

# BEIJING REVIEW



A CHINESE WEEKLY OF  
NEWS AND VIEWS

- Premier Zhao's Report on 6th Five-Year Plan
- Religious Freedom in Tibet



# LETTERS

## Socialist Spiritual Civilization

I am a worker and I think the article "Socialist Spiritual Civilization" published in your issue No. 45 delineated, both theoretically and practically, the guidelines in socialist construction and therefore has a far-reaching significance. It helps me understand that both spiritual civilization and material civilization are indispensable components of socialist construction.

I am studying Marx's dialectical materialism and regard the study of Marxism-Leninism as a lifelong pursuit. I will raise my ideological consciousness as a worker should do, master scientific theories and ready myself for all possible tests. I think these are necessary for one who is studying Marxism-Leninism.

China has already triumphed in its proletarian revolution and entered the stage of socialism. The Chinese Party is a Marxist-Leninist party which is forging ahead to build advanced material and spiritual civilizations. The mere knowledge that such a country exists is an ideological encouragement. China's achievements publicized in the media have won the acclaim of workers abroad who support genuine Marxism. I think that if people understand profoundly the meaning of "remoulding one's subjective world while transforming the objective world,"

and carry out Marxism and scientifically develop it, the world will progress.

**Kohi Satake**  
Tokyo, Japan

## Younger Leadership

I am very glad to read Ye Jianying's and Chen Yun's speeches to the 12th Party Congress on September 6 about the succession of young cadres to old ones (issue No. 37).

It's an excellent idea. People have no objection to the elderly but, it is appropriate to have younger people replace them in their task-ridden positions. This is important. We may expect that competent youngsters with a knowledge of the weal and woe of the people will serve them better. I am glad to learn of the election of Wang Zhaoguo to the Central Committee of the CPC (issue No. 40). We should not advocate young people be self-centred or family-centred; they should understand that the country is not for one individual, but for all.

**Muampata-km-Lokakao**  
Kin, Zaire

## China's Tibet

I have just read An Zhiguo's article "Policy Towards Dalai Lama" (issue No. 46). It presented a comprehensive and accurate exposition of the Chinese Government's policy towards Dalai Lama. He and his entourage are now visiting Western countries and some of them have hypocritically

offered support. The ultimate purpose of such support is to discredit and split China, since China's progress is viewed as a "threat" to them. That Tibet is a component part of China is a historical fact which defies personal feelings. Tibet was just like the other areas of China, which joined with and separated from one another frequently in the past. So was the case with areas of France, Italy, Germany, Belgium, Holland, Spain, the United States and England. Nowadays, who would refute the fact that these countries are political entities?

China's policy towards minority nationalities has set a good example for the other countries. While Han people form the overwhelming majority of the citizens, the other 55 nationalities, even those with several thousand population, are treated equally and their welfare is ensured.

Tibetans are one of the largest minority nationalities in China and have enjoyed the benefits under this system. In a short period of time, Tibet has been transformed from a feudal theocracy into a democracy. With the support of the Central Government, it has made impressive progress in agriculture, industry, construction, public health and transportation. Imagine if Tibet had been ruled by Dalai Lama and feudal aristocrats of the middle ages, what would be the condition there now?

**Aresu Antonio**  
Hoeilaurt, Belgium

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## ART PAGE 39

COVER: Another good harvest in  
Xinhua County, Jiangsu Prov-  
ince, this year.

Photo by Li Shixiang

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### Premier Zhao's African Tour

**How do you assess the importance of Premier Zhao's current visit to Africa?**

Premier Zhao's visit to 10 African states shortly after the Party Congress and the National People's Congress testifies to the fact that the cornerstone of China's diplomacy is unity and co-operation with other third world countries.

Both China and Africa suffered long years of oppression and exploitation by imperialism and colonialism. It was only after protracted liberation wars and other forms of struggle that they freed themselves from foreign yokes.

China, which has embarked on the road of socialism, is now devoting its main effort to a modernization programme, but still faces armed threats as well as interference from hegemonism. And the reunification of China will remain incomplete without Taiwan's return to its embrace.

Today, many African countries are energetically developing their national economies in order to consolidate their independence. North African states are engaged in a fierce struggle against Israeli aggression and expansionism and in defence of the rights of the Palestinians and other Arab people. Meanwhile, countries in Black Africa

are battling against South Africa's racism and for Namibian independence. Both Israel and South Africa are strongly backed by the United States. The increasing presence of the Soviet Union in Africa has further complicated the situation, intensifying hegemonist contention and creating more turmoil and unrest on the continent.

China and Africa, with common historical experiences and facing similar problems and tasks, have long-standing sympathy and support for each other. China has established diplomatic relations with 45 African states, and is generally seen as a genuine, trustworthy friend. Zhao Ziyang is the second Chinese premier to visit the continent (preceded by Zhou Enlai in 1963), and his tour is expected to bring China

and Africa still closer and to enhance mutual trust and support.

China and Africa have cooperated for many years in economic and technical fields. China is willing to exchange experience in economic construction with African countries and to jointly explore new methods of co-operation. Possibilities exist in a wide range of fields such as technical services, skilled personnel training, joint ventures and co-operative production. It is hoped that on the basis of full equality, mutual assistance and mutual benefit, China and Africa will be able to blaze a trail for "South-South co-operation."

Undoubtedly, Premier Zhao's visit will go down as an important chapter in the annals of Sino-African friendship and will turn a new page in the history of co-operation among the third world countries.

— *International Editor*  
Mu Youlin

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### Announcement

Beginning with issue No. 1, 1983, we will run a series of nine or more articles on Chinese-type modernization.

This series, written at our request by the staff of the Economic Research Centre under the State Council, provides systematic analyses and explanations that will help our readers better understand our ongoing modernization drive—the whys and wherefores, the background and prospects, present policies and other related questions. It is our hope that these articles will be of help to all interested in this topic.

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## POLITICAL

## Congress Session Closes

The 15-day Fifth Session of the Fifth National People's Congress closed on December 10 with a call to Chinese people of all nationalities to join in the national effort to fulfil the Sixth Five-Year Plan (1981-85) and accelerate socialist modernization.

Chairman Ye Jianying told the session that the new Constitution it had adopted was the best one since the founding of the People's Republic. Its promulgation and implementation will usher in a new stage of development for China's socialist democracy and legal system and for its socialist modernization, he said.

Ye also praised Premier Zhao Ziyang's report on the Sixth Five-Year Plan as the first blueprint for attaining China's strategic objective (quadrupling the annual gross value of industrial and agricultural production) by the end of this century. He expressed the hope that "all fellow deputies will unite with our people throughout the country and together we

will bestir ourselves and work arduously with one heart and one mind to ensure the realization of our goal."

**Sixth Five-Year Plan Approved.**

The session ratified the Sixth Five-Year Plan and endorsed Premier Zhao Ziyang's report on the plan, as well as the plan for 1983, which is based on the five-year plan. The session's resolution pointed out that the Sixth Five-Year Plan is a programme of action for China's current socialist economic construction. It is a fairly comprehensive guide that sets forth forward-looking and realistic tasks for national economic and social development.

**Other Resolutions.** The session approved a series of other resolutions and reports:

—The resolution ratifying the State Council's Report on the Implementation of the 1982 State Budget and the State Budget for 1983;

—the Organic Law of the National People's Congress and Organic Law of the State Coun-

cil, and the resolutions on the Revision of the Organic Law of the Local People's Congresses and Governments and the Electoral Law for the National People's Congress and the Local People's Congresses;

—the resolution endorsing the Report on the Work of the NPC Standing Committee;

—the resolution endorsing the Report on the Work of the Supreme People's Court and the Report on the Work of the Supreme People's Procuratorate;

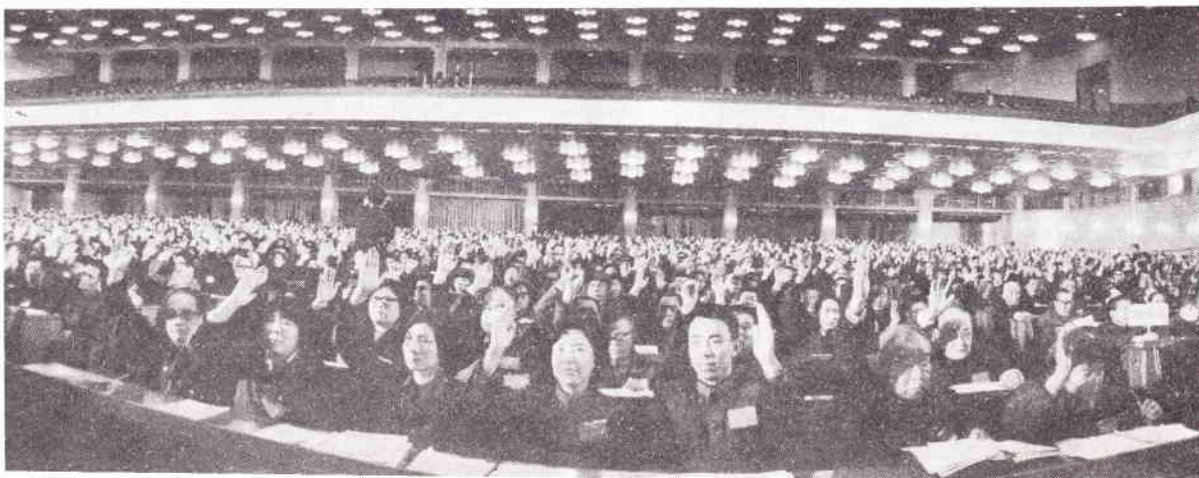
—the resolution determining the number of deputies to the Sixth National People's Congress and their election. As a result, the election of deputies to the Sixth National People's Congress should be completed before the end of April 1983; and

—the report made by the motions committee on the examination of motions.

**CPPCC Meeting Ends**

The 18-day Fifth Session of the Fifth National Committee of the Chinese People's Political Consultative Conference (CPPCC) closed on December 11, after it had adopted a new

**The Fifth Session of the Fifth NPC adopts a resolution ratifying Premier Zhao Ziyang's Report on the Sixth Five-Year Plan.**



Constitution for the CPPCC as well as numerous resolutions.

The session also elected Ma Bi and Fan Shoukang, patriotic personages who have returned and resettled on the mainland, as standing committee members of the Fifth National Committee of the CPPCC.

The CPPCC National Committee members attended the concurrent National People's Congress as observers. They actively discussed the draft of the revised Constitution and Premier Zhao Ziyang's report on the Sixth Five-Year Plan as well as other reports and laws. They put forward many important and positive suggestions.

