one year behind bars, that she had stolen another 26 bicycles.

Zhao Ailing, one of 3,500 prisoners in Shaanxi Province in reading classes, has formed with 12 other prisoners a group that lectures on starting a new life through reading. They tell how they were morally awakened through reading.

In October last year, the bureau of reform through labour under the Shaanxi Judicial Department established reading groups and study and technical classes for prisoners, with 70 per cent of inmates taking part. The groups got 138,000 books with state money and from the public and prisoners' families.

In Shaoguan, Guangdong Province, 175 prisoners received junior middle school equivalency certificates last August, issued by the city education bureau. The certificates are equal to those issued outside prison and still valid after the prisoner's release.

The Shaoguan prison began to teach its inmates culture and trades in 1979. In April last year, it set up a prisoner school, the first in the province.

CORRECTION: In issue 35, p. 18, mid. col., para. 2, line 5 should read: "By 1983, total increases in production capacity were: 507 million tons of coal, 144 million tons of oil, 35.5 million tons of steel and 13.1 million cotton spindles and 68.8 million kw of electricity...."



GDR

From Ruins to Progress in 35 Years

by ZHAO HUAZHOU and
HU YONGZHEN

THE German Democratic Republic this month celebrated its 35th anniversary and the nation's people had reason to rejoice. The country today has an economy with highly developed industry, agriculture and science and technology — the fruit of 35 years of herculean efforts to rebuild on the worst ruins of war.

The country's gross national product (GNP) grew almost 800 per cent between 1949 and 1983. Production levels of lignite, machine tools, rolled steel, electricity, electronic components and chemicals have multiplied, some by dozens of times. Micro-electronics and industrial robots, regarded as a measure of a country's scientific progress, are widely used in factories.

In agriculture, the country now produces more than 10 million tons of grain a year, largely due to the growth of mechanized farming and the use of chemical fertilizers and insecticides. Meat, eggs, milk and other livestock products are in ample supply. One farm worker today can feed 20 people instead of four or five of the past.

The annual economic growth rate averaged 7.2 per cent in the first two decades after the founding of the country. Later, when many countries were plagued by economic stagnation, the German Democratic Republic managed to maintain a 4 per cent growth rate yearly despite a shortage of fuel and raw materials.

In economic management, three major reforms have been carried out to stimulate productivity. First, the government kept highly centralized control over the economy from the early post-war years to the early 1960s. Decentralization emphasizing greater autonomy in enterprises and greater material incentives were instituted in the following decade. And finally, a system of management centring around integrated enterprise complexes was developed in the mid-1970s.

There are now more than 200 such integrated complexes across the country under the control of the central government or regional authorities. Guided by central government plans, these complexes have integrated research, production and marketing in a single institution.

In view of the country's shortage of labour, funds, energy and raw materials, the government has decided to depend on its superior strength in science and technology.

Government funds allocated for research and development have doubled during the past four five-year plans, surpassing some developed countries in terms of per-capita investment. Today, for every 40 employees, there is one scientist and seven university or college graduates. And more than 80 per cent of the workers have received vocational training.

Research findings have been applied in production to help boost productivity and improve economic returns. Applications for patent rights were filed for more than

10,000 inventions in 1983. The total value of newly developed products was estimated at close to 60,000 million marks, and the application of new technologies cut energy consumption by 7 per cent and reduced labour needs by 500 million work hours.

As the country is on the front-line of East-West confrontation, constant improvement in living standards helps boost morale and enthusiasm for work and is important for political stability and unity.

In the early 1970s, at the 8th Congress of the Socialist Unity Party, General Secretary Erich Honecker called for using economic gains to directly benefit the labourers. A platform of uniting economic and social welfare policy was formulated at the 9th Party Congress.

Since then, the government has limited the share of the national income put aside as state accumulations to some 20 per cent, and last year further lowered it to 17.6 per cent, so that more funds could go towards improving the welfare of the people.

Despite the difficulties, the German Democratic Republic has succeeded in developing its economy rapidly. The reason, according to Chairman of the State Council Honecker, is that the country has learnt to effectively manage the economy with its own resources, whether those resources be material goods or brain power. The economy has flourished by combining Marxist-Leninist economic theories with concrete applications in exploration, adjustment and development.

EEC

Money in Hand, But Still Trouble

by YI MING

FOREIGN ministers from the 10 nations of the European Economic Community (EEC) finally reached an agreement on a supplementary budget for 1984 (1,000 million European currency units, about US\$750 million) and a draft budget for 1985, relieving the apprehension that the community might face bankruptcy when the farm subsidies come due in the last two months of this year. But although the money is probably in hand, the problems still remain.

The 1984 EEC budget has a deficit of 2,000 million European currency units (about US\$1,500 million). If no other financial resources are tapped, there will be nothing left in the community's treasury at the end of October. Forseeing this serious problem, the EEC Commission proposed a programme to supplement the budget last July.

The main cause for the shortage is the large expenditure on agriculture, which Britain has never supported. From the beginning of the budget debate, Britain was openly opposed to any supplement. It supports strict economy, keeping expenditures within the limits of income and enforcing rigorous financial discipline to control spending. If there is a shortage, the money should be found out of available funds or taken out of next year's account, the British maintained. The adamant stand of Britain prevented the council of finance and foreign ministers from resolving anything at their July meeting.

The controversy surrounding the budget reflects the long-standing

sharp differences among member states concerning agriculture and finance policies instituted in the 60s. It will affect the direction of community development and infrastructure.

The community's agricultural policy has mobilized farmers to produce more and has pushed agricultural production to high-speed development. This is a major achievement of EEC internal construction. With the passage of time, however, the policy has also brought about some problems.

First, the agricultural policy came into direct conflict with the community's budget. Agricultural expenditures, mainly on export subsidies and planned purchasing to stabilize prices, account for almost two-thirds of the total budget. The ever-growing surplus of farm produce has kept subsidies rising, taking the deficit up with them.

And because there are wide differences in the scale of agriculture among the member states, the benefits of the produce subsidies are not evenly distributed. So each country's share in the budget becomes a point of endless squabbling among them.

As the enormous expenditure on agriculture has dried up the com-

munity's resources, there is little possibility of fully meeting other demands on its funds. In 1981, district development plans were allotted 9.2 per cent of the budget and scientific research got just 1.6 per cent.

Many people in the community realize that the EEC lags behind in some newly emerging industries and in the use of sophisticated technology, when compared with the United States and Japan. They have demanded that the EEC make some efforts to catch up. But the tiny treasury left after the agricultural subsidies are paid makes it impossible to do much.

The community has reached a point where it must take a new path if it is to continue to be effective. The 1985 draft budget adopted at the recent council meeting will have a deficit of 2,300 million ECUs (about US\$1,700 million). Britain has already stated that the 1984 supplementary budget accord was an exception which should not be repeated. It will not agree to any similar arrangement for 1985.

Nevertheless, it is not easy for the EEC to conduct a thorough reform. The slow economic growth of member states intensifies the trend to look after oneself, and conflicting interests bring about divergent views and policies. But any delay in reform will only invite quarrels, and hinder the community from advancing to the point where it can withstand tough world competition.

Brazil

Economy Turns for Better

by JIANG YUANCHUN

WITH the recovery of the world's economy, Brazil has also experienced an economic upturn. Its gross national prod-

uct, which had been declining for the past two years, has gone up 1 per cent since last February because the government has encouraged import substitution and increased exports.

The government has also adopted some direct measures to help the economy recover. A currency devaluation strengthened the competitiveness of Brazilian goods on the international market. An increase in wages combined with efforts to hold down inflation expanded people's purchasing power. The government is also actively encouraging agricultural and industrial production which is linked to exports.

But for all that, the country is still facing many difficulties, both economic and political.

What used to be Brazil's "economic miracle" has become its economic burden, as heavy borrowing from abroad to finance an industrial boom has rebounded into the biggest single foreign debt in Latin America.

The rapid development of Brazilian industry has enabled it to jump from 50th to 8th place among the Western economies in just 20 years. Factories producing cars, airplanes, ships, cement and ammunition are powered by some of the world's largest hydroelectric generating stations and transported along a network of modern highways.

This came about when the Brazilian Government started introducing foreign investment in the 1960s. Huge capital construction projects in energy, mining, transportation and communications were also built to support the industrial boom. From 1968 to 1973 the average annual increase in the Brazilian economy was 11.1 per cent. But the money came from foreign loans, and Brazil's debt kept growing along with the economy.

Because Brazil is heavily dependent upon exports, the world economic crisis hit very hard. Its exports to the United States and Western Europe were slashed by growing protectionism, the declin-

ing prices of raw materials and fierce rivalries on the international markets.

The government, however, failed to cope with situation by adopting austerity policies. Instead, it continued to finance large capital construction projects with foreign loans. But as foreign debt increased, the balance of trade in Brazil's favour decreased.

Politically, the government is facing the growing demand for democracy. A debate over the next presidential election is intensifying, as opposition leaders demand a direct election.

President Joao Baptista de Oliveira Figueiredo has continued the carefully controlled open policies of his predecessor Ernesto Geisel. Censorship of the press is being slowly lifted, political prisoners are being released and the president's right to annul the nomination of members of the National Congress or to dissolve the

Congress completely has been abolished.

Although all political parties were banned in 1965, a year after the military seized the reins, some illegal parties now take part in political activities. Under the influence of a general Latin American drive for democracy, opposition leaders have called for a quicker democratization of Brazil and an immediate change in the election laws.

The ruling Social Democratic Party and the main opposition Brazilian Democratic Movement Party both have named their presidential candidates. A very fierce contest is predicted between the two.

The growing movement for democracy is being watched closely throughout the world, because of Brazil's important economic position on the continent. If it can be handled smoothly, Brazil's latent potential for greater economic growth will also develop smoothly.

Ethiopia

Ten Years of Major Change

by TENG WENQI

IN the 10 years since a democratic revolution deposed Emperor Haile Selassie I, Ethiopia has seen major reforms in agrarian policy, in economy and in public welfare.

Selassie was dethroned on September 12, 1974, at the culmination of a revolution that had started with worker and student strikes and mass movements seven months earlier. The country was restless in 1974 after severe droughts in 1973 had resulted in crop failures and famines. In northern Welo Province alone, an estimated 50,000-100,000 people died of famine in 1973.

The strikes followed and, in June 1974, a group of young mili-

tary officers and soldiers formed the Armed Forces Co-ordinating Committee to lead the struggle against the emperor. Following Selassie's removal, the old constitution was abolished, the parliament was dissolved and a Provisional Military Administrative Council (PMAC) was set up to act as a government.

In March 1975, the PMAC proclaimed public ownership of rural land and confiscated land owned by the imperial family, the aristocracy, churches and landlords, which accounted for over 90 per cent of all the land in the country. The land was redistributed among the peasants, who had delivered 75 per cent of their crops as tax before the revolution. With agrarian reform, the military council won support from the

peasants and improved rural production.