The CPPCC is an organization of the patriotic united front of the Chinese people that was formed over the long years of revolution and construction. Led by the Chinese Communist Party, it consists of the various democratic parties, non-party democrats, people's organizations, public figures of national minorities as well as patriotic personages from all walks of life, including compatriots in Taiwan, Xianggang (Hongkong) and Aomen (Macao) and Chinese nationals residing abroad. It is an important vehicle of China's socialist democracy. The CPPCC operates on the principles of "long-term coexistence and mutual supervision" and "treating each other with all sincerity and sharing weal and woe" among the Chinese Communist Party, the democratic parties and non-party democrats. It conducts political consultations on major state policies and on key issues concerning the well-being of the people, and exercises democratic supervision over the work of the Chinese Communist Party, the people's governments and other state organs through proposals and criticisms.

The CPPCC has a national committee and local committees, and there are more than 100,000 members in more than 1,600 CPPCC organizations from the central down to the county level.

Most members are representatives of the various democratic parties, people's organizations, minority nationalities and various fields of endeavour; many of them are accomplished and influential experts and scholars.

The conference holds various forms of meetings of responsible members of the democratic parties, people's organizations and patriotic personages of various circles to discuss topics raised by the Chinese Communist Party, democratic parties or people's organizations.

Its members and standing committee members may attend as observers sessions of the people's congresses at various levels and may take part in discussions of important national issues.

CPPCC committees also help streamline government organizations, readjust and restructure the economic system, organize inspection tours and visits and conduct investigations and study.

The First Plenary Session of the Chinese People's Political Consultative Conference, held in September 1949, functioned as a National People's Congress and proclaimed the founding of the People's Republic of China. After the First National People's Congress was convened in 1954, the CPPCC continued to play a role in the nation's political and social life and in promoting China's friendly relations with foreign countries.

It has contributed to the great cause of reunification of the

motherland, including the work of striving for the early return of Taiwan to the motherland. It has also co-ordinated the efforts of various departments and local governments to further improve living and working conditions of compatriots from Taiwan, Xianggang and Aomen, returned overseas Chinese, dependants of people in Taiwan Province as well as former members of the Kuomintang who have crossed over.

## FOREIGN RELATIONS

### China Backs Arab Peace Plan

A delegation of the Seven-Member Committee of the Arab League, led by King Hussein Ibn Talal of Jordan, paid a visit to China from December 5 to 7 and received a warm welcome from the Chinese Government.

During his talks with the delegation, Premier Zhao Ziyang pointed out that the eight-point plan for the solution of the Middle East question adopted at the 12th Summit Meeting of Arab States provides a good basis for solving the question in a reasonable, practical, overall and just way. "We appreciate and support it," said Premier Zhao.

The Premier added that the Chinese Government consistently holds that to bring about a sustained peace in the Middle East, Israel must withdraw from the Arab territories it occupied in 1967, including Jerusalem, recognize the legitimate national rights of the Palestinian people, including the right to return to their homeland, national self-determination and the right to build their own state. Only on this basis can all countries in the Middle East enjoy their rights to independence and peaceful existence.





General Secretary Hu Yaobang meets with the Seven-Member Committee of the Arab League led by King Hussein.

Premier Zhao noted that the Arab peace plan coincides with China's position. China holds that all peace-loving and justice-upholding countries should support the Arab peace plan, and so should the United Nations and its Security Council.

To solve the Middle East question, Zhao Ziyang said, the most pressing issue today is to check Israeli aggression and force Israel to pull out its aggressor troops completely and unconditionally from Lebanon. The Chinese Government holds that Israel's ferocity in committing aggression is directly connected with the connivance and support of the United States. The United States should correct its policy of shielding Israel and ignoring the Palestinian people's national rights.

Premier Zhao finally reiterated that the Chinese people always stand on the side of the just cause of the Arab people. He added that China would like to develop friendly relations in

the political, economic, trade and cultural fields with the Arab countries on the basis of the Five Principles of Peaceful Coexistence.

### Sino-Jordanian Friendship And Co-operation

King Hussein of Jordan paid an official visit to China from December 7 to 9.

Premier Zhao Ziyang held talks with the Jordanian monarch. They exchanged views on the situation in the Middle East and discussed other international issues of common concern as well as bilateral relations. Their talks showed that the two leaders shared identical views on a wide range of international issues. They agreed that there are broad prospects for the development of friendly co-operation between China and Jordan.

Chairman Deng Xiaoping of the Central Advisory Commission of the Chinese Communist

Party met with King Hussein and said that China firmly supports the Arab people's just cause. Deng Xiaoping expressed the hope that the Arab countries will act in unity in face of the challenge of hegemonism and work for the early settlement of the Middle East issue.

### Happy Birthday, Rewi Alley

For Rewi Alley, the New Zealander who has dedicated a large part of his life to the Chinese people's revolutionary cause, his 85th birthday was happy and memorable.

On December 2, the Chinese People's Association for Friendship With Foreign Countries threw a birthday banquet for him in the Great Hall of the People in Beijing.

Speaking at the banquet, association president Wang Bingnan praised Rewi Alley as a comrade-in-arms of the Chinese people who has consistently supported and participated in their struggle since he arrived in China in 1927.

Before the banquet began, Vice-Chairmen Deng Yingchao and Liao Chengzhi of the Standing Committee of the National People's Congress extended their congratulations to Alley. Deng Yingchao expressed the wish that his friendship with the Chinese people will continue to grow in the years to come.

Jiao Ruoyu, Mayor of Beijing, conferred on Rewi Alley the title of "Honorary Citizen of Beijing."

More than 100 of Alley's good friends, including F.A. Small, the New Zealand Ambassador to China, attended the banquet.

*Soviet-US Relations*

## Has the Tango Begun?

UNITED States President Ronald Reagan, speaking at a nationally televised news conference hours after the Soviets' release of the news of President Leonid Brezhnev's death, called on Moscow to "tango" with the White House, meaning the two superpowers should work together to improve their relations.

Has the dance begun? How will Soviet-US relations develop after the change in the Soviet leadership? This is a question that concerns the whole international community.

### Tuning Up

For the last few weeks, the White House and Kremlin have exchanged a variety of signals. President Reagan, in offering condolences on the death of President Brezhnev, said his administration had "a strong desire to work towards an improved relationship with the Soviet Union." The White House sent Vice-President George Bush and Secretary of State George Shultz to attend Brezhnev's funeral.

Reagan also took the opportunity to announce the lifting of sanctions against American and other firms involved in the Soviet natural gas pipeline project. Shortly thereafter, a number of US Congressmen headed by Senator Robert Dole visited Moscow and more than 250 American businessmen attended the US-USSR Trade and Economic Council in Moscow, the first session of the council to meet in four years.

At the same time, the Reagan administration has pressed ahead its plans to expand the US military build-up. In their talks on November 15, Reagan and West German Chancellor Kohl reiterated their loyalty to the NATO "two-track" decision, including deployment of US medium-range missiles in Western Europe by the end of 1983. On November 22, Reagan announced the US plan to deploy 100 intercontinental MX missiles in "dense pack" formation at a Wyoming base. In recent statements, both Reagan and Shultz insisted that arms reduction agreements and economic co-operation with Moscow are only possible if the new Soviet leadership makes substantive changes in Moscow's policies, particularly on the arms race, Afghanistan, Kampuchea and Poland.

### Andropov Responds

On the Soviet side, Yuri Andropov, the new General Secretary of the Central Committee of the Soviet Communist Party, met with Bush and Shultz in Moscow and stressed that the Kremlin was prepared to build relations with the United States on the basis of full equality, non-interference, mutual respect for the interests of the peoples of both countries and the improvement of the international situation.

Soviet Premier Nikolai Tikhonov met with the American delegation to the Soviet-US trade session and said that Moscow was open to developing

trade and economic relations with Washington. Vasili Kuznetsov, First Deputy Chairman of the Presidium of the Supreme Soviet, conferred with the US Congressmen.

At the same time, Andropov in several important speeches expressed the new Soviet leadership's determination to continue pursuing the strategic line in home and foreign policy worked out under Brezhnev. Unmistakably directing his remarks at the US moves to expand nuclear arms, Andropov stressed that the Soviet Union must maintain its defence capability at an appropriate level.

Moscow was ready to reach an agreement on reduction of arms with Washington and other Western nations, Andropov said. But he warned that no one should expect his country to make military cuts unilaterally. He said the Soviet Union hopes to ease tensions and broaden co-operation between Moscow and Washington, but that his government will not make unmatched concessions in all fields as the White House demanded.

### No Abrupt Changes Yet

What do these signals mean in this severe winter of US-Soviet relations? Could the Reagan administration be moving towards a "new beginning" in US-Soviet relations? Can the world view Moscow's moves as a prelude to dramatic changes in Soviet policy? Neither is likely, at least at present.

The latest issue of the weekly *Moscow News* quoted President Reagan saying "it takes two to tango" and urging the Soviet

leaders to show willingness by actual deeds to dance with Americans. The weekly said that inviting someone to dance should not be conditional on the partner changing his hair style, let alone his ideology. However, the weekly continued, Washington retained its habit of raising prerequisites by demanding that the Soviet Union improve its behaviour according to a US point of view. This was not the gesture of an equal partner issuing an invitation, *Moscow News* said.

Summing up Soviet specialists' views on the present state of and prospects for Soviet-US relations, *Moscow News* said that since the American diplomatic recognition of the Soviet Union in 1933, relations between the two countries have never been worse than they are today. Some think that a turn

for the better can occur only when there is a change of hands in the White House, the weekly said. Others are inclined to believe that the Reagan administration could possibly adopt a reasonable position on the Soviet Union and on East-West trade in particular, after it suffers from the defeat of its economic policies and the obvious setbacks in the mid-term elections.

It is still too early to predict how things will develop. But so far no changes can be discerned in either Soviet or US positions or in their relations. As facts show, it will not be easy for Moscow and Washington to tango in the near future. Even if they do, they will unavoidably step on each other's toes.

— Wang Chongjie

## Reagan's Four-Nation Tour Of Latin America

US President Ronald Reagan's visit to Brazil, Colombia, Costa Rica and Honduras from November 30 to December 4 may have soothed surface tensions between Washington and its neighbours to the south, but could not fundamentally address the underlying differences.

As Reagan's first official visit to Latin American countries since he took office, the trip attracted much attention.

### "Backyard" Blues

Reagan met separately with presidents of the four nations as well as of El Salvador and Guatemala to discuss strengthening political and economic co-operation between the United States

and these countries. The leaders also exchanged other views.

For many years, the United States has considered Latin America its "backyard" and maintained important economic and strategic interests there. However, US support for Britain during the Malvinas (Falklands) crisis has caused dissatisfaction and distrust for the United States throughout Latin America. Furthermore, the current worldwide economic recession has seriously affected Latin America. The US measures to protect trade and export its crisis have further aggravated these countries' economic and political difficulties.

The United States is particularly worried that the complicated contradictions in Latin

America are heating up. The people are increasingly in conflict with the military dictatorial juntas and the military dictatorial juntas with the forces for democracy and reform. At the same time, these governments and their people share opposition to hegemonism. Such an unstable situation could provide opportunities for further Soviet and Cuban expansion and penetration into these countries, threatening the US interests in its "backyard." It was under these circumstances that the US President made his Latin American tour.

### Basic Problems Unsolved

During his visit, Reagan repeatedly declared that his government would strictly observe the Inter-American Mutual Assistance Treaty and maintain Inter-American Collective Security. Obviously, his mission was to persuade the Latin American countries that their distrust in the United States was unwarranted and to rejuvenate the pan-American system and fortify US influence in the region.

Reagan also expressed appreciation of the region's democratization process and called on Latin American countries to pool their efforts in dealing with challenges from outside forces. This was clearly directed against Soviet and Cuban expansion in the region.

He expressed his concern over the turbulence and various guerrilla activities and border clashes in Central America and he reiterated that his government supports the "democratic political systems" in El Salvador and Honduras and he condemned external forces that intended to im-



pose a "non-democratic political system" upon the region. Reagan also promised to increase economic and military aid to El Salvador and Guatemala to help offset the influence of anti-government guerrillas.

During his trip, he adopted a posture of trying to enhance US economic co-operation with Latin American countries. He announced the US decision to give US\$1,230 million in credit to Brazil and promised to help in Brazil's negotiations for credit from the International Monetary Fund to help allay its economic crisis. He also announced an easing of restric-

tions on sugar imports to the United States and promised more aid for Costa Rica.

Reagan's tour may have eased tensions between the United States and Latin American countries to some degree, but the fundamental contradictions between them cannot easily be resolved. The problems in Central America have deep social and economic sources. As long as the United States does not change its policy towards the countries in the region and fails to respect the aspirations of the people there, Central America cannot be really stable.

— Ren Yan

## Discreditable Behaviour by India

THE 9th Asian Games have already ended and were a complete success. The host country, India, made an effective contribution to them, and to the strengthening of understanding and friendship among Asian athletes and between the Chinese and Indian people. But the Indian Government took one action that somewhat discredited its otherwise exemplary behaviour.

Among the closing ceremony performances on December 4, the Indian Government presented the *Lion* dance and the *Peacock* dance of "Arunachal Pradesh." The words "Arunachal Pradesh" were included in the programme and announced in the broadcast of the ceremony.

What is "Arunachal Pradesh"? It is a "state" the Indian Government set up in 1972 which China has all along firmly refused to recognize. Most of

the "state" lies in the Chinese territory south of the McMahon Line at the east section of the Indo-Chinese border. It has been illegally encroached upon and occupied by India ever since the country's independence in 1947.

The Indian Government's presentation of those two "Arunachal Pradesh" dances was therefore not merely to entertain the games' participants, but a deliberate step to propagate and legalize India's sovereignty over the "state."

The Indian Government has now made the border disputes an international affair. This move can do no good to Sino-Indian relations and furthermore runs counter to one of the games' principles of strengthening friendship among Asian peoples.

The Chinese and Indian Governments are each doing their part to seek further improve-

ment of relations. We sincerely wish the Indian Government will conduct itself in line with the fundamental interests of our two peoples and adopt effective measures to work for the improvement of relations together with the Chinese Government.

— Xinhua Correspondent  
Li Yongming

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### JOURNAL OF INTERNATIONAL STUDIES

(A quarterly in Chinese)

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# Report on the Sixth Five-Year Plan

(Delivered at the Fifth Session of the Fifth National People's Congress on November 30, 1982)

**Zhao Ziyang**

**Premier of the State Council**

Fellow Deputies,

On behalf of the State Council, I now submit a report on the Sixth Five-Year Plan for China's

Economic and Social Development for examination and approval by the present session.

## Basic Tasks of Sixth Five-Year Plan

In 1980, the last year of the Fifth Five-Year Plan, the State Council worked out the general outline and main targets of the Sixth Five-Year Plan (1981-85). Objective conditions were then lacking for drawing up a fairly comprehensive five-year plan as the whole country, in the spirit of the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party, was busy setting things to rights, the national economy was undergoing further readjustments, detailed studies of many problems had yet to be made in the course of practice, and essential data were not available due to damage during the decade of domestic turmoil.

The State Council has conducted careful investigation and study of our economic work in the past two years while stepping up economic readjustment. In the Report on the Work of the Government delivered at the Fourth Session of the Fifth National People's Congress (in November and December 1981), it put forward 10



principles for the development of the national economy centred on achieving better economic results, which the session discussed and approved. The State Council then mobilized the relevant quarters to study and discuss several times the major issues involved in the Sixth Five-Year Plan. Our national economy has now embarked on a sound path of steady growth. The drawing up of the draft Sixth Five-Year Plan has been completed.

The 12th National Congress of the Chinese Communist Party formulated the strategic objective, priorities and steps of our economic development. This calls for quadrupling the gross annual value of China's industrial and agricultural production in the two decades between 1981 and the end of this century on condition that economic results are steadily improved; it calls for achieving a fundamental turn for the better in China's financial and economic situation in the five years from 1983 to 1987, that is, striking a balance between state revenue and

expenditure by significantly improving the economic results in all trades and professions and all enterprises while ensuring a gradual increase in the funds for economic and cultural development and a gradual improvement in the people's living standards.

To accomplish this, we must continue the policy of readjusting, restructuring, consolidating and improving the national economy during the Sixth Five-Year Plan period, make further efforts to solve the various problems left over from the past which hamper economic growth, win decisive victory in achieving a fundamental turn for the better in the financial and economic situation and lay a better foundation or create more favourable conditions for economic and social development in the Seventh Five-Year Plan period.

In the five years from 1981 to 1985, we plan to increase the gross value of our industrial and agricultural production by 21.7 per cent, an average annual increase of 4 per cent. Total investment in fixed assets is planned at 360 billion yuan, and we will build a number of modern projects and carry out major technical transformation in a number of key enterprises. Funds for developing education, science, culture and public health service will be 96.7 billion yuan, an increase of 68 per cent over the 57.7 billion yuan

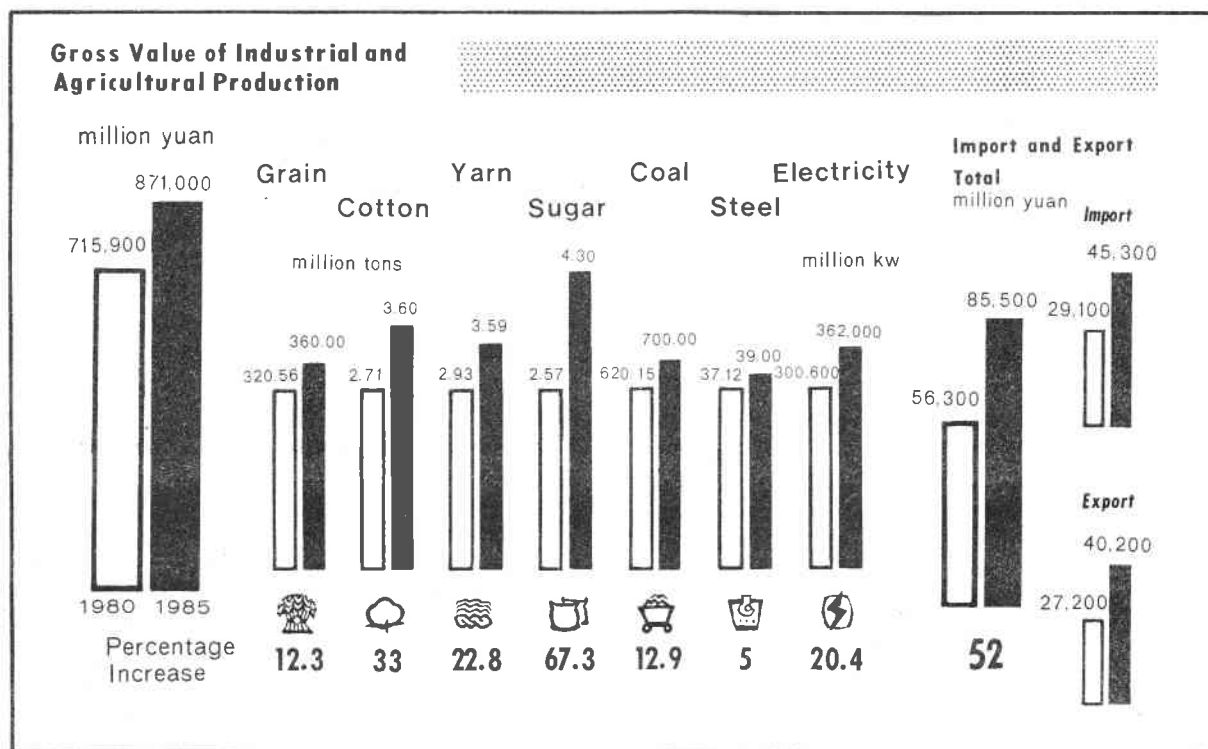
appropriated in the Fifth Five-Year Plan. The per-capita level of consumption in urban and rural areas will rise by 22 per cent, averaging an annual rise of 4.1 per cent. We shall during this period maintain a basic balance of state revenue and expenditure and of credit receipts and payments, and basic stability of commodity prices.

The Sixth Five-Year Plan is a plan for steady development in the course of readjustment, for promotion of China's modernization and for continued improvement in the people's living standards. Fulfilment of this plan is vital to the future of our whole modernization programme and to the interests of the people of all our nationalities.

I would like here to explain its main points and some relevant questions.

## 1. The Rate of Industrial And Agricultural Growth And Economic Results

An important principle guiding the Sixth Five-Year Plan is to maintain an appropriate rate of growth in China's industrial and





agricultural output on the premise of improving economic results. Under the plan, the gross value of industrial and agricultural output in 1985 will come to 871 billion yuan, or 155.1 billion yuan more than the 715.9 billion yuan in 1980. Of this, the gross value of agricultural and industrial output are to rise annually by an average of 4 per cent, and efforts will be made to bring the figure up to 5 per cent in the course of carrying out the plan (see chart on p. 11). Materialization of this plan will establish a better ratio among agriculture, light industry and heavy industry.

In the 28 years from 1953 to 1980, gross value of agricultural output grew by an average of 3.4 per cent annually. The Sixth Five-Year Plan calls for an average annual increase of 4-5 per cent. This is by no means a low rate, and considerable efforts will have to be made to attain it.