In the past 10 years, Ethiopia's national economy has registered marked progress, with a gross domestic production rate hike of 5.3 per cent in 1979 and 5.6 per cent in 1980.

Ethiopia, one of the world's 10 biggest coffee producers, turns out some 200,000 tons a year, about half of it for export. The government has taken many effective measures to improve the quality of coffee and increase output.

Attention has also been paid to developing culture and education. Before 1974, 95 per cent of the population was illiterate and only 8 per cent of the children went to primary schools. Since a pro-education policy was adopted in 1976, the percentage of children enrolled in school has risen to more than 40 per cent today.

United Nations

Viet Nam Takes Defendant's Seat

by ZHOU CIPU

FROM the start of the general debate at the 39th United Nations General Assembly on Sept. 24, Viet Nam has faced continuous condemnation for its occupation of Kampuchea.

The majority of UN speakers have castigated the Vietnamese for their Kampuchean escapades and for ignoring past UN resolutions demanding that they withdraw their troops.

On the eve of the UN session, Vietnamese authorities wrote letters and sent diplomats on missions to try and downplay their situation, but their attempts failed.

Malaysian Prime Minister Mahathir bin Mohamad denounced Viet Nam for its manipulation of words such as "fraternal as-

The Ethiopian Government pursues a foreign policy of safeguarding African unity and anti-imperialism, anti-colonialism and anti-racism. It vigorously supports Africa's national-liberation movements. PMAC Chairman Mengistu Haile Mariam, chairman of the Organization of African Unity, has made untiring efforts to solve the complex problems in Chad and the Western Sahara.

However, Ethiopia still faces many difficulties. The country has been hit by droughts in recent years, even more severe than the one in 1973. The droughts have resulted in a shortage of 400,000 to 500,000 tons of grain this year. Early this year, a 10-year plan for social and economic development was mapped out, the implementation of which calls for more than US\$10 billion. Development is no easy job for a country that has been in the red for years running.

sistance" and "human rights" in order to justify its unjustifiable invasion and occupation of Kampuchea. He reiterated that the Association of South East Asian Nations will continue to oppose Viet Nam's blatant violation of Kampuchea's independence and territorial integrity. Viet Nam's continued occupation of Kampuchea, he noted, was the obstacle to the realization of a zone of peace, freedom and neutrality in Southeast Asia.

Foreign Minister Peter Barry of Ireland, speaking on behalf of the European Community and its 10 member states, said that the Vietnamese occupation of Kampuchea continues to threaten peace and stability in Southeast Asia. He noted that the failure over the past five years to make any progress towards a comprehensive political settlement "lies in Viet Nam's re-

fusal to comply with relevant UN resolutions." The 10 member states of the European Community, said Barry, consider the declaration of the International Conference on Kampuchea to be the basis for a just and lasting solution.

Zambian Foreign Minister Lameck K.H. Goma said that the political solution to the Kampuchean problem must be based on immediate withdrawal of all foreign forces. He said all nations must respect Kampuchea's sovereignty, national independence, territorial integrity and non-aligned character and the right of the Kampuchean people to choose their own economic, political and social system without outside intervention or coercion.

Australian Foreign Minister William Hayden said stability in Southeast Asia has been strained by Viet Nam's continued occupation of Kampuchea. "Australia condemned the invasion of Kampuchea when it happened and we continue to condemn it. Nobody can tolerate armed incursion by one country into another, wherever it occurs."

Many countries, including Brazil, Sri Lanka, Japan, Canada, Nepal, Kuwait, Botswana, Nigeria, Yugoslavia, Papua New Guinea, Djibouti, Colombia, Denmark and Sweden, joined in urging Viet Nam to pull all of its occupation troops out of Kampuchea immediately and let the Kampuchean people decide their own future.

Under the pressure of world opinion, Vietnamese Foreign Minister Nguyen Co Thach addressed the UN General Assembly, pledging that it will be five to 10 years before most of the Vietnamese "volunteers" would be withdrawn from Kampuchea. His statement is a slippery trick to step around international demands for Viet Nam's troop withdrawal from Kampuchea. This merely proves that Viet Nam is not sincere about withdrawing from Kampuchea.

Legislation Firmly Holds Open China's Doors

Gone forever are the days when rule by law was the exception in China. Many people have been surprised by how quickly China has drawn up legislation on foreign economic relations. Now foreign investors enjoy complete and reliable legal protection of their rights and interests.

by XIAO YONGZHEN

OPENING to the world is a basic policy included in the Chinese Constitution. In recent years this policy has been steadily implemented through concrete legislation and China's participation in certain international treaties.

Open Door Legislation

Article 18 of China's Constitution permits foreign enterprises, economic organizations and individual entrepreneurs to invest in China and to take part in various forms of economic co-operation with Chinese enterprises and other economic organizations. As long as they act in accordance with the law of the People's Republic of China, their lawful rights and interests are protected.

Article 32 of the Constitution also says that the People's Republic of China protects the lawful rights and interests of foreigners in China, and that foreigners in China must abide by the law of the People's Republic.

These principles are fully embodied in specific Chinese laws and regulations on foreign economic affairs. Since 1979 China has enacted more than 40 laws and regulations concerning such mat-

ters as Chinese-foreign joint ventures, the exploitation of offshore oil, taxation of foreign enterprises, organizations and individuals in China, labour management, administration of industry and commerce, foreign exchange control, customs, import and export commodities inspection, banking and credit, trade marks, patents, special economic zones, etc.

Other important laws and regulations now being drafted include the contractual joint ventures, cooperative production, Chinese-foreign economic contracts, corporations, fully-owned foreign enterprises, technology import and leasing. Related legislation in civil law, foreign trade, copyrights, accounting, auditing, insurance, maritime law, etc., is also being worked out.

All laws and regulations, while maintaining China's independence and sovereignty, take the interests of foreign enterprises and business people into full consideration and protect those interests. These laws and regulations also conform to the standard principles of international law and practice. For example, China offers foreign enterprises and business people lower tax rates, more preferential treatment and simplified formalities in its taxation system.

For instance, the law now fixes the total tax liability of Chinese-foreign joint ventures at 33 per cent of gross income. The income tax rate for foreign enterprises,

using a progressive scale, ranges from 20 per cent to 40 per cent, with a local surtax of 10 per cent of the tax levied. These rates are lower than those in many countries, and China offers many more tax exemptions and reductions as well.

Some people have said the preferential benefits provided by the Chinese taxation system will flow into the state treasury instead of the investors' pockets. This view is somewhat one-sided. Particularly for those investors from countries (such as France) where tax jurisdiction is based on the source of income, the preferences and exceptions they receive in China will benefit them directly.

Another example of the preference provided to investors is settlement of disputes through arbitration. China respects both the wishes of foreign business people and international practice. The regulations concerning joint offshore oil exploitation state, "Mediation and arbitration may be conducted by an arbitration body of the People's Republic of China, or the parties to the contract may agree upon arbitration by another arbitration body." The Law Concerning Chinese-Foreign Joint Venture states, "With mutual consent of the parties concerned, arbitration may also be carried out through an arbitration body in the country where the defendant is located or through arbitration in a third country in accordance with that arbitration body's procedures or rules." China's joint contract

law is now being drafted along similar lines.

To safeguard state sovereignty, to protect the lawful rights and interests of foreign business people in line with international practice and to provide real benefits to foreign investors are the basic principles followed in China's legislation concerning foreign economic affairs.

Along with the progress in economic reform and the implementation of the open policy, China is now speeding up the development of its legislation concerning foreign economic affairs. Gradually these laws will be integrated, systematized and perfected. A body of laws governing foreign economic affairs, suited to China's situation and characteristically Chinese, is now taking shape. A new era of rule by law is being ushered in.

Treaties Hold the Door Open

China has also concretely committed itself to the open policy by joining several international treaties.

In recent years China has signed investment protection agreements with Sweden, Romania, the Federal Republic of Germany and other nations. These agreements deal with the treatment and security of foreign investment in China, the repatriation of capital and returns, conditions for nationalization or expropriation, settlement of disputes and so on.

The investment insurance and guarantee agreements China has concluded with the United States and Canada stipulate that either party should, through its official insurance agencies, provide insurance to the investments made by its citizens or enterprises in the territory of the other party against losses resulting from non-commercial or political risks.

The agreements on avoiding double taxation signed between China and Japan, the United States, France and Britain define taxes levied on various forms of income and on capital. They prevent transnational taxpayers from having to pay taxes both at home and in the country where their income is earned. These agreements will be conducive to developing international economic co-operation and scientific, technological and cultural exchanges.

The agreements China signed with other countries are based on the principles of equality and mutual benefit. Together with the laws and regulations of China concerning foreign economic affairs, they are a legal guarantee to foreign investors.

For example, the agreement signed by China and Sweden on mutual investment protection clearly stipulates, "Each contracting state shall at all times ensure fair and equitable treatment to the investments by citizens of the other contracting state. The investments shall not be subjected to a treatment less favourable than that accorded to investments by citizens of third states." No expropriation or nationalization shall be made, "except in the public interest, under due process of law and against compensation, the purpose of which shall be to place the investor in the same financial position as that in which the investor would have been if the expropriation or nationalization had not taken place. . . . The compensation shall be paid without unreasonable delay and shall be convertible and freely transferable." There are additional stipulations in the agreement involving transfer of capital and returns, guarantee or insurance, subrogation, etc.

This agreement does not refer to "national treatment" in view of

the different social and economic systems of China and Sweden. But, in fact, according to Chinese law, foreign investments always enjoy more preferential treatment in many areas than do Chinese state-owned enterprises. A good example is the income tax rate. For state enterprises it is 55 per cent, while for foreign investors it is always lower.

China has also signed many governmental loan agreements and several multilateral treaties or conventions. China's seats at the International Monetary Fund and the World Bank were restored in 1980. China is now considering the question of becoming a member of the General Agreement on Tariffs and Trade. Since its patent law was published last April, China has been considering signing the Paris Convention on Industrial Property Protection.

China scrupulously abides by the treaties and agreements it has signed. These treaties and agreements have been signed and entered into force upon legal procedures and therefore take an important legal position in China. The Civil Procedure Law of China stipulates, "In case there is any difference between this Law and international treaties or conventions, the treaties or conventions shall be applied."