The plan projects an industrial growth rate lower than the average in the previous 28 years. This is because the task of industrial readjustment remains very arduous and complicated, energy output cannot be increased significantly in the near future and the pressure on transport cannot be relieved radically. The rate of industrial growth in the previous 28 years was not low, but economic results were very poor. The Sixth Five-Year Plan therefore stipulates a slower rate predicated on better economic results. The plan demands that the quality of products should be improved steadily, varieties and designs should meet the needs of society and the consumption of materials per unit-product should be substantially reduced. All these demands are far more rigorous than in the past. **A salient feature of the Sixth Five-Year Plan is its emphasis on better economic results.**

Our experience shows that putting the plan targets on a sound basis through overall balancing while allowing some leeway helps protect and heighten the enthusiasm of the working people and production units and ensure a proportionate and co-ordinated growth of the national economy. The 1981 and 1982 plans will bring the growth of industrial and agricultural output above the average annual growth rate set in the Sixth Five-Year Plan, and this is good news for the whole nation. For the reasons given, we do not propose to raise the growth rate for the last three years of the plan.

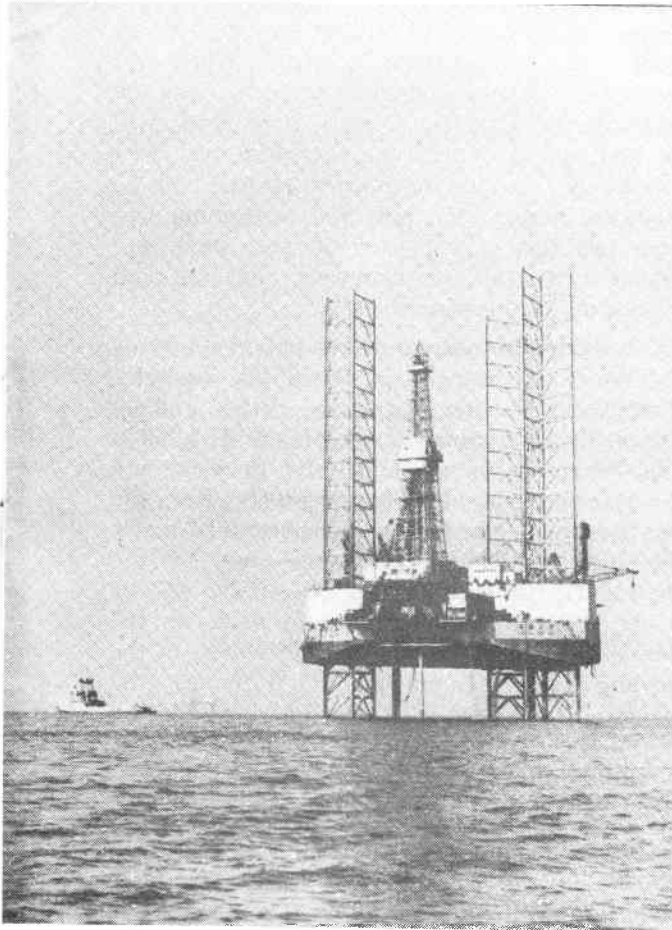
When, through our efforts in the period of the Sixth Five-Year Plan, the relations between

the various sectors are brought into better balance, the work of consolidation is accomplished, a number of key construction projects in preparation for the Seventh Five-Year Plan are completed, and technical transformation of certain major items are carried out and certain key scientific and technological problems solved, the growth rate for the seventh five-year period is bound to be higher than that for the present five-year period. Provided we work in a down-to-earth manner and, in particular, make significant headway in training personnel, building key construction projects and improving technology, the growth rate for the eighth and ninth five-year periods is certain to be still higher, thus ushering in a new period of vigorous economic development for our country. In this way, we can realize the magnificent objective of quadrupling the gross annual value of industrial and agricultural production by the turn of the century in accordance with the strategic plan worked out at the Party's 12th National Congress, a plan which calls for two steps in two decades.

## **2. The Scale and Priorities Of Capital Construction and The Technical Transformation Of Enterprises**

Under the Sixth Five-Year Plan, total investment in capital construction throughout the country will be 230 billion yuan, roughly the same as for the Fifth Five-Year Plan. Altogether 890 large and medium-sized projects will be undertaken during these five years, far fewer than during the previous five-year period. This is based on the lessons of the past when our capital construction was too large in scale and overextended, so yielding poor returns from investment.

**In the Sixth Five-Year Plan, energy and transport are priorities and will receive 38.5 per cent of the total investment in capital construction, a somewhat higher figure than before.** Meanwhile, appropriate arrangements are made for development in agriculture, the textile and other light industries, the metallurgical industry and the chemical industry, as well as for educa-



An oil-derrick on the South China Sea.

tion, science, culture, public health service, urban public utilities, commerce and foreign trade. Four hundred large and medium-sized projects are to be completed before the end of 1985, and the rest will be carried over for continued construction during the Seventh Five-Year Plan period.

Funds totalling 130 billion yuan are earmarked for updating equipment in the existing enterprises and for their technical transformation. In the 28 years between 1953 and 1980, such funds accounted for about 20 per cent of the total investment in fixed assets. The figure is raised to 36 per cent in the Sixth Five-Year Plan. This is a big step forward. It will help improve the technology of our industry and speed up the modernization of the national economy as a whole.

I would now like to speak at some length about the development plans for energy, transport and agriculture and about the priorities for the technical transformation of the existing enterprises.

The coal industry will receive 17.9 billion yuan in investment during the five years. The funds will be used chiefly for exploiting the coal reserves in Shanxi, northeast China and eastern Inner Mongolia; at the same time, the coalfields in western Henan, Shandong, Anhui, Jiangsu and Guizhou Provinces will also be developed. Twenty-eight large coal mines will be added, each with an annual capacity of over one million tons. This, plus the opening of small and medium-sized mines, will increase the total capacity of China's coal industry by 220 million tons. The plan provides for a production capacity of 80 million tons to be available before the end of 1985, with work continuing during the next five-year plan period for the remaining 140 million tons.

To speed up the expansion of the coal industry, we should, on the one hand, concentrate on exploiting the big open-cast mines and, first of all, on building as soon as possible five such mines at Huolinhe, Yiminhe, Pingshuo, Yuanbaoshan and Jungar, which are rich in coal deposits. On the other hand, we should step up the technical transformation of the existing mines, build small and medium-sized ones and tap potential. Thus we will be able to produce more coal with less investment at an earlier date, and we can increase our coal output appreciably in the next few years or within this decade and at the same time lay the ground for greater expansion of our coal industry in the following decade.

A total of 15.4 billion yuan will be invested in the petroleum industry in the Sixth Five-Year Plan period. Efforts will be concentrated on prospecting in the Songliao Basin of northeast China, the Bohai Bay, the Puyang Region of Henan Province and the Eren Basin of Inner Mongolia. General survey and prospecting will also be stepped up to a proper extent in the Junggar Basin of Xinjiang and the Qaidam Basin of Qinghai, and such work will be steadily continued for present oil and natural gas fields in east China. Our goal is to verify the reserves of a number of new oilfields and to actively prospect for and exploit offshore oil deposits. In these five years, production capacity for oil will increase by 35 million tons and for natural gas by 2.5 billion cubic metres. This should help make up for the depletion as a result of continued exploitation of oil wells now in operation and maintain our annual oil output level at 100 million tons during the 1981-85 period.

A total of 20.7 billion yuan will be invested **in the power industry** in the same period. It will be used chiefly for continued exploitation of hydraulic resources along the upper reaches of the Huanghe River and the upper and middle reaches of the Changjiang River and in the Hongshui River Basin, and for building a number of large hydroelectric stations. At the same time, a number of electric power stations will be constructed near the coal mines in coal-rich Shanxi Province, eastern Inner Mongolia, Huainan and Huaibei regions, western Henan Province, areas north of the Weihe River and Guizhou Province, as will be a number of thermal power stations in Shanghai and Liaoning, Jiangsu, Zhejiang, Guangdong and Sichuan Provinces where enormous amounts of electricity are consumed.

These five years will witness the construction or continued construction of 15 hydroelectric stations each with an installed capacity of 400,000 kw or more, 45 thermal power stations each with an installed capacity of 200,000 kw or more, and one nuclear power station with an installed capacity of 300,000 kw. Added to the small stations to be set up, this will mean a total increase of 36.6 million kw of electric power for the whole country. Of this figure, 12.9 million kw will be available before the end of 1985, while work on the remaining 23.7 million kw will continue in the next five-year plan period. Since these arrangements still fall short of fully meeting the power requirements of China's economic growth, efforts will be made, wherever possible, to step up construction of electric power stations in the course of implementing the plan, while strictly economizing on the use of electricity.

Twenty-nine point eight billion yuan will be invested in **transport and post and telecommunications services** over the five years, mainly for railway and harbour construction. The Sixth Five-Year Plan provides for laying 2,000 kilometres of rails, double-tracking 1,700 kilometres of the present railways and electrifying 2,500 kilometres. By 1985, the capacity of transporting coal from Shanxi, western Inner Mongolia and Ningxia to other places will have increased from 72 million tons in 1980 to 120 million tons and that to northeast China from 14 million tons in 1980 to 29 million tons.

Construction of 132 deep-water berths is scheduled for 15 harbours including Dalian, Qinhuangdao, Tianjin, Qingdao, Shijiusuo, Lianyungang, Shanghai, Huangpu and Zhanjiang so that the handling capacity of the country's coastal

harbours will total 317 million tons by 1985 as against 217 million tons in 1980. Work will continue on inland navigation projects along the Changjiang and other rivers. More roads will be built so as to improve the rural transport conditions. In the meantime, efforts will be made to increase the post and telecommunications facilities. Completion of these tasks will relieve the strain on transport and post and telecommunications services.

**In agriculture**, stress will be put on augmenting the flood control capacity of the Huanghe, Changjiang, Huaihe and Haihe Rivers and on completing the construction of the Panjiakou and Daheiting reservoirs in Hebei Province and the Tianjin project for diverting water from the Luanhe River so as to ease the shortage of water for industrial and agricultural use in the Beijing-Tianjin area. Continued efforts will be made to build commodity grain bases on the Sanjiang Plain in Heilongjiang Province, in the Poyang Lake area in Jiangxi Province, the Dongting Lake area in Hunan Province and the Pi-Shi-Hang Irrigation Area in Anhui Province. A network for breeding and popularizing improved seeds should be set up and improved step by step.

Shelterbelt networks in northwest, north and northeast China will continue to be built so as to check soil erosion in the areas along the middle reaches of the Huanghe River and the shifting of sand dunes in the northwest. We should make sustained efforts to conduct the nationwide afforestation campaign in order to cover our motherland with trees. Land reclamation on the pasturelands of the minority nationality areas is forbidden. We should expand the total area of artificially sown pastures from the 32 million *mu*\* in 1980 to 100 million *mu* in 1985. A number of farms producing good poultry and animal strains, livestock farms and feed-processing plants will be set up. Between 1981 and 1985, the plan is to increase the area for fresh-water aquaculture by 16 million *mu* and that for sea-water aquaculture by 800,000 *mu*. All this will help improve conditions for farming, animal husbandry and fishery.

We should do more geological prospecting, hunt for mineral deposits, assess natural resources and do better work in hydrogeology, engineering geology and environmental geology during the Sixth Five-Year Plan period.

**In the technical transformation of the existing enterprises** stress should be put on the fol-

\* One *mu* equals 1/15 hectare.



lowing: saving energy and raw and semi-finished materials; improving the product mix; enhancing the properties and quality of products; and increasing the production capacity for certain urgently needed products which are in short supply. Measures will be taken in these five years to carry out in a planned way the technical transformation of a number of key enterprises such as the Anshan Iron and Steel Company, the Baotou Iron and Steel Company, the Changchun No. 1 Motor Works, factories in the power equipment manufacturing bases in Harbin and Shanghai, the large Datong, Kailuan and Fushun coal mines and the large caustic soda plants in Tianjin and in Hubei, Liaoning, Sichuan and Shandong Provinces. The purpose is to gradually raise the technological level of these key enterprises that have bearing on the national economy as a whole.

As the supplier of equipment for diverse fields, the machine-building industry must be ahead of others in carrying out technical transformation. In the 1981-85 period, mechanical and electrical products that are mass produced and widely used, especially motor vehicles, tractors, internal-combustion engines and industrial boilers that consume much energy should be improved technically and updated. Research and development of a group of key equipments such as precision and highly efficient machine tools, instruments and meters should be undertaken, and efforts should be made to update many kinds of instruments, components and basic parts.

We should turn out equipment of a fairly high technical level for farming, animal husbandry and fishery as well as for the textile and other light industries. We should also strive to improve the technology of manufacturing complete sets of large equipment used in power generation, steel rolling, mining, coal washing, transport, offshore oil prospecting and the petrochemical industry. Success in these endeavours will mean a gratifying improvement in the technological level of our national economy.

### **3. The Development Of Education, Science And Culture**

Constantly raising the educational, scientific, technological and cultural levels of the

whole people is a major guarantee for building a modern material civilization and also a major aspect in building a socialist spiritual civilization. **In the Sixth Five-Year Plan, allocations for education, science, culture, public health and physical culture account for 15.9 per cent of total state expenditure (the corresponding figure will reach 16.8 per cent in 1985), a fairly big increase over the 11 per cent of the Fifth Five-Year Plan.** The funds allocated for these undertakings are admittedly still insufficient, but this is what we can afford at present in the context of our limited financial resources. Appropriations for these undertakings will gradually increase along with the future growth of our economy.

**In education** the Sixth Five-Year Plan calls for a rise in the number of newly admitted full-time students in institutions of higher education from 280,000 in 1980 to 400,000 in 1985, an increase of 42.2 per cent, while total enrolment is to reach 1.3 million, 13.6 per cent more than in 1980. The number of graduates from these institutions is to be 1.5 million for the five years covered by the plan. Meanwhile, there will be considerable expansion of higher education through radio, TV, correspondence and evening courses. In 1985, a total of 20,000 postgraduate students is to be admitted, 5.5 times the number in 1980, and 45,000 are to complete their postgraduate studies in the five years under review.

The state will appropriate special funds for the construction of fairly advanced teaching and laboratory facilities in a group of key colleges and universities, and for the building or expansion of a number of experimental centres so as to raise the standard of instruction in these institutions. Specialities in colleges and universities will be readjusted and teaching methods improved. Over the years, specialities have been too finely divided and consequently students can acquire only a limited scope of knowledge. This falls short of the requirements of practical work in various fields and for advanced studies and often creates difficulties for the graduates to get employment or to switch to other specialized fields of work. This situation must be changed. Systematic education of our undergraduates and postgraduates in the basic theories of Marxism must be stepped up and ideological and political work among them should be done regularly, purposefully and effectively. We must ensure that our students are trained to be educated workers with socialist consciousness and professional knowledge.

We must continue to restructure secondary education, set up secondary vocational schools of different types, particularly for farming, forestry, animal husbandry, sideline occupations and fishery, the medical and nursing services, finance and trade, public security and procuratorial and judicial affairs, and culture and education. Some vocational and technical subjects are to be added to the curricula of regular secondary schools. It is essential to create the necessary conditions for transforming a number of regular senior middle schools in the rural areas into secondary vocational schools serving agriculture. More attention should be paid to pre-school education and teachers' training.

We should strive to make primary school education universal or almost universal by 1985 in most counties and to make junior middle school education universal in the cities. Schools of all types and levels should try to enhance the professional competence of the teachers and their teaching level in an all-round way and gradually to improve the conditions for both teaching and learning. Educational workers throughout the country face the most arduous and pressing task of making primary and junior middle school education universal and eliminating illiteracy among young and middle-aged people, and the whole nation should go into action and give this work full support. We should make respect of educational work a standard of good social conduct so that everybody will realize that it is the very foundation of our modernization drive.

**In science and technology**, we will, under the Sixth Five-Year Plan, put into nationwide use the verified results of 40 key scientific and technological research projects in agriculture, the textile and other light industries, energy, the electronic and machine-building industries, raw and semi-finished materials, the chemical industry, the pharmaceutical industry, transport, and post and telecommunications. To meet the needs of economic and social development, we should tackle 100 major problems in 38 scientific and technological research projects vital to production and construction, and try to bring a considerable number to fruition and widely apply the results during this period. While focusing on research in development and application, we should step up basic research so as to provide China's scientific and technological development with sound guidance and a reliable foundation. In line with the characteristics of the specific disciplines, research in both basic and applied sciences should be geared as much as

possible to the needs of economic development and expanding production. We should put the application and dissemination of the results of scientific research on a par with research itself, commend and reward successes in this field and overcome the tendency to underrate its importance. It is necessary to set up, in a planned way and step by step, public centres of information, forecasting and analysis, measurement, calculation and consulting services in applied mathematics in the provinces, municipalities and autonomous regions to serve scientific research and growth of the national economy.

While energetically expanding research in the natural sciences, we should attach importance to studies in the social sciences, in political economy, departmental economics, management science, philosophy, law, political science, education, sociology, ethics, psychology, history, ethnology, literature and art, linguistics, international relations, and so on. We should do our best to expound and solve the major theoretical and practical problems raised in the course of our socialist modernization so that we can use the results of creative studies to help build the socialist material and spiritual civilization and develop our socialist system. Gaps in our social studies should be filled in; weak links strengthened and working conditions improved.

**In culture**, during the Sixth Five-Year Plan period, there will be an appropriate growth in literature and art, the cinema, television, broadcasting, the press, publishing, libraries, museums and cultural centres and in public health service and physical culture. There should be more feature films provided quality is improved, and it is planned to increase them from 82 in 1980 to 120 in 1985. Efforts should be made to produce more science films and documentaries. We should improve the ideological and intellectual content of the radio and TV programmes, raise their artistic and technical quality, improve their production and transmission, and bring them to a wider audience. The total volume of publication of newspapers, magazines and books will amount to 45.6 billion printed sheets in 1985, 22 per cent more than in 1980. We should take steps to improve the techniques and quality of papermaking, printing and publishing and change the present backward conditions. In the main, all cities will have museums, all counties libraries and cultural centres, and all townships cultural stations. Serious efforts should be made to improve the cultural facilities in the national minority areas and border regions.

Although most of our intellectual products appear in the form of commodities, the leading cadres at all levels concerned should be fully aware that the purpose of expanding their production is, first and foremost, to develop our socialist spiritual civilization. They must therefore see to it that our intellectual products have communist ideological content and serve to increase the people's scientific and general knowledge, instead of merely seeking profits. In all our cultural and artistic undertakings and academic research, we must keep to the orientation of serving the people and socialism, continue to implement the policy of "letting a hundred flowers blossom and a hundred schools of thought contend," eliminate the erroneous influence left over from the decade of domestic turmoil and, at the same time, oppose bourgeois liberalization and decadent feudal and capitalist culture.

We should keep deepening the mass patriotic health campaign so as to reduce the incidence of diseases and swiftly wipe out virulent infectious diseases that are yet to be eliminated. We should tighten our customs quarantine control so as to prevent inroads from abroad of epidemic diseases already stamped out in China. In health work, we should adhere to the policy of laying equal stress on the cities and the countryside and of combining Chinese and Western medicine. Between 1981 and 1985, there will be an increase of 600,000 people specializing in health work and an addition of 250,000 hospital beds. Vigorous efforts should be made to improve techniques of birth control so that we can carry out our plan for population control. We should encourage physical culture and sports in both town and country, so as to build up the people's physique and raise the level of physical culture and sports.

#### **4. The Expansion of Economic And Technological Exchange With the Outside World**

During the period of the Sixth Five-Year Plan, we will continue to expand trade and economic and technological exchanges with the outside world in accordance with the principles of equality and mutual benefit, of unified plan

and policy and of concerted action towards our foreign counterparts.

The total volume of import and export trade is planned to reach 85.5 billion yuan by 1985, an increase of 51.8 per cent compared with 1980 and an average annual increase of 8.7 per cent. Of this figure, the total volume of exports is to reach 40.2 billion yuan, averaging an annual rise of 8.1 per cent, which is higher than the growth rate of gross value for industrial and agricultural production in the same period; the total volume of imports will reach 45.3 billion yuan, rising annually by an average of 9.2 per cent, which is slightly higher than the growth rate of exports. This will help speed up production and construction in our country.

Boosting the production of commodities for increased exports is the basis for expanding our foreign trade and other economic exchanges. We should work hard to increase exports of textiles and other light industrial goods, arts and crafts, native products and local specialities and, in particular, raise the proportion of machinery and electrical products in the total volume of export. There should be planned exports of oil, coal and some rare metals, the resources of which China has in abundance, while the export of commodities whose production consumes too much energy should be restricted. Measures should be taken to adapt all our export goods to changes in the international market and make them more and more competitive.

In line with the needs of domestic construction, we should change the import mix and properly raise the proportion of new technology and key equipment in the total volume of imports. Efforts should be continued to use foreign loans efficiently, encourage direct investment by foreign businessmen or the setting up of joint ventures with Chinese and foreign investment in order to increase the use of foreign funds to a suitable extent.