People will find the full embodiment of China's firm and unshakable open policy in all its legal documents, from the Constitution to concrete laws and regulations concerning foreign economic affairs, from bilateral to multilateral treaties. Foreign investment and other forms of economic co-operation in China enjoy full and reliable legal guarantees for the security of their investment and returns. And these guarantees are becoming more and more solid in practice. □

Hometown Education Inspires Me

This is the last article in the series by our staff members describing the changes that have taken place in their hometowns since 1949. This is part of our project to celebrate the 35th anniversary of the People's Republic. — Ed.

by MA YONGZUO

FOR some time, I had planned a visit to my hometown of Pingdu (now under the jurisdiction of Qingdao) in Shandong Province. A letter from my younger brother, who is teaching in a county middle school, gave me some heartening news about the development of education in my hometown. I felt excited enough to make the trip earlier.

Changes in My Primary School

I went to my old primary school the day I arrived home. I could still identify it by the old school gate, although the name had changed. I went in and looked around.

It was quiet; no one was playing by the oblong flower beds and brick-and-tile buildings. Obviously the students were having classes. Standing there, I became lost in thought. Memories of my primary school days slowly filled my mind.

Thirty-eight years ago, I sat in a house devastated by war together with more than 20 kids of my age. We brought our stools from home and the desks were made by piling up clay and broken bricks. In front of each of us was a textbook

made from coarse paper. On the front wall hung a small blackboard. The young woman who was our teacher stood on a platform. At her order, we opened our textbooks and read after her in unison: "Sheep. The sheep is big. The lamb is small. The lamb runs after the sheep."

Suddenly, we heard the roar of airplanes. Following the teacher's order, we grabbed our textbooks and huddled by the wall of the classroom. Then came the crackle of machine-guns. The bullets hit the roof tiles and dust filled the classroom. A moment later all was quiet and we resumed our lesson.



That was the spring of 1946, only six months after Pingdu County was liberated. At that time Kuomintang troops frequently provoked the People's Liberation Army and often sent airplanes to bomb Pingdu.

In early 1947, Chiang Kai-shek launched a massive offensive against the liberated area in the Shandong Peninsula. The school was forced to close.

When I sat in the classroom again, a five-star red flag had been hoisted over it. When I finally finished my primary school education in the summer of 1953, the school had changed into a six-grade primary school. Apart from the No. 1 middle school in Pingdu, it was the only "institute of higher learning" in the county.

A loud bell broke my thoughts. Without thinking, I raised my head to search the sky for a bomber. But there were only some white clouds.

The students rushed out of the classrooms and walked between the flower beds in groups, merry and cheerful. Many of them wore blue or dark purple striped sports clothes. They could just as easily have been students in more fashionable Beijing.

The next day I met Wang Fengtang, the young headmaster. He told me how the school became a middle school in 1968, and was later designated a key junior middle school. Its teachers and equipment are among the best in the county.

However, I felt that the formerly spacious courtyard was now too crowded. Although there were more classrooms, the playground was too small. And there were more than 60 students in each classroom, more than normal.

Wang explained: "Because this is a key school, many parents wish to send their children here. But we lack the floorspace necessary to increase the number of classes. Therefore, every classroom is packed to capacity. This has had a bad effect on teaching. Last

year, the county authorities decided to put up some new school buildings for us not far from here. The construction started early this year. The new school covers an area of three hectares, and will cost 800,000 yuan."

Ten minutes' walk brought us to the construction site. The high, white marble school gate made me gasp. The outside walls were also inlaid with marble slabs in designs. Wang said with pride: "It is designed by engineers in our county. The white marble is also produced here in Pingdu. This gate is the first of its kind anywhere in the county."

The three-storey classroom building was under construction. Behind it was a large sports field. I stayed only long enough to take some snapshots, but came away with a deep impression of how important education is to the people of my hometown.

The County Education Bureau

One of the leaders in the county education bureau, Chi is an old friend of mine, so I decided to pay him a visit. When I arrived at the bureau many people were

running excitedly up and down the stairs, shouting about the many admission notices which had just arrived from universities and colleges all over the country.

Stepping into his office, I immediately asked Chi how many students in the county passed the

Great changes have taken place in education in Pingdu County, part of the old liberated area in the Shandong Peninsula. With nearly all children under the age of 15 attending school, the county has fulfilled its task of popularizing primary education ahead of schedule.

university and college entrance examinations. Handing me a cup of tea, he asked jokingly, "Why? You are also attaching too much importance to how many students entering institutes of higher learning. That one-sided tendency was criticized recently. I dare not tell

you journalist people about it because I am afraid of being criticized."

I smiled and also joked with him. "Going after it one-sidedly is certainly not good. But if only a few students in the county pass the examinations, I think you cannot say that you are up to your job as a leader of the county education bureau, still less that you have followed the Party's education policy. You might not wish to send your children to university, but I do."

He laughed and took some pieces of paper from a drawer. He said: "Up to now, we have received about 1,200 admission notices." I asked him where they came from. "Three have come from Qinghua University in Beijing, four from Beijing University..." After several minutes he stopped reading and handed those pieces of paper to me. "You read it yourself."

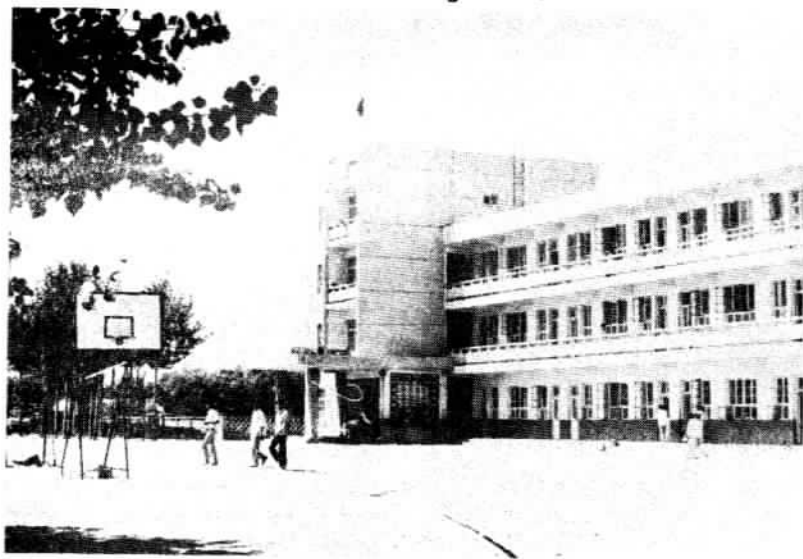
Of the 1,200 admission notices, more than 380 came from 84 famous universities and colleges in China.

Just then two deputy bureau heads came in. When they heard I was looking for information, they sat down.

One told me that last March and April some leaders from Shandong Province and Qingdao city investigated Pingdu's primary education programme. They found that 99.6 per cent of the school-age children in the county go to school. The rate for children between 12 and 15 years old was 98.96 per cent. Of those who go to school, 98.6 per cent stay to the end of primary school. This is higher than the standards set by the Ministry of Education. "Pingdu has fulfilled its task of popularizing primary education ahead of schedule," he said.

They also told me that in 1983 Pingdu had 1,744 middle and primary schools with more than 240,000 students. When added to

The new classroom building of the Huaqiao (Overseas Chinese) Middle School in Shandong Province.



students in other types of schools, the student population exceeded 270,000, accounting for one-fourth of all the people in the county. Since 1977, when entrance examinations for universities and colleges were resumed, universities, colleges and secondary vocational schools throughout the country have enrolled more than 4,600 students from Pingdu.

There are now more than 60,000 senior middle school graduates working in the county in all fields. In addition, county, commune and brigade technical schools have trained about 86,000 people. This has greatly improved the quality of Pingdu's working population. Moreover, the county has devoted much attention to adult education and to wiping out illiteracy. Now only a few old people are left who cannot read.

Hello, Alma Mater

Pingdu, No. 1 Middle School has a glorious revolutionary tradition. Its predecessor, Xihai Middle School, was set up by the Communist Party in 1941, in the midst of the anti-Japanese war.

Before liberation the school brought up many revolutionaries, helping in the anti-Japanese and liberation efforts. After liberation

the school, debilitated though it was by "Leftist" ideology and the "cultural revolution," remained the most important school in the county and one of the province's key middle schools. It has contributed a great deal to education in the county, and natives regard it with pride.

I spent six years at Pingdu No. 1 Middle School, graduating in 1960. As I approached the entrance gate one morning, I again felt that childish awe and respect, mingled with gratitude for my fine education.

I ended up having lunch with the principal and three of my former teachers. The reunion, and the breezy banter between former student and teachers, deepened my attachment to my alma mater.

One teacher told me about the changes which had taken place since the Third Plenum of the 11th Party Central Committee in 1978. The school Party committee acted quickly to restore order to the chaos the "cultural revolution" had left behind, and saw to it that the Party's policy towards intellectuals was carried out. As a result, the teaching staff at last came to grips with the normal activities of moral, intellectual and physical education. Before long, the school's ideological work was strengthened

and its good style of teaching and learning was restored.

Excitedly, my teacher told me that 17 more teachers in the school had joined the Party in the past few years. Two were named outstanding teachers, and many others had been designated city and county pace-setters.

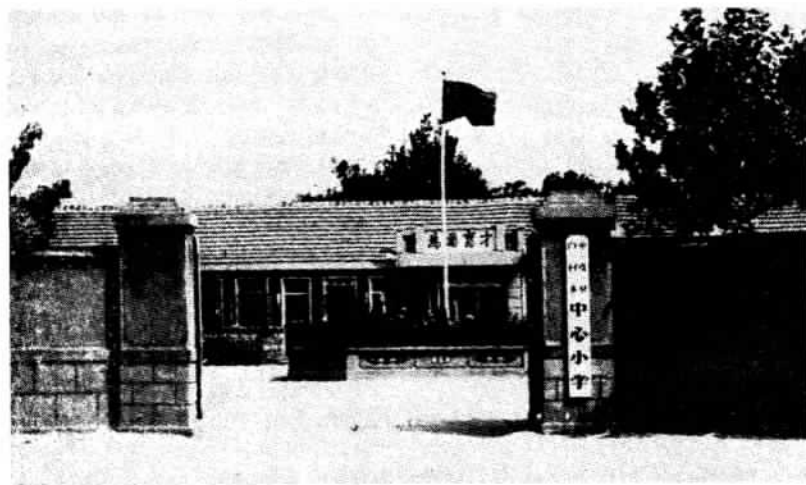
The principal told me a story of one model teacher which touched me deeply. Liu Jiemin, a middle-aged teacher in charge of the senior class, found out six months before her class was due to graduate that she had a tumor in her uterus. But she insisted upon delaying her operation until the end of the school year.

In all the years she has taught, Liu always gets up early and stays up late. In the morning she wakes up the students for their morning exercises. In the afternoon she calls them from their nap for classes. In the evening she urges them to go to bed on time. In winter she patrols the dorms to make sure nobody is sleeping uncovered. In summer she makes her rounds to see that mosquito nets are properly draped. When a student falls ill she escorts him or her to the doctor and takes as much care of the patient as she would her own child.

Her care and concern have paid off. In this year's college entrance examinations, all of her 49 students passed the test and were enrolled in colleges and universities.

One of the teachers at lunch had been honoured with a blue ribbon. He explained that the improvement in the quality of education can be attributed to the school's guiding principles — teaching is central to school's work, classroom teaching is central to teaching work, heightening the students' talents is central to classroom teaching, and raising the students' abilities to study on their own is central to the teachers' work. He said, "Thanks to the down-to-earth implementation of these principles,

A primary school in Mencun township



in general the intellectual level of the students has improved."

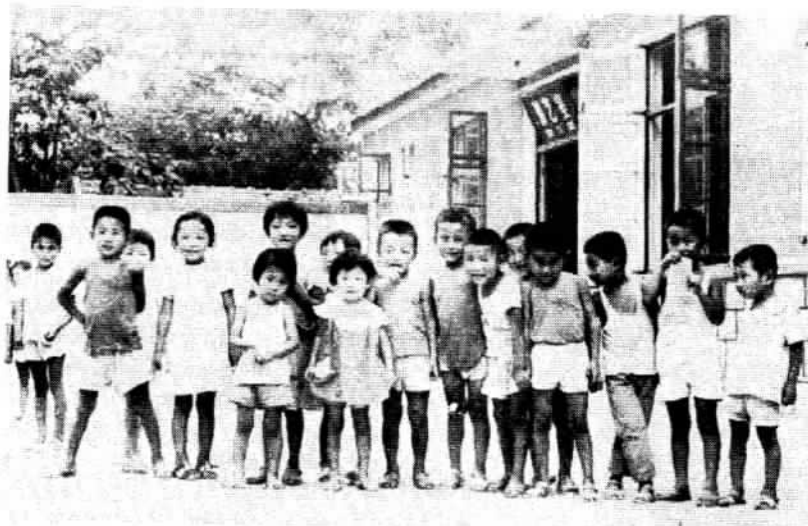
On parting, the principal gave me a copy of the school history book. It records that Pingdu No. 1 Middle School has produced more than 15,000 graduates and 2,000 college students since liberation (this year alone 320 of its 379 graduates are enrolled in colleges and universities).

My old school leads the county in student enrolment and teaching quality. It has participated in many symposia to compare notes on teaching experiences with counterparts from around the country. It was praised for its success. Now, its graduates are working all over China. Two deputy county heads are its 11th generation senior middle school graduates. It is spoken highly of by the Party and the people and is respected by its alumni, with good reason.

Emphasis on Education Brings Out Talent

Director Ding of the county education bureau told me, "Education has been improving in the county ever since liberation. But it is only in recent years that development has gone into high gear. The county Party secretary personally takes charge of educational work, which is crucial. As the masses become better-off and eager to educate their youngsters, they are enthusiastic about assisting their schools. They are all willing to donate their money and land for schools. Once this is the case, things begin to go well." His words have been proven a dozen times over by the facts.

The county Party committee held two seminars on education in April and October last year. In April, all the leading members of the county Party committee, the county government, the county people's congress and the county committee of the Chinese People's Political



Kids in the Nancun township kindergarten.

Consultative Conference attended the meeting. In October, the meeting even drew in leaders from the production brigades and teams.

In November last year, leaders from the county people's congress and the county heads went to inspect the implementation of the policies decided upon during the two seminars. County leaders have set great store by encouraging education in the county.

Commune and brigade leaders also support this work. The county policy calls for them to make plans, set aside special funds for schools and make allowances for the schools' priority in summoning labour power and building materials. Many communes have determined to quickly convert this policy into action.

Educational funding from the masses is one characteristic of my hometown's schools. The principal of the county experimental primary school told me a story. "One day," he said, "the director of the power station came to ask me why I did not go to collect the money raised by his workers; 100 yuan from each of all his 125 workers. When I said I'd been busy, he said he understood and went away. The

next day he sent a worker to give me a check for 12,500 yuan."

Zhang Jishan, who specializes in raising pigs, went it alone to buy 1,800 yuan worth of desks and chairs and sent them to the school close to his home. There are many more such examples.

During my stay at my hometown, I often saw two couplets pasted on doorways. They read: "With talented people there is treasure and affluence." "Good are the state, the Party and the policies; abundant are the banknotes, the cereals and the great things." These couplets not only represent the feelings of the people in my hometown, but my feelings as well. □



China: The First Taste of Affluence

by **YANG XIAOBING**
Our Correspondent

WANG, a hospitable Fangshan County peasant living on the outskirts of Beijing, is no longer worried about having to entertain people who drop in on his family nothing but a cup of tea. Today, he serves them beer, cold meat and other delicacies. "Naturally," he chuckled, "you want to treat yourself and your guests with something good to eat when you have enough money in your pocket."

According to Wang, the local peasants nowadays buy beer by truckloads—a rare thing just a few years ago. The changes for Wang and fellow villagers exemplify a nation well on the road to common prosperity.

The better standard of living is attributable, first of all, to the growth in agriculture, which has picked up speed over the last few years. China's total grain output rose from 304.77 million tons in 1978 to 387.28 million tons in 1983. The output of other farm and sideline products has increased, too. No longer satisfied with a subsistence diet, the Chinese people are eager to eat better foods.

Coarse grain has ceased to be a staple in the meals of urban dwellers, and the growing needs for fine rice and flour are prompting the government to expand production in rice and flour mills.

Fine grain has also found its way on to the dinner tables of more peasant families. Talking with a *Beijing Review* correspondent at a free market, a peasant said that in the past he had to sell whatever amount of grain he could

squirrel away from his daily meals for ready cash. But today he augments his income by selling surplus grain. In the countryside, people now use coarse grain to feed animals and poultry.

But the peasants' ever-growing quest for a better diet does not stop with fine grain. Nutrition has become a major concern for people doing their grocery shopping. For example, lean pork with its low cholesterol and high protein is in great demand, despite its relatively high price.

People are also growing picky about how their food is prepared. The world-famous Quanjude Beijing Duck Restaurant has become so popular that the restaurant's once spacious seven-storey building is now packed to capacity all day long. The ranks of local dinners have been swelled by those arriving from other parts of the country. Accommodation has nearly doubled, but the large crowd is still more than the restaurant can handle.

Fast food is catching on too. Under the watchword "time means efficiency," people are more time-conscious than before. To reduce the burden of family chores, they are buying increasing amounts of ready-cooked food. As a result, instant noodles and rice, bread and canned meat are all selling briskly. The new-found demand for fast food has given a big boost to the food processing industry, which has responded by turning out a wide variety of ready food in large quantities. Today it is second only to the nation's machine-making and textile industries.

Making Life Beautiful

Not long ago, a 50-year-old peasant from northeast China bought

over 2,000 yuan—enough for a family of three to live on for one year and a half—worth of jewelry from a store in downtown Beijing. Beaming, he told the saleswomen, "These are for my wife and my son's fiancée."

Five years ago, a mere visit by a peasant like this was enough to arouse curiosity. And while his large purchase is still unusual today, many people go to the city to buy favourite articles of arts and crafts. Domestic sales now account for more than 60 per cent of all the business at Beijing Wangfujing Arts and Crafts Store, up from 20 per cent in 1979.

The changes in the people's clothes are the most eye-catching. Drab-coloured uniforms are now history, and the people, old and young, are becoming increasingly fashion-conscious. Run-of-the-mill cotton goods are fast giving way to well-cut clothes in pleasant colours made of good materials—mostly high-quality synthetic fibres. Since 1979, sales of down-padded clothes and leather jackets have been growing rapidly. And young women today are making embroidered silk attire very popular.

Improved housing has also contributed to a sharpened sense of aesthetics. People now tend to choose only attractive, high-quality furniture and decoration for their rooms. Over the last five years 492 million square metres of new housing have been completed in the urban areas, with 20 million families of workers and staff happily moved into their new homes. In the countryside, 2,800 million square metres of floor space have been built, averaging 11.6 square metres per person.

Last spring the Beijing Arts and

Table: A Comparison of Income and Expense Between the Workers and Peasants

	1978	1983	Per cent increase
Per-member income in a worker family	315.96 yuan	525.96 yuan	66.5
Per-member income in a peasant family	133.57 yuan	309.77 yuan	130
Ratio between the two	1:2.37	1:1.7	
Per-member expenses in a worker family	311.16 yuan	505.92 yuan	62.6
Per-member expenses in a peasant family	118.23 yuan	248.29 yuan	110
Ratio between the two	1:2.68	1:2.04	

Note: The figures in this table came from a State Statistical Bureau survey of 30,427 peasant families in 600 counties and 9,060 worker families in 47 cities.

Crafts Store shipped in 30,000 yuan worth of porcelain figurines from Shiwan, Guangdong Province. Usually, these products are sold out in about one month. But the Shiwan porcelain sculpture's vivid images and harmonious colours soon caught the fancy of shoppers, and despite their high prices, half of the products were snatched up in the first three days. A young man was so happy about his purchases that he visited the store again with his father and brother. The three of them spent 200 yuan there in a day, enough for ten people to eat for a month. Asked why they bought so many Shiwan porcelain figurines, they replied that they all appreciated artistic ceramics.

For the Chinese peasants, the Lantern Festival, which falls on the 15th of the first lunar month, is an occasion for rejoicing. In the past they celebrated with lanterns made of bamboo slips and paper, which they lit through the night. Over the last few years, palace lanterns have been available in many stores. The fantastic designs and colours are made with better materials, ranging from plastic to cotton gauze. Before the Lantern Festival arrives in every year, peasants flock to stores in search of beautiful lanterns for the occasion.

Giant Strides

The multi-faceted changes in Chinese society over the last few years speak loudly for a burgeoning economy, which has substantially raised family income.

According to figures released by the State Statistical Bureau, the Chinese peasants' net income in 1983 averaged 309.8 yuan, 176 yuan more than in 1978. Compensating for rising prices, the 1983 figure was nearly twice the 1978 one. The increase over these five years was 190 per cent that of the previous 21 years.

In 1983, the proportion of poor families (those earning less than 100 yuan annually per member) among the total number of peasant families dwindled to 1.4 per cent, from 33.3 per cent in 1978; while the proportion of relatively well-off families (those making 300 yuan a year per member) increased from 2.4 per cent to 46.4 per cent.

The incomes of urban workers and staff have also increased considerably. In 1983, the wages of those working in state-owned enterprises averaged 865 yuan, up 94 per cent from 446 yuan in 1952. The average annual increase in the last five years is 6.1 per cent, as against an average of 1.4 per cent in the 26 years from 1952 to 1978. According to a sample survey of

worker families, every family member spent 526 yuan on daily needs in 1983, up 66.5 per cent from 316 yuan in 1978 (the increase actually stood at 43 per cent if price rises are taken into consideration) with the annual increase averaging 7.4 per cent.