We should, in particular, stress the role of the coastal cities in expanding foreign economic and technological exchanges. Apart from Guangdong and Fujian Provinces which can continue their special policies and flexible measures, we should grant more decision-making power to Shanghai, Tianjin and other coastal cities so that they can utilize their favourable conditions to turn their initiative to better account in importing and assimilating technology, making use of foreign funds, trans-



forming outmoded enterprises and developing the role of these cities in the world market.

The aim of expanding our foreign economic and technological exchanges is of course to raise our capacity for self-reliance, and definitely not to weaken or impair the development of our national economy. Under no circumstances should we waver on this point.

## 5. Improvement of the Living Standards of the People And Population Control

During the period of the Sixth Five-Year Plan, expansion of the state economy, the collective economy and the individual economy will provide jobs for 29 million people in cities and towns after they have received proper training. **The average net income of each peasant is to rise from 191 yuan in 1980 to 255 yuan in 1985, that is, an average annual increase of 6 per cent.** This is higher than the annual average of 4.3 per cent attained in the 26 years between 1955 and 1980. **The payroll for workers and staff in the whole country was 77.3 billion yuan in 1980 and is to reach 98.3 billion yuan in 1985, an average increase of 4.9 per cent a year, or 4.2 billion yuan.** Some of the workers and staff in the fields of education, public health and physical culture got a wage increase last year. This year and in the next three years there will be a pay rise for the rest as well as those working in other fields, group by group, and preparations will be made for reforming the wage system. As the present pay of most middle-aged intellectuals is too low and their burdens are heavy, their salaries should rise more.

With the growth of industrial and agricultural production and the increase in the income of the urban and rural population, their consumption level will go up substantially. By 1985, average per-capita consumption will be 22 per cent more than in 1980, averaging a 4.1 per cent annual growth as against the 2.6 per cent for the 28 years between 1953 and 1980. Of this, people living in cities and towns will get an average annual rise of 3.2 per cent and those in the countryside 4.2 per cent. The total volume

of retail sales is to reach 290 billion yuan by 1985, 40 per cent over 1980, averaging an annual increase of 7 per cent.

Housing for the people in the cities and countryside will continue to improve. Within the five years under review, it is estimated that 2.5 billion square metres of housing will be built by the peasants for themselves, apart from 300 million square metres of public amenities and facilities to be built in the countryside. Residential housing totalling 310 million square metres will be completed in these five years by state-owned units in cities and towns. This averages out at 62 million square metres a year, which is 2.6 times the average annual figure for the 28 years between 1953 and 1980. Meanwhile, urban public utilities are to be installed faster, environmental pollution resolutely checked, and the environment in key areas improved.

Population growth must be strictly controlled during the Sixth Five-Year Plan period. The census taken on July 1 this year shows that China's population exceeds one billion. **From now on, the annual natural population growth rate must be kept under 13 per thousand** which means the total population of the 29 provinces, municipalities and autonomous regions must be kept at around 1.06 billion by 1985. The past two years again saw a somewhat higher net growth rate of our population, and for some years from now the total number of births will be at a peak as more and more young people will reach the marriageable and child-bearing age. Therefore, to attain our goal in population control is going to be an extremely important and strenuous task. The whole society must pay full attention to this problem. **We must take effective measures and encourage late marriage, advocate one child for each couple, strictly control second births and resolutely prevent additional births** so as to control population growth. Otherwise, the execution of our national economic plan and the improvement of the people's living standards will be adversely affected. Persuasive education must be conducted among the people of the whole country, especially among the peasants, to change radically the feudal attitude of viewing sons as better than daughters and regarding more sons as a sign of good fortune. We must, in particular, protect infant girls and their mothers. A couple that has only one daughter and brings her up well deserves greater commendation, support and reward than a couple that has only one son. The whole society should resolutely condemn the criminal

activities of female infanticide and maltreatment of the mothers, and the judicial departments should resolutely punish the offenders according to law.

## **6. The Basic Balance in Finance And Credit and Basic Stability In Commodity Prices**

The downward trend in state revenues should be reversed during the period of the Sixth Five-Year Plan through expanding production, improving economic results and exploring new sources of revenue, and this should be done on condition that a normal rise in the people's income is guaranteed and the appropriate decision-making power of enterprises ensured. Expenditures for various purposes should be properly arranged and controlled, financial supervision strengthened and waste resolutely combated so as to minimize the financial deficit. At the same time, issuance of currency should be strictly controlled to ensure a basic balance between state revenue and expenditure and between credit receipts and payments.

The plan sets total state revenues for 1981-85 at 595.3 billion yuan, those for 1985 being 127.4 billion yuan, an increase of 18.9 billion yuan over 1980. Total state expenditures in the five years will be 609.8 billion yuan, the figure for 1985 being 130.4 billion yuan, an increase of 9.2 billion yuan over 1980.

In state expenditures, we will, first of all, guarantee funds for the construction of key projects, gradually increase expenditures on educational, scientific, cultural, public health and physical culture undertakings, and at the same time ensure the essential needs for military and administrative spending, repay foreign debts plus interest on time, and give due consideration to expenses in other fields.

It is the consistent policy of the Party and government to help the minority nationality areas and the economically underdeveloped regions develop their economy and culture. During the years 1981-85, apart from annually increased financial subsidies to these places, the state will allocate a special fund of 2.5 billion yuan — an increase of 2.2 billion yuan over the period

of the Fifth Five-Year Plan — to assist such development. It is planned to have an average annual deficit of around 3 billion yuan in these five years, the concrete figure being 2.5 billion yuan in 1981. In implementing the yearly plans, we should strive to increase revenues and strictly control expenditures so as to keep the deficit under 3 billion yuan.

Market prices affect the very livelihood of the people. During the period of the Sixth Five-Year Plan, we should strive to keep market prices basically stable so as to guarantee the people a secure life. Since the beginning of this year, the localities have conscientiously implemented the State Council's "Circular on Resolutely Stabilizing Market Prices." Generally speaking, the situation in this respect is good. There have been no big fluctuations in state-set prices, and the prices of some commodities have even gone down somewhat. The general level of retail prices in the first three quarters of this year was about the same as at the end of last year. To stimulate production, there will be some necessary readjustment, either upwards or downwards, in the next few years, in regard to a small number of commodities whose prices are very unreasonable. This, however, must be done on condition that the general level of market prices is kept basically stable.

Our Sixth Five-Year Plan is a comprehensive plan for overall economic and social development, which encompasses the building of both material and spiritual civilization. The Party's 12th National Congress drew up a general guideline in this connection which we should implement step by step. Here I would just like to speak on two points, namely, education of workers and staff and improvement in standards of social conduct.

We must, in particular, set up regular colleges and schools of all types to train cadres at various levels and workers in different trades and, at the same time, set up short-term training courses teaching fewer subjects, so as to put the education of workers and staff on a regular basis in a relatively short time. Apart from the existing schools that must undertake their share in training workers and staff, all trades and those enterprises which have the facilities should set up schools and training courses. We also hope that the Communist Youth League, the trade unions, the women's federation and other mass organizations will all pay attention to this.

Besides providing systematic education, we must do effective ideological and political work among the workers and staff in line with the policies of the Party and government and the tasks of different periods and solve the problems they have in ideology and understanding.

Fostering high standards of social conduct is a very important aspect of building socialist spiritual civilization. To this end, efforts should be made in town and country to achieve a general improvement in public order and order in production and other work; to establish better work ethics in production units, offices and the service trades; and to combat all such unhealthy tendencies as sheer irresponsibility, putting money above all else, asserting departmentalism and anarchy, engaging in malpractices for selfish ends and abusing one's powers to secure advantages for others. We must help the cadres and the masses to realize that, while promoting socialist commodity production and exchange, it is essential to do everything to combat and check the shameful practice of selling one's moral integrity, conscience and human dignity and com-

mercializing human relations, as is common in capitalist society.

Furthermore, we should be able to evoke powerful forces throughout our society to resist all sorts of bad things and establish and develop a new type of relations between people which embody socialist spiritual civilization, namely, mutual respect, care, assistance and friendly co-operation. We should strive to raise the standards of social conduct significantly during the period of the Sixth Five-Year Plan and create a good social atmosphere so that the people can devote themselves to the modernization drive wholeheartedly and with ease of mind.

The tasks for production and construction set in the Sixth Five-Year Plan are both forward-looking and realistic and, provided we exert ourselves, they can be fulfilled. Though earnest efforts have been made to achieve an overall balance in preparing the plan, there may be points needing further deliberation, which will be handled properly in accordance with concrete conditions in the course of its implementation.

## Implementation of the Sixth Five-Year Plan in the First Two Years

The State Council worked out separate plans for 1981 and 1982 in accordance with its preliminary outline. The progress has been satisfactory. The actual growth rate of the gross value of industrial and agricultural output reached 4.6 per cent in 1981 as against the planned figure of 3.7 per cent; the growth rate in 1982 is expected to reach 6.4 per cent as against the planned figure of 4 per cent. The annual increase for these two years averages 5.5 per cent. The economic situation as a whole is improving each year and this is a gratifying change.

**A sustained overall upsurge in agricultural production has brought prosperity to the rural areas. This is an essential basis for steady improvement in the economic and, moreover, the political situation throughout the country.** Compared with 1980, the gross value of agricultural output increased by 5.7 per cent in 1981, and the 1982 figure is expected to be 5 per cent

higher than the previous year. Average annual increase for these two years works out to 5.3 per cent.

Although many regions suffered from successive serious droughts and floods, the country's total grain output has continued to rise year by year. The national figure for this year is expected to be over 335 million tons, an increase of more than 10 million tons over 1981 and higher than the record year of 1979. Compared with 1980, the 1982 output of cotton is expected to rise by 21.9 per cent; of oil-bearing crops, by 39 per cent; of sugar-yielding crops, by 29.2 per cent; of tea, by 21 per cent; and of pork, beef and mutton as one unit, by 6.8 per cent. There has also been a fairly rapid growth in other fields of the diversified rural economy.