Families with a monthly income below 20 yuan per person accounted for 0.6 per cent of all urban families in 1983, as against 2.1 per cent in 1981, and the percentage of families with a monthly income averaging 50 yuan per member rose from 18.4 to 29.5 per cent during the same period.

A survey in 1983 showed that an average worker family spent 55.4 per cent of its food money on meat, vegetables and other non-staple foods, 24 per cent on cigarettes, beverages, tea and sugar, and 20.6 per cent on grain. In the rural areas, per-capita consumption of food, pork and edible oil in 1983 was 5 per cent, 73 per cent and 79 per cent respectively up from the 1978 figures.

Over the last five years, the state has allotted 100,000 million yuan in price subsidies for daily necessities, housing and social welfare for city dwellers. This is a great benefit to the people, although the money is not directly given to them.

The income gap between the workers and peasants is narrowing. Although the peasants have less money than city folks to spend on daily needs, that difference is somewhat made up by the fact that in the rural areas a family never pays for drinking water or vegetables, which are grown in backyard gardens.

One goal of China's modernization programme is that China's one billion people will lead an affluent life by the year 2000. The changes in the last few years have shown that China is approaching this goal steadily. □



Port City Profiles

Dalian — Northernmost Gateway to China

by **DU ZUI** and **WANG LIU**
Our Correspondents

A ONE-HOUR flight east from Beijing will bring you to Dalian, on the southernmost tip of the Liaodong Peninsula. Once famous as the site of the battle of Lushun during the Russo-Japanese War (Lushun is now a district of Dalian, 50 kilometres from the city proper), Dalian is now gaining its own fame as one of the 14 coastal cities recently declared open to foreign trade.

Dalian municipality covers 12,000 square kilometres looking south to Shandong Province, with the Yellow Sea to its east and the Bohai Bay to its west. More than

30 harbours of all sizes nestle into its 800-kilometre coastline.

Looking seaward from the roof of the seven-storey Dalian Harbour Administration building, many of these harbours can be seen filled with ships from all over the world, including several 10,000-tonners, waiting to be loaded or unloaded by giant modern cranes.

Building the Harbour

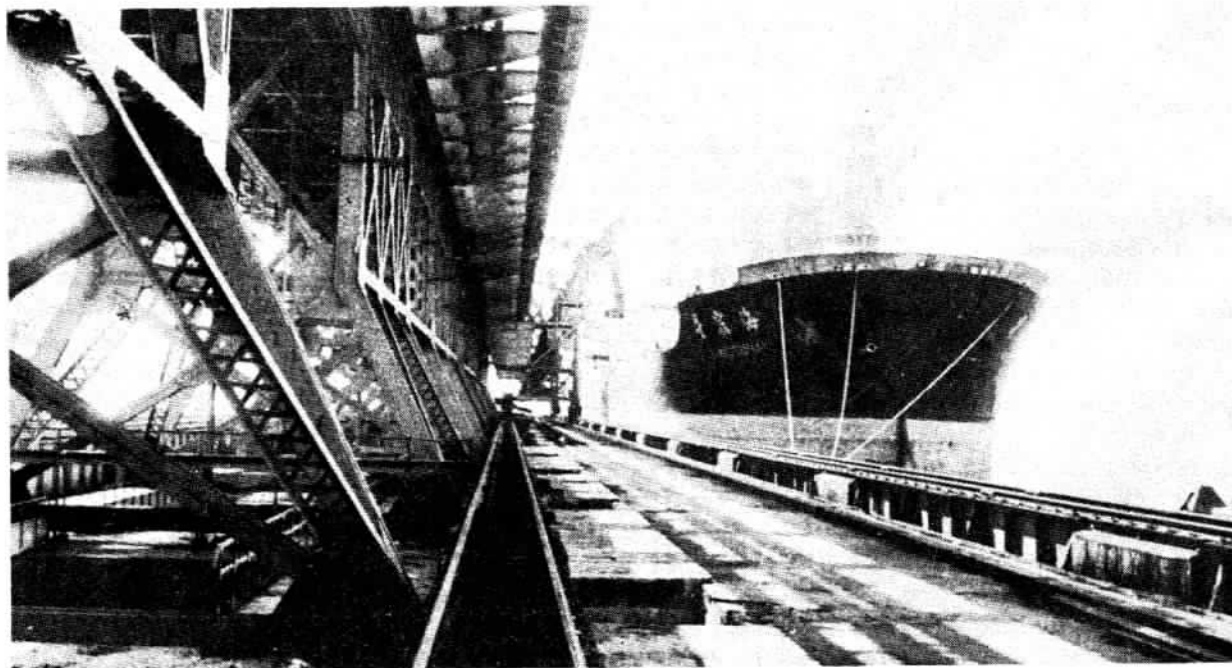
Dalian Harbour is one of China's best northern ports. It is deep, broad and ice- and silt-free. Early in this century, the colonialists who came to rob China of its riches built up the harbour. In 1902 tsarist Russia built the first wharf here, and later the Japanese replaced the Russians to build

several others. All the cargo, however, was transferred on the backs of Chinese coolies, even in the 1930s and 1940s.

Since liberation, the central government has invested a huge sum to revamp the old wharves and build several new ones for sundry goods, coal, hazardous goods, and containers. In 1976, Dalian built China's largest deep-water wharf at Nianyu Bay. It is used to export crude oil, sent by pipeline directly from the Daqing Oilfield, several thousand kilometres away, at a rate of 70,000 barrels an hour.

Dalian Harbour can now handle more than 35 million tons of cargo a year. Although it covers a relatively small area compared with

The revamped coal wharf in Dalian.



other international ports, it ranks second only to Shanghai in China. And when counting the amount of goods exported over the past four years, it comes in first.

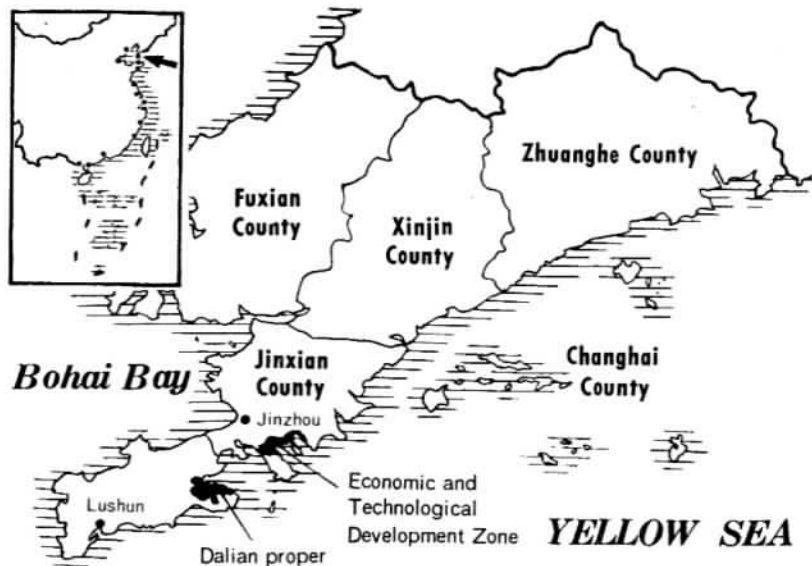
Gateway to the Northeast

Dalian Harbour is also the ocean gateway to the northeastern provinces of Heilongjiang, Jilin and Liaoning, and the eastern part of Inner Mongolia. The three provinces are an industrial base, known for their iron and steel, crude oil, coal and minerals. Heilongjiang is China's biggest producer of grain and timber. The three provinces' agricultural and industrial output value combines to make up one-sixth of the nation's total.

Now that Dalian has opened for foreign business, the funds and advanced technology imported will spark the economic development of the whole area.

The city itself will also reap many benefits. Last June, leaders of the three northern provinces met in Dalian to discuss how to best use their economic advantages and combine their efforts to develop the port. They reached more than 100 joint investment agreements.

One thing which became clear to them is that Dalian's harbour facilities fall far short of the needs further development will place on the port. The state is therefore planning to quadruple the harbour's capacity by the end of this



century, making it one of the biggest in Asia.

Charming City Setting

This past summer, although Dalian was exceptionally hot, hotels were full to capacity and some schools did temporary duty as guest-houses. Besides holiday-makers, Chinese and foreign, economists came to attend a symposium on Dalian's economic development strategy and foreign businessmen were in town for trade talks.

They all found a beautiful city with bright beaches and clean streets leading to large squares dotted with buildings in classical European styles. Old-style street cars which run on rails rumble past big houses on tree-lined streets. The absence of high-rise apartment

buildings ensures Dalian's 1.5 million residents a pleasant, quiet place to live.

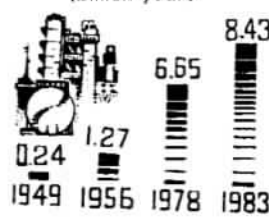
The downtown area is brisk but not crowded. Some shopping streets have been closed to traffic and brisk free markets offer vegetables and fish still wriggling about in pails.

Morning comes early in Dalian. At 6 a.m. a stroller is already late to the parks, which are filled with other walkers and people practising *wushu*, drawing or singing.

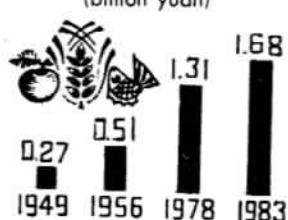
Many young people also take this time to practise their English. A skilled worker who is fluent in English said most of Dalian's young people attend spare-time classes. He is now studying philosophy at a part-time university. "If we don't know enough, we will be left behind by our fast-moving

Dalian's Growth Since 1949

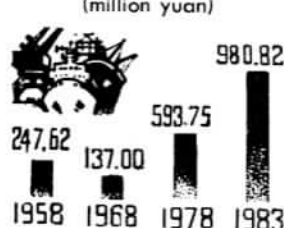
Industrial output value (billion yuan)



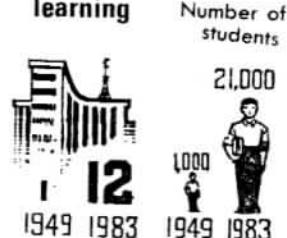
Agricultural output value (billion yuan)

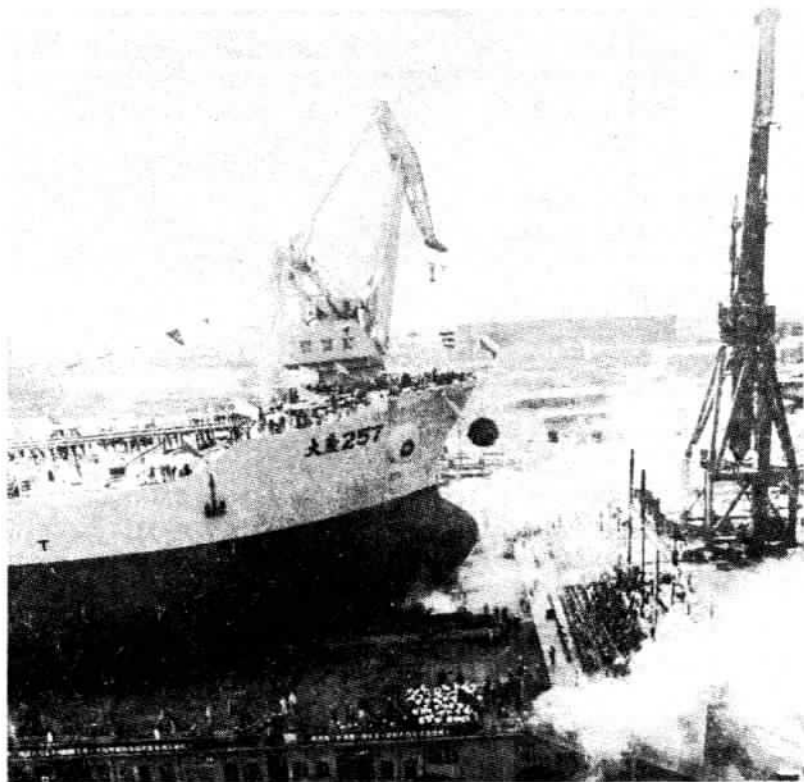


Value of export goods (million yuan)



Schools of higher learning





A 65,000-ton oil tanker being launched from the Dalian Shipyard. This is the first large tanker designed and built in China.

city," he explained. "Nobody wants a worker who's behind the times."

The tourist potentials of Dalian are yet to be fully tapped, although last year the municipality hosted 22,000 guests from Hongkong, Macao and foreign countries and 400,000 others from all over China.

The beautiful beaches, snuggled into cliff-side bays, are a main attraction. Spectacular views, complete with emerald green islands pushing up from the blue sea, are linked by a coastal highway.

And the sea itself offers many delicacies such as prawns, clams, abalones and tender fish.

Industrial Foundation

From a business angle, Dalian not only has good harbours and rich resources, but also a well-established industrial foundation.

More than 1,900 industrial enterprises are staffed by more than 580,000 people, or one-third of the city's population. Of these busi-

nesses, 59 are fairly large or key enterprises, producing more than 70 per cent of the city's total output value.

Dalian specializes in machine building, petrochemicals, textiles and other light industrial products. About 80 per cent of its products are shipped to other parts of the country. It leads the country in producing ships, internal combustion engines, combination machine-tools, high-speed tool steel, soda ash and synthetic cloth.

Although Dalian has built many new factories since liberation and revamped some old ones, many remain at the technological level of the 1950s or 1960s when compared with the developed countries. In the machine-building industry, most of the work is still done manually. In the chemical industry, ammonia and soda are being produced the way the advanced countries did in the 1930s and 1940s. In the textile mills, half

the spinning frames were made before liberation. A visiting entrepreneur was greatly shocked to find a chemical plant in Dalian tidy, clean and well managed but using equipment from the 1940s.

The state policy is for this open city to absorb outside investment and import advanced technology to revamp the old enterprises rather than building new ones. The reason is clear: These enterprises have ready workshops and skilled workers and technicians. Importing some key equipment, raw and semi-finished materials and advanced management methods can greatly increase their productivity and enhance the quality of their products and can even enable some factories to produce new items. Renovating old enterprises requires less money and yields quicker benefits for both the Chinese and foreign partners.

This policy is completely in line with the situation in Dalian, and the local businesses wholeheartedly support it. This is partly because they have received many benefits from the renovation. From 1979 to 1983, Dalian imported 330 high-technology items, using funds gained through foreign investment.

At the Jinzhou Textile Mill, 30 kilometres from the city proper, 30,000 spindles imported from Switzerland helped vastly improve the quality of its products. Zhou Youlin, the deputy director responsible for production, said that the mill, built in 1923, had 110,000 spindles dating mainly from the 1950s in 1980. That year, with the imported spindles, its 45-count yarn and fine terylene cloth immediately enjoyed brisk sales on the world market.

Last June, when the heads of more than 15 cotton mills from all over the world met in Hongkong, the Jinzhou mill led the whole group in seven of the eight criteria set for judging the quality of cotton yarn. The reason for the mill's rapid progress is that its workers



Fishermen haul in a big catch of prawns.

quickly mastered the techniques needed to use the imported equipment.

The Dalian Rolling Stock and Locomotive Plant also benefited from a thorough renovation. The plant's deputy director explained the three decisive technical transformations since 1949 which have turned the plant from a rolling stock repair yard into a steam locomotive producer, and then into a diesel locomotive producer meeting advanced international standards.

Last year saw the fourth technological transformation. The plant's increased productivity provides a good example for all enterprises.

"China's modernization can't be bought from abroad," cautioned deputy chief engineer Song Ming-jing of the Dalian Heavy Machine Plant, explaining his plant's cooperation with a West German company.

In 1980 the plant imported the equipment and techniques to produce small steel ingot casting machines. The plant can turn out two or three of these machines a year. When the first machine was made, the Chinese side could pro-

duce only 26 per cent of the parts, accounting for only 6 per cent of the machine's value. For the second, however, the Chinese partners made 88 per cent of the parts—half the value of the machine; this has now risen to 98 per cent of the parts, accounting for almost 86 per cent of the machine's value.

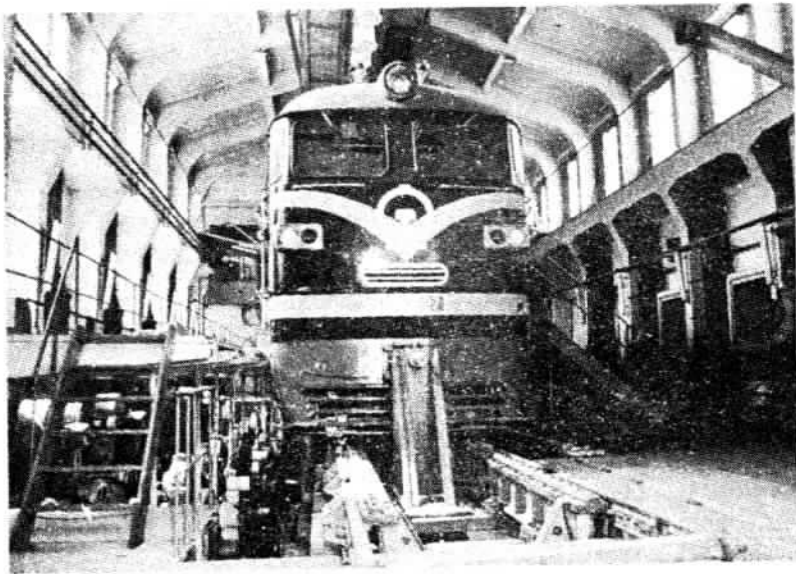
Song explained that China's policy is to import advanced technology, master it, and develop new products of its own. This requires a spirit of self-reliance and a capable group of scientists and technicians.

Dalian has both. All told, the city has more than 50,000 scientists and technicians, 64 independent scientific research institutes, another 72 research centres affiliated with universities and factories, and a number of universities and professional schools. In recent years it has set up 18 research and production consortia to tackle some difficult technical problems and to quicken the pace at which imported technology is absorbed and applied.

Transforming old, outdated factories into modern enterprises is a hard job, involving many trades

A workshop in the Jinzhou Textile Mill.





A diesel locomotive made in Dalian is ready to go.

and skills. But the people of Dalian have resolved in the next few years to bring at least 40 per cent of their major products to near the level the developed countries reached in the late 1970s or early 1980s.

Development Zone Plans

Marking off special development zones is a new idea in China, but all the newly opened coastal cities have approached it with imaginative, comprehensive plans.

The zones are reserved for joint ventures, co-operative management companies and businesses set up exclusively with foreign funds. Foreign investors also enjoy preferential treatment in these zones.

A development zone, though a part of a city, is somewhat independent of it. However, its prosperity adds to the prosperity of the entire municipality.

The development zone for Dalian is 33 kilometres from the city limits, easily accessible to traffic and sitting beside a bay which will soon be built into a harbour.

Of the 20 square kilometres, three have been set aside to build technology-intensive enterprises. Bids have been invited nationally

for the construction of an office building and some modern hotels. Work is already under way to level off the area and to bring in electricity, water, gas, and communications facilities.

The State Council supports Da-

An Interview With the Mayor of Dalian

Question: Could you outline briefly your programme for the Dalian economic development zone?

Answer: Our long-term plan is to open up 20 square kilometres. As the first step of this programme, three square kilometres will be developed into a comprehensive industrial zone, complete with an administrative centre, public utilities and other facilities.

After careful study, we have decided that there should be a distinction between the projects to be built in the special zone and the existing enterprises in the city proper. We will adopt advanced techniques and technology to revamp the old enterprises and technologically transform the old equipment, but we will not change the products they turn out.

Technology- and knowledge-intensive enterprises and modern

lian's infrastructure construction in order to keep the city's urban construction in line with its economic development. Dalian plans to expand its harbours by opening up an area in suburban Jinxian County, which will provide about 100 berths for ocean-going vessels. The Dalian airport is being renovated and expanded into an international airport, large and modern enough to accommodate jumbo airliners such as the Boeing 747. The work is expected to be finished around the end of this year.

Backward local post and telecommunications facilities are being updated. A 960-channel microwave communications system linking Dalian to Shenyang and the 300-channel coaxial telephone cable project will be finished and put into operation within the year. Dalian is now preparing to institute direct-dialing telephone service to Japan and Hongkong. Work on increasing the available energy supply is also under way.

factories which will not pollute the environment and which consume less energy will be set up in the economic development zone. Taking the conditions of Dalian into account, we hope to set up a complete range of industries, including electronics, instruments and meters, precision machinery, metallurgical, chemical as well as high-grade foodstuff and beverage industries.

Q: What preferential treatment will Dalian offer to enterprises set up with foreign investment in the economic development zone?

A: The Chinese Government has stipulated the preferential treatment to be granted to foreign businessmen who invest in the open coastal cities, and Dalian is no exception. (For details, see "Favourable Investment Environment" *Beijing Review* issue No. 38.)

Q: What does Dalian have to offer foreign investors?

A: First, Dalian has a very good harbour with great potential for further development. It offers sea lanes not only to the other important ports in China, but to harbours in many parts of the world. It therefore has special advantages for developing both domestic and international trade. Direct sea routes link Dalian with more than 70 ports in various parts of the world and the city has established trade relations with 150 countries and regions.