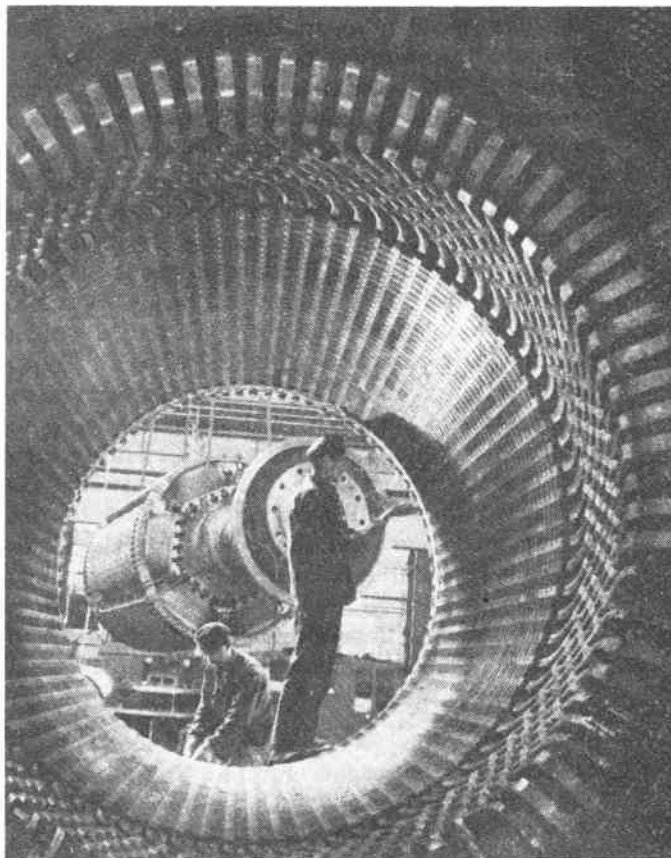
Agricultural production having expanded, the peasants' income has gone up by a big margin. Especially gratifying are the changes

that have taken place so rapidly in just a few years over wide areas which used to be relatively backward in agricultural production. This situation, almost without precedent since the founding of the People's Republic, is conclusive proof that the rural policies of the Party and government are absolutely correct.

**The production of manufactured consumer goods has grown rapidly so that there is an ever more plentiful supply of commodities on the market, thus relieving the shortage to a considerable extent.** We have not seen such a situation in China since the late 1950s. Compared with 1980, the gross output value of light industry increased by 14.1 per cent in 1981 and is expected to go up by another 5.1 per cent in 1982. This means an average annual increase of 9.6 per cent for these two years. It is estimated that the 1982 output of yarn will be 13.3 per cent over 1980; woollen fabrics, 12 per cent; knitting wool, 42 per cent; sugar, 33 per cent; bicycles, 78 per cent; sewing machines, 61.7 per cent; TV sets, 100 per cent; and washing machines, 990 per cent. Many consumer goods are now of higher quality with better designs and greater variety.

Retail sales volume for 1981 registered a 9.8 per cent increase over 1980 and the estimated increase for 1982 is 8.9 per cent over the preceding year. This gives an average annual increase of 9.4 per cent for these two years. While the people's level of consumption has gone up a great deal in the past two years, the supply of foodstuffs, clothing and other daily necessities has also been fairly adequate for the most part, thus allowing the consumers more choice. For a country like ours with a population of one billion, it is indeed no small achievement to effect such a rapid improvement in market supply.

**In heavy industry, which is now being readjusted, production has gradually turned from decrease to increase, thanks to the efforts made to raise the output of energy and use it economically and to readjust the service orientation and product mix.** Gross output value was down 4.7 per cent in 1981 compared with 1980, but the estimated 1982 figure is 9 per cent over 1981, so that the average annual increase for these two years will be 1.9 per cent. Heavy industry is no longer serving its own expansion to excess and is now providing a larger portion of its products to agriculture and light industry in the form of raw and semi-finished materials



Putting a finishing touch on a rotor made in the Harbin Electric Machinery Plant.

and equipment for technical transformation. Many heavy industrial enterprises are manufacturing durable consumer goods directly for the market.

The output of fuels, power and some important raw and semi-finished materials has gradually picked up again following two years of stagnation or even decline. Compared with 1980, the 1981 output of coal increased by 0.2 per cent, electricity by 2.9 per cent and cement by 3.8 per cent, while the output of crude oil dropped by 4.5 per cent and steel products by 1.7 per cent. It is estimated that, compared with 1981, the 1982 output of coal will rise by 4.6 per cent, crude oil by 0.5 per cent, electricity by 5.1 per cent, steel products by 1.9 per cent, and cement by 8.6 per cent. **The upward trend in heavy industrial output following readjustment is a significant indicator of the sound growth of our national economy.** The transport and post and telecommunications departments have also played an active part in promoting the development of industry, agriculture and work in other fields.



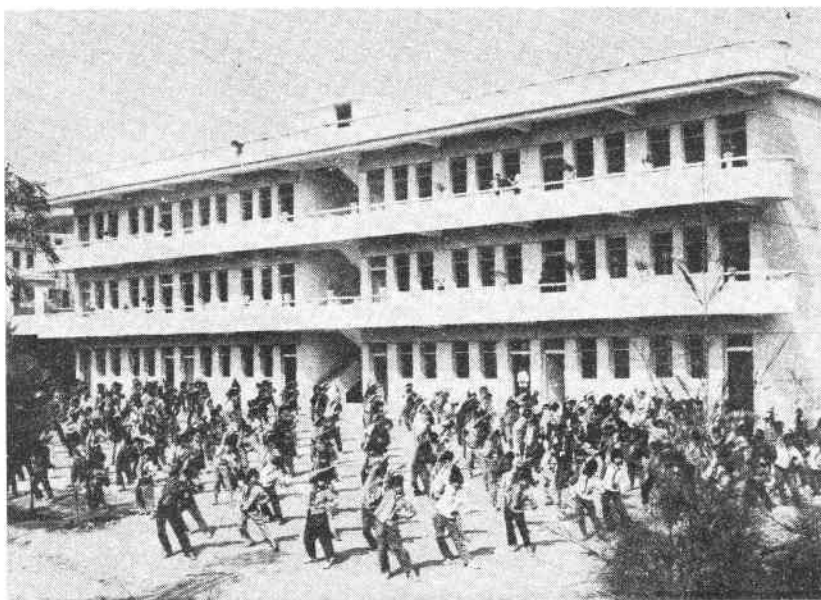
**The trend of continuous decrease in state revenue over the years has started to change, reflecting in a comprehensive way the obvious success of China's economic readjustment.** State revenue dropped for three years in a row starting in 1979 as a result of economic readjustment and efforts to solve a host of long accumulated problems, especially those carried over from the decade of domestic turmoil. Compared with 1978, state revenue from domestic sources in 1981 was down more than 10 billion yuan, a decrease of almost 10 per cent. With steady improvement in the national economic situation and the adoption of many measures to increase revenue and reduce expenditure, the downward trend may end this year, and it is expected that state revenue will start to rise again next year. At the same time, there has been a favourable balance of foreign exchange earnings and outlays for two years running, which provides favourable conditions for us to expand foreign economic and technological exchanges.

There has been fresh development in education, science and culture. The number of institutions of higher education has risen from 675 in 1980 to 729 in 1982 and total new enrolment of students from 280,000 to 310,000. Initial successes have been achieved in readjusting the specialities offered by these institutions and in restructuring secondary education. More efforts have been made to disseminate and apply scientific and technological achievements.

In the past two years, altogether more than 6,000 major research projects were successful, as was the manufacture of about 1,000 new materials following research. All this is playing an increasingly significant role in economic development. The recent successful under-water launching of a submarine-based carrier rocket indicates the new advance in our science and technology. Continuous progress has been made in such undertakings as the press, publishing, broadcasting, the cinema, television, literature and art and health work. In particular, a number of new inspiring results have been achieved in sports.

The above facts show that **through the readjustment in the past few years, the proportion between accumulation and consumption and the ratio of agriculture, light industry and heavy industry have tended to be basically in balance.** The readjustment of our national economy has now entered a new, more advanced stage. Provided that overall arrangements are made both for the people's livelihood and for production and construction, we should now focus on continued readjustment of the structures of agriculture and industry and their product mix as well as the structure of enterprises so as to achieve far better economic results in the course of steadily expanding our national economy.

The sustained and encouraging growth of our economy is in sharp contrast to the current



A village primary school, one of the many newly built in Nanhai, Guangdong, with money from the educational funds allocated by the county government and the local factories, mines and communes.

worldwide economic depression. In recent years, many countries, one after another, have experienced varying degrees of economic difficulties, with production stagnating or declining, rising unemployment, crushing debts, and inflation. The rate of unemployment and index of price rises in some countries have reached the highest level since World War II. In quite a few countries, the economic recession has become so unbearable and serious as to affect political stability. Many countries are struggling to find a way out of their plight. **At a time when the economy in other countries is beset with such difficulties, China's national economy is forging ahead by overcoming all kinds of difficulties. This fully demonstrates the superiority of our socialist system and testifies to the correctness of the line, principles and policies our Party has adopted since the Third Plenary Session of its 11th Central Committee.**

Why is it then that we still have some financial deficits even though our economic situation has steadily improved in recent years? The answer to this question requires a historical analysis of our economic construction. In the 20 years between 1958 and 1978, and especially during the decade of domestic turmoil, the state invested heavily in production and construction. However, owing to the domination of "Left" ideas, our economic structure was far from appropriate, there were quite a number of defects in economic systems and enormous waste in the fields of production, construction and circulation, the economic results were very poor, and problems as regards the people's life piled up. During this period, the wages and salaries of workers and staff were not regularly raised, parities between the prices of manufactured goods on the one hand and those of farm and sideline products on the other were quite unreasonable, the urban housing shortage grew increasingly acute, and large numbers of young people waited for jobs.

Since the 1978 Third Plenary Session of the 11th Central Committee of the Party, the Party and government have made immense efforts to solve these problems. From 1979 to 1981, expenditures to cover the increase in the purchase prices of farm and sideline products amounted to 44.2 billion yuan; the rise in the wages and salaries of workers and staff and the introduction of the bonus system, 30 billion yuan; the employment of 26 million people in cities and towns, 10.5 billion yuan; and the building of

more housing for workers and staff in cities and towns, 15.2 billion yuan. These, plus the expenditures to cover tax cuts or exemptions for rural areas and the increased price subsidies for imported goods, totalled more than 140 billion yuan. Many such items led to higher state expenditures and lower revenues. Furthermore, the economic results of our production and construction remained very poor for a long time, and this situation was not and could not be drastically changed in a few years. Hence our difficulties in balancing state revenue and expenditure.

At the Fourth Session of the Fifth National People's Congress, the State Council made a point of raising the question of improving economic results, and has since adopted a series of measures for that purpose. Through a year's arduous work, things are beginning to pick up. We should, on this basis, work even harder to bring about a fundamental turn for the better in China's economy and finance.