Second, Dalian has a good land communications and transportation network. A special railway line runs to Dalian harbour and can directly link up with the trunk railway lines in northeastern and northern China. Through trains also run from Dalian to Beijing, Tianjin, Changchun and Shenyang.

Road transportation is also good. There is a highway to Harbin, running through Shenyang. Buses run from the city to villages and towns in the suburban counties.

Dalian also offers air service to Beijing, Shanghai and Shenyang.

Third, Dalian has a solid industrial foundation and many research institutes staffed with well-trained scientists and technicians.

This gives the city the ability to develop and absorb the new technology it will be importing.

Fourth, the area around Dalian is rich in natural resources. A large diamond mining area has a deposit of one million carats. Four limestone mines have reserves of 10 million tons each, and two others have each a reserve of 50 million tons. Other local minerals include dolomite and silicon.

Dalian's coastline is alive with fish, and it is one of the major fishing grounds in northern China. Many of China's special export prawns are caught in the waters around Dalian. Other ocean



Mayor Wei Fuhai.

specialities, such as sea cucumbers, fan fish and abalones, have a ready domestic and world market. Local kelp and mussel cultivation techniques lead the country. The coastline is an ideal place to develop all kinds of aquatic products.

Dalian is also known as the "home of apples." Its annual apple output makes up one-seventh of the nation's total, and the city is one of the major apple exporting centres in China.

Fifth, the three northeastern provinces at Dalian's back are famous heavy industrial bases. The Anshan Iron and Steel Company, the Daqing Oilfield and the Fushun and Benxi coal mines are well known all over China. The soybeans and timber produced in China's northeast also enjoy a worldwide reputation. These three provinces are rich in mineral resources and offer a promising market.

Sixth, Dalian is surrounded by beautiful scenery and enjoys a healthful climate. At 39 degrees north latitude, it has a continental climate. But because it is by the sea, it has a marine climate in the summer. This keeps the average annual temperature at about 8 or 10 degrees centigrade, and makes Dalian an ideal summer resort.

Its beautiful bay, the pleasant beaches tucked into a chain of undulating hills, the jagged mountains and the fresh sea air offer great potential for developing tourism.

Q: Can co-operative enterprises with foreign partners sell some of their products on the Chinese market? Will this affect China's industrial development?

A: Drawing on its five years' experience of opening to the world, the Chinese Government has decided to set aside part of the domestic market for products turned out by co-operative enterprises. This is a new policy, which will benefit both foreign investors and China.

The proportion of products which may be sold domestically will be decided case by case. We will set aside a part of the market for products which use advanced techniques and cannot now be manufactured by the Chinese alone, or products which we can produce but are now in short supply, or are of poor quality and have a high price.

This is an important supplement to the domestic market. It can meet the needs of the people, raise the quality of Chinese-made products, reduce production costs and accelerate the updating of these products.

The proportion of products which can be produced in China and which are in ample supply will be relatively small.

All in all, the number of products to be sold in China will be determined according to domestic and international market conditions, the products themselves, the production techniques used, and our own requirements.

This will not handicap China's industrial development. On the contrary, it will urge us to catch up with the world's advanced technical levels.

I think foreign firms with

foresight and understanding will see that the Chinese market of one billion people offers them a great incentive to set up joint ventures and co-operative enterprises with the Chinese. No other country has such a large market. And products produced co-operatively will receive top priority here in China.

Q: How much decision-making power does Dalian have in concluding investment agreements?

A: In April this year, the State Council decided to give the 14 newly opened coastal cities greater power to examine and approve projects to be built with foreign funds. Dalian can now approve projects to revamp existing factories or build new ones using foreign investment without reporting to the higher authorities, as long as they don't cost more than US\$10 million.

The expanded powers of the local government will not only shorten the examination and approval procedures and raise efficiency, but will also increase the city's economic vitality in its activities with other countries.

This is a reform in China's economic management system. Our approval limit of US\$10 million is no small sum.

Q: The State Council recently announced that Dalian would enjoy the power of a province. How will this change Dalian's role in the future?

A: Being able to work out plans independently and enjoy the powers of a province in economic management will have a great effect on Dalian's opening to other countries. We will have greater decision-making power in economic planning and can determine on our own the disposition of our financial, material and human resources. We can plan our own capital construction and co-operative projects, which need not be examined and approved by the

provincial authorities. We expect that efficiency will be raised and the time needed for construction will be shortened.

Q: According to China's current managerial system, the Dalian harbour and airport are directly under the control of the Ministry of Communications and the General Administration of Civil Aviation of China. What role can Dalian play in the rebuilding and expansion of its harbour and airport? Does the multiple management system produce conflicts of interest?

A: The harbour, airport and railways in Dalian are under the direct control of their respective ministries, and the plans for their renovation and expansion are all under the state plan, not the municipal one.

However, since the open policy was first implemented, the state has attached great importance to building up China's transportation and communications. The ministries involved are actively working for the improvement of Dalian's infrastructure facilities.

As a local municipal administration, we will do our best to give whatever help that is needed, so that they can proceed without a hitch. The reconstruction of these infrastructure facilities will ensure and promote the economic growth of Dalian.

Q: Since the announcement that Dalian would be open to outside investment, how many foreign investors have come for business talks? Will foreign entrepreneurs with small and medium-sized businesses also be welcomed?

A: Since last March several hundred businessmen have come in more than 100 groups to acquaint themselves with our policies and explore ways to co-operate with us. These included deputy prime ministers, diplomatic envoys, finance, trade and business leaders and investigation groups.

Their talks with us involved co-operation in building harbours, civil aviation facilities, ships, factories, hotels, scientific research centres, development companies and tourist facilities.

We welcome all foreign investors who wish to co-operate with us. Apart from some large and key state enterprises, Dalian has many small and medium-sized ones. Therefore, we welcome all foreign entrepreneurs to come and show their skills in Dalian.

Q: What will be the main difficulties in your work in the days to come?

A: We firmly support the decision of the State Council to open 14 more coastal cities, including Dalian, to the world. It is in keeping with our hopes for our city.

The State Council has given Dalian greater economic management powers, as I already mentioned. Dalian can also use at a low interest rate US\$100 million in foreign currency every year, and may obtain more loans in Renminbi.

We had hoped for some of these powers, but we got more than we expected. We were not so mentally prepared for the government's decisions and actions.

Dalian is now confronted with the problem of how to make good use of these powers and how to spend the funds. It is not easy to use our new powers to achieve the maximum economic results. We lack enough skills in operations and management and have little experience in co-operation with foreign investors. We must study hard to enhance our abilities.

Only if we learn how to work in a practical, down-to-earth way and have the courage and insight to push ahead with reform can we turn our inadaptability into adaptability. We hope the time for all this will come very soon. □

Rich Peasant Gives 150,000 for School

from "GUANGMING RIBAO"
(Guangming Daily)

IN Qingxu County, Shanxi Province, a peasant volunteered to contribute 150,000 yuan towards constructing a school for his villagers.

Ma Manwa, 52, is a diligent and honest countryman. Known locally as the "versatile expert," he used to farm and weave towels. He changed to running a brickyard, and in 1980, Ma and his family opened a steel ball factory, affiliated with a brigade-run farm machine factory which he contracted to operate. He had six employees in addition to the seven workers in the family. Before long they found a brisk trade for their superior quality products and their reasonable prices.

In the past three years, their net profit came to 310,000 yuan. Every worker averaged 4,300 yuan in 1983, and Ma's family earned 63,000 yuan.

Keeping the state in his heart, Ma often told his family, "It is our duty to do something for the collective; we should do at least one thing each year." And he meant it. Last year he donated 15,000 yuan to bring water taps into his village. He donated 2,600 yuan for the dependents of revolutionary soldiers and those PLA men who died for liberation. He also presented 375 yuan to the village students.

As production in the village grew, he keenly felt that peasants can't do without education. Seeing the eight dilapidated classrooms of the village school, he discussed an idea with his family. Then last

February at a county meeting, Ma declared his ambitious plan to donate 150,000 yuan for a decent school building.

The newly built school, covering

1,600 square metres, will have a two-storey building and three rows of one-storey buildings. A construction team came all the way from Henan Province to lend a hand. On July 18, the ground breaking ceremony marked the start of construction.

New Information on "Snow Man"

from "ZHONGGUO QING-
NIAN BAO"

(Chinese Youth News)

ONE of the riddles in the world today is whether or not there are "snow men" on the globe. This long unsolved question was discussed by representatives attending the second congress and the seminar of the Chinese conference for "snow man" research in China. They believe such people do exist.

In the last three years, members of the Chinese commission for "snow man" research have defied every hardship to conduct their scientific activities. Six members have seen these ancient people with their own eyes in dense forest. More and more people have found their footprints.

At the meeting, a representative from Tibet showed a shinbone which had been kept at a temple near Lhasa for some 700 years.

The local people believe it belonged to a "snow man."

Liu Minzhuang of the East China Teacher's College brought two pieces of skin recently found in Hunan Province. If the skin and the bone can be proved to belong to the "snow man," they will serve as direct proofs.

A few years ago in eastern Sichuan, western Hunan and north-western Hubei Provinces, eight red hairs were found. All are likely to belong to the "snow man." They will serve as direct proofs.

This year the East China Teacher's College's biology department studied the hair using their electron microscope, which magnifies an object 30,000 times. They concluded that the hair belongs to an unknown species of primate. This coincides with the appraisal made by the legal medical research office of the Wuhan Medical College with their optic microscope last year.

Pension Predictions and Problems

from "XINXI YU ZIXUN"
(Information and Consultation)

ACCORDING to the State Planning Commission, there were 8.17 million of retirees in 1980, or

7.8 per cent of all the working people in China. Their retirement allowances came to 4,700 million yuan, 6.1 per cent of the total volume of workers' wages.

By 1985, there will be 14.4 mil-

lion pensioners in China, accounting for 11.6 per cent of the nation's total workers. Their retirement allowances will go up to 10,400 million yuan, or 9.8 per cent of all wages.

By 1990, China will have 19.8 million retirees, or 14 per cent of the total workforce, and their pensions will come to 15,200 million yuan, 11.1 per cent of the total.

By 2000 there will be 31 million pensioners, or 17 per cent of the total. Their retirement allowances will have reached 32,000 million yuan, 12 per cent of all workers' wages.

These figures put three problems on the top of the agenda to be studied seriously and solved.

1. By 2000, the number of pensioners nationwide will increase 3.8 times that of 1980, while the amount of retirement pensions will

increase 6.8 times. Therefore, when planning on consumption funds in the days to come, it is necessary to make a unified arrangement between pension expenses and wages as a whole.

2. The present system, where each enterprise is responsible for pensioners' expenses, has many drawbacks, resulting years later in either too big or too small expense for each enterprise. The question of where the pension payment will come from is to be studied.

3. There are now many collectively owned units in towns and cities where the problem of workers' pensions has not been solved. A proper pension arrangement must be worked out to follow the development of collective and individual economies in towns and cities and to benefit the reform in the labour system.

tween the age of 18 and 25 was up 3.9 per cent for males and 5.48 for females over 1951. The Chinese average life-span has almost doubled, from 35 in the 1940s to 67.88 in 1981. The added life-span and health result from a steady life, better nutrition, improved medical service and the popularization of sports.

"Now there are more than 80 million people over the age of 60 across the country, twice as many as in 1955," said Professor Tao Huanle of Beijing Hospital's Gerontology Institute. "Thanks to the guarantee of the necessities of life and the popularity of martial arts, people of great age are found not only in the mountainous regions and the rural areas, but also in the cities. It is estimated that there will be more people over 80 years old in the future," he said.

The following table shows the rise in daily nutrition for the average person in China:

Chinese Taller, Living Longer

from "LIAO WANG"
(Telescope)

IF parents in Beijing think their kids these days are getting bigger and bigger, they are absolutely right. Surveys in 1979 of 200,000 young people between the age of seven and 25 in 16 provinces and municipalities showed that boys were 5.6 centimetres and girls were 5.1 centimetres taller than those in 1955, and it's not uncommon for high school boys to surpass 1.80 metres and high school girls to grow taller than 1.70 metres.

The 1979 statistics also showed that boys' heights were increasing an average of 2.3 centimetres every 10 years and girls' heights grew by 2.13 centimetres. The survey was jointly conducted by the State

Physical Culture and Sports Commission, the Ministry of Education and the Ministry of Public Health.

The increasing height of youngsters has greatly strengthened China's athletic force. In the Fifth National Sports Meet last year, 92 out of 152 male basketball players stood taller than 1.90 metres and 65 out of 156 female players were over 1.80 metres. The average height of China's national men's basketball team has climbed to 1.97 metres from 1.80 metres in the 1950s. The women basketballers now average 1.84 metres.

Height is not the only reflection of better health in China. Improvement has been recorded in stamina, exercise ability, muscle development and disease resistance. According to 1979 statistics, the lung capacity of urban young adults be-

	1978	1982
Total kilocalories	2,311.0	2,779.0
from animal meat	142.0	214.7
from plants	2,169.0	2,564.3
Protein (gr.)	70.8	80.5
Animal protein	4.0	5.7
Plant protein	66.8	74.8
Fat (gr.)	29.9	44.4
Animal fat	13.9	21.1
Plant fat	16.0	23.3

Though the nutrition gap between China and the developed countries is still very large, the amount of meat in the Chinese diet has increased dramatically. Last year, the average per-capita consumption of pork was 12.3 kilogrammes. The urban per-capita pork consumption reached 18 kilogrammes, more than double the 7.67-kilogramme level of 1978. As the economic situation gets better, Chinese people will certainly become healthier and stronger.

China's Athletes Continue Success

China's athletes, fresh on the heels of their 15-gold-medal performance at the Los Angeles Olympics, have continued to impress the world in a series of international competitions over the past two months.

Here's what they have been up to:

• **Nanjing International Athletics Meet.** The track-and-field meet brought together more than 300 participants from 15 countries and regions, including the United States, the Federal Republic of Germany and Britain. A total of 32 events were held during the meet sanctioned by the International Amateur Athletics Federation.

After two days of competition, China had grabbed 11 gold medals.

Zhang Xiuyun, a 20-year-old Chinese athlete, established a new Asian record of 9 minutes, 5.57 seconds in the women's 3,000-metre race. This was the first time in history a Chinese runner had broken the Asian record.

World record holder Zhu Jianhua of China and former world record holder Gerd Wessig of the Federal Republic of Germany competed closely in the men's high-jump event. Wessig jumped over the 2.30 metre bar on his first try. Zhu succeeded on his second attempt. Both attempted at 2.33 metres, but failed in three tries. Wessig took first place because of his first-jump success at 2.30 metres.

• **Shanghai International Athletics Meet.** More than 190 top athletes from 15 countries and

regions took part in the invitational track-and-field tournament held in China's biggest city, Shanghai. China's world record holder Zhu Jianhua soared over the 2.35 metre bar to take the men's high-jump title at the meet. Chinese participants also broke five national records at the meet. The new marks indicated that Chinese athletes had made great progress after strong training efforts.

• **National Underwater Race.** Qiu Yadi, a swimmer from Guangdong Province, clocked 15.60 seconds, beating the world record held by a Soviet swimmer by 0.36 seconds, in the men's 50-metre underwater race at the meet in southern China's Nanning in mid-September.

• **Asian Junior Women's Volleyball Championships.** Japan won the Asian Junior Women's Volleyball Championships in Canberra, Australia, topping China 3-0. China took second place, notching four victories against one loss. South Korea was third, with Chinese Taipei fourth. These four teams qualified to compete in the World Junior Volleyball Championships to be held in Italy in 1985.

• **Group Four Qualifying Tournament of the 8th Asian Cup Soccer Tournament.** Beating Qatar 1-0 on the final day of the tournament in Guangzhou, China won all four games it played and ended up at the top of the group standings with eight points. China and Qatar will join host Singapore and defending champion Kuwait in the final round in Singapore in early December to play for the crown. The Guangzhou tournament pitted

China against teams from Qatar, Jordan, Afghanistan and Hongkong.

• **Shanghai International Diving Tournament.** Chinese men and women divers made a clean sweep of the seven gold medals, winning four individual events and three team events, at the 1984 Shanghai International Diving Tournament.

China's new star, Hu Liping, surprised everyone by taking the women's springboard title. She edged China's Li Yihua, the World Cup springboard champion last year.

Chinese diver Chen Xiaoxia, a fourth-place finisher at the Olym-

Zhang Xiuyun (left) takes the 3,000-metre race in Nanjing.



pics, captured the title in the platform diving final. She beat Chris Seufert of the United States, the Olympic bronze medalist.

The men's springboard title went to China's Tan Liangde, a silver medal winner at the recent Olympics. He edged Ron Merriott, the men's Olympic springboard bronze holder from the United States.

Chinese platform diver Li Kongzheng, a Los Angeles Olympic bronze winner, beat American diver Bruce Kimball, the men's Olympic platform silver medal holder, to capture the Shanghai title.



A scene from "They Get Rich in Their Own Way."

Birthday Greetings For an Aging Actor

Seventy-five-year-old Zhao Ziyu is probably one of the oldest actors still appearing regularly on the Chinese screen. His most recent work for the Beijing Film Studio, *They Get Rich in Their Own Way*, has won him wide acclaim for his realistic portrayal of an old peasant who accepts the new, flexible rural policies and becomes prosperous. His natural wit and humour lent the film its special charm.

Zhao's acting career started half a century ago when he played on the stage. After 1949, he played a wide variety of roles in more than 40 films and TV plays. In his unique style of acting, either as a positive or as a negative character, he always portrays his characters honestly and realistically.

At a gathering to celebrate his birthday and 50 years as an actor, guests reviewed his roles, from a brave and resourceful leader of an anti-Japanese guerrilla force in *An Epic of Sons and Daughters*, to a sophisticated and foolish county head in *After the Truce*, to a stingy landlord in old China in *Song of Youth*, to a shameless flatterer in *Keep the Red Flag*

Flying, to an old superstitious man who prevents his only son from choosing a wife freely in *The Marriage of Xiao Erhei*, to a cheerful stationmaster who is willing to help others in *Add Flowers to the Brocade*. His portrayals of all these parts, sometimes in a minor role, were always memorable.

Off screen, Zhao is highly respected in the film industry. His strict devotion to his craft is well known. He took painstaking efforts to give an honest portrayal of a peasant in *They Get Rich in Their Own Way*. Throughout the hot summer days of filming in southern China, he worked constantly to refine his technique. "The film is for millions of peasants," he said.

In one scene, the old peasant drives his newly bought tractor. Like most Chinese, Zhao cannot drive. However he wanted to do it himself, and had to learn just for the film. He also insisted on doing his own stunts, including a somersault. He practised the act many times in his bed at home before filming.

Considering his old age, the film studio arranged for his wife to go with him. The couple firmly refused to accept all state subsidies

for her, and bore all her expenses themselves.

Zhao is also warmhearted and sincere towards his comrades. He is respected as a worthy teacher by the young actors. In 1981, he donated 10,000 yuan from his savings to his film studio as a fund for the progressive awards for young actors. His aim is to rejuvenate the film industry, which suffered heavily during the "cultural revolution." At the gathering, five young actors were given the third annual awards.

Flowers in hand, Zhao stepped up to speak at his birthday party, amidst a shower of warm greetings from the leaders of the Ministry of Culture, his colleagues around him and comrades and friends from far away.

Filled with emotion, Zhao summed up what he had learnt in his 50 years as an actor:

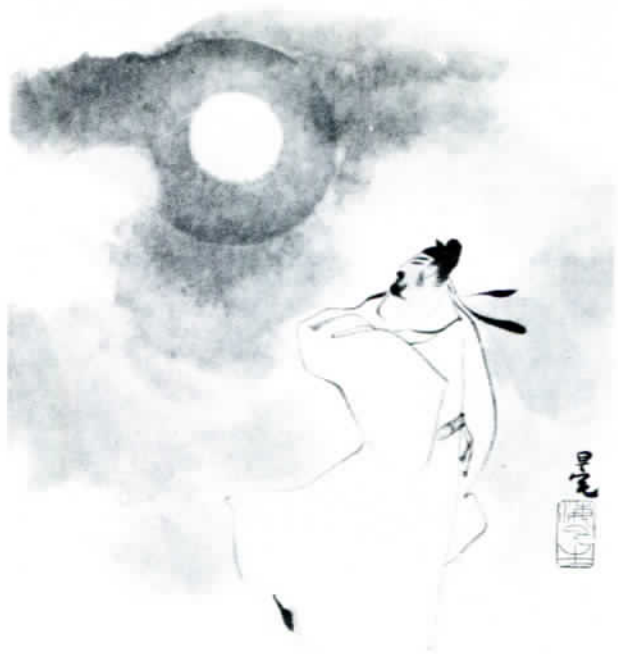
— I should take it as my duty to serve the people wholeheartedly;

— I should attribute all my achievements to the wisdom of the collective;

— I should never forget I am living before an audience, and should make all efforts to cultivate morality.



Li Qingzhao (1084-1151).



Li Bai (701-762).

Traditional Chinese Paintings by Liu Danzhai

Liu Danzhai likes to paint people in *gongbi* style (realistic painting characterized by fine brushwork and close attention to detail). These figures are all famous ancient Chinese poets.

Born in Wenzhou, Zhejiang Province in 1931, Liu now works at the Shanghai Art Studio.



Lu You (1125-1210).



Du Fu (712-770).



Su Shi (1037-1101).

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