The steady improvement in our economic situation over the past two years is inseparable from our redoubled efforts to build a socialist spiritual civilization and from our resolute struggle against serious crimes in the economic and other spheres. The number of criminal offences in the country as a whole was 15.7 per cent less in the first three quarters of this year than in the corresponding period of last year. In the same period, we handled 136,024 criminal cases in the economic sphere, of which 44,663 have been disposed of, with 26,227 offenders sentenced according to law. Of the total of over one hundred thousand criminal cases uncovered so far in the economic sphere, only a very small number involve, to varying degrees, senior leading cadres. Some were taken in by the actual offenders due to serious bureaucratism, others were not strict enough with their children who degenerated into criminals, and still others have been tainted with unhealthy tendencies. These cases either have been or are being dealt with in all seriousness. However, until now we have not found any senior leading cadre who should himself be held accountable for any serious irregularities in economic matters. Facts have shown that the overwhelming majority of our cadres are good or fairly good, and that the leading cores at the central, provincial, municipal and autonomous region levels are trustworthy. Through our recent struggle, we have by and large checked rampant, unscrupulous smuggling and sale of smuggled goods, and a number of

serious offenders guilty of graft, embezzlement, offering or accepting bribes, speculation and swindling have been dealt heavy

blows. We have thus safeguarded our socialist economic system and our socialist modernization.

## Major Measures for the All-Round Fulfilment of the 6th 5-Year Plan

As far as economic growth is concerned, the key to all-round fulfilment of the last three years of the Sixth Five-Year Plan is to make the attainment of better economic results the heart of all our economic work. Judging by the present overall situation of our national economy, this means we must exercise effective control over all planned investment in fixed assets and use it properly, resolutely readjust and consolidate the existing enterprises, do everything to expedite the technological advance of production, and continue to reform current economic systems. Only when we make significant headway in these four aspects, plus marked improvement in the managerial ability of our economic cadres at all levels, can we win a decisive victory in bringing about a fundamental turn for the better in our financial and economic situation and succeed in creating more favourable conditions for the Seventh Five-Year Plan and for China's subsequent economic growth.

**First, exercise strict control over the volume of total investment in fixed assets and ensure the completion of key construction projects and the technical transformation of enterprises as scheduled.**

To ensure a growing capacity for expanded reproduction, we must maintain investment in fixed assets at a certain level for new capital construction projects and technical transformation of existing enterprises. Under the Sixth Five-Year Plan a total of 360 billion yuan is to be allocated for these purposes. Effective control over and proper use of these funds, the completion and operation of the planned key construction projects according to schedule and attainment of outstanding results in the technical transformation of existing enterprises will contribute enormously to augmenting our economic strength.

Experience in our economic construction over the past 30 and more years has proved time and again that the volume of investment in

capital construction must suit national strength. This is a basic condition for stabilizing the national economy as a whole. Since the founding of our People's Republic, we have suffered several major setbacks in economic construction, all of which, apart from political reasons, can be attributed economically to the blind extension of capital construction.

Such overextension not only strains the supply of building materials and lengthens the construction cycle but is bound to affect production and maintenance and the people's well-being, making it difficult for enterprises to carry on normal production or for necessary improvements to be made in the people's life. When things came to a head, the economy had to be readjusted and many capital construction projects had to be discontinued, causing overstocking and even total waste of large amounts of equipment, a decline in production or even its suspension in many plants serving capital construction, and holding up the work of construction workers. Such drastic curtailment in the wake of excessive extension brought the most serious waste and harm to our economic construction in the past. Once things started to go well after readjustment, people tended to repeat the mistake, again rushing without forethought into a lot of capital construction. This is, indeed, a painful lesson for us, and we cannot afford to make this mistake again.

Proper arrangements have been made under the Sixth Five-Year Plan with regard to the volume of investment in fixed assets. However, signs of sharp increases in such investment have now reappeared. Many localities and units have embarked on quite a few construction projects not included in the plan. We must pay serious attention to this problem and deal with it with a firm hand.

While strictly controlling the total volume of investment in fixed assets, we must see that funds are used properly in the right order of priorities. That is to say, **we must first of all**

**ensure investment in key energy and transport projects and in technical transformation of existing enterprises. These areas are the essential basis for vigorous development of our national economy.** In order to ensure them adequate funding, we must slash, with the utmost determination, ill-considered projects launched to increase the capacity of ordinary processing industries.

Concentration on key projects centred on those for energy and transport so as to improve and reinforce these two weakest links in our national economy — this is a major measure for us to gain the initiative in developing the national economy and, therefore, a matter of vital significance for economic construction as a whole.

There is a shortage of funds for key projects included in the state plan at present, whereas funds in the hands of the localities and enterprises have increased by a big margin and construction projects outside the plan have increased considerably. We must take measures to muster an appropriate amount of funds for the key projects. The State Council has made the decision that, except for a few specified items, all localities, departments and units are to turn over a certain proportion of their receipts not covered in the state budget to the state and all large economic collectives in cities and towns a certain proportion of their profits after taxation as a contribution to funds for the key energy and transport projects. At the same time, we should adopt correct policies and measures and give proper guidance so as to make funds in the hands of the localities, enterprises, the people's communes and their production brigades and teams available for construction projects that the country badly needs.

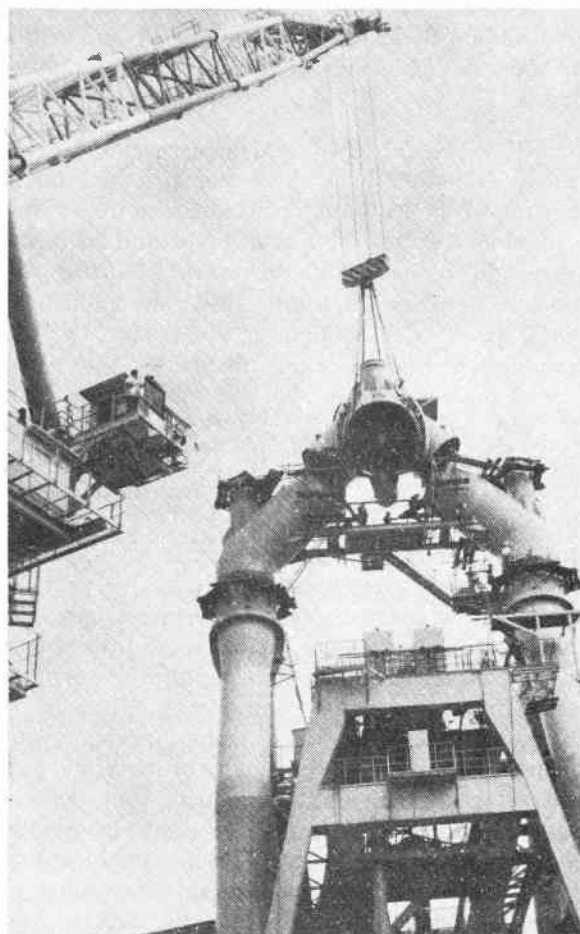
In order to exercise strict control over the volume of investment, ensure the proper use of construction funds and get greater returns on investment, the State Council has laid down the following regulations:

(1) All investments in fixed assets, including those covered by the state budget, self-collected funds or bank loans, are subject to overall balancing by the State Planning Commission or its provincial, municipal and autonomous region counterparts before their final incorporation into the state plan. No locality or department shall make investments in fixed assets outside the plan without prior approval by the appropriate higher authorities. If it does, it will

be called to account and punished accordingly for having violated discipline in financial and economic work.

(2) All large and medium-sized capital construction projects are subject to examination and approval by the State Planning Commission; small capital construction projects are subject to examination and approval by the provincial, municipal and autonomous region planning commissions and relevant departments of the State Council. No unit or individual has the power to decide on capital construction projects without going through overall balancing by the State Planning Commission or its provincial, municipal and autonomous region counterparts. Except for those which the enterprises are entitled to undertake according to state regulations, all projects for technical transformation are subject to joint examination and approval by the appropriate planning commissions and economic commissions at different levels.

(3) All construction projects must be undertaken in strict compliance with the proce-



Assembling No. 1 blast furnace, the largest in China, in the Baoshan Iron and Steel Complex in Shanghai.



dures for capital construction. No project shall be included in the annual construction plan, still less shall it be started hastily, without prior feasibility studies and technical and economic appraisal, or without such preparatory work as adequate prospecting and designing. Whoever violates this regulation must be called to account.

(4) As regards all construction projects already decided on, the following must be done: to fix the scale of construction, total amount of investment, time schedule, returns on investment and conditions for co-operation with other units. At the same time, the system of responsibility must be strictly applied.

(5) Investments in capital construction are to be placed under the centralized control of the Bank of Construction of China, which is to supervise their use according to plan. The bank must carry out its duties faithfully and malfeasance must be looked into and dealt with according to law.

**Second, firmly readjust present enterprises, consolidate them in an all-round way and strive to raise the efficiency of operation and management.**

The present irrational structure of enterprises and their backward operation and management constitute major obstacles to improving economic results. This is a long-standing problem and a hard nut to crack. During the decade between 1971 and 1980, our industrial enterprises (not including those run by the production brigades and teams in the rural areas) increased from over 195,000 to more than 377,000, almost double the 1970 figure. This played a certain role in China's economic growth, but there was a good deal of blind expansion due to the prolonged "Left" mistakes in the guidelines for our economic work, plus a lack of necessary knowledge on the part of quite a few cadres. Many enterprises operated under capacity or were unable to go into operation at all due to inadequate supplies of raw and semi-finished materials and energy. Because of backward technology and technique, some enterprises were heavy consumers of materials and turned out poor-quality products that nobody wanted. In the absence of the most elementary system of economic accounting, some enterprises ran at a loss for years. The management of some others was chaotic, lacking the most indispensable rules and regulations, and the waste appalling.

With readjustment and consolidation in the past few years, things have begun to improve, but the problems involved have not yet been fundamentally solved. To this day, quite a number of enterprises have still not matched their best past technical and economic norms; nearly 30 per cent of the state-owned industrial enterprises practising independent business accounting incur losses, the total sum of which may well exceed 4 billion yuan this year. The irrational structure of enterprises and their backward operation and management have made it impossible for many advanced enterprises to operate at full capacity because the energy and raw and semi-finished materials they need are used by the backward enterprises, which consume these valuable supplies and turn out substandard products. This has exacerbated the shortage of energy and raw and semi-finished materials throughout the country and increased the state's financial burden, gravely affecting the growth of state revenue. Unless this situation is changed, the large number of backward enterprises will continue to find it all right to rely for their survival on the fruit of the labour of advanced enterprises. Instead of encouraging advanced enterprises and transforming the backward ones, this will encourage many unhealthy tendencies to grow and spread because of the scramble for energy, raw and semi-finished materials, transport facilities and markets, and the normal functioning of the socialist economy and good standards of social conduct will be undermined. Therefore, we must be very firm in readjusting and consolidating our enterprises without wavering or further delay.

The State Council has decided that from now on relevant departments shall promptly form according to the products competent leading groups with their local counterparts to draw up programmes for different trades and plans for readjusting enterprises. The following three categories of enterprises must be the first to close down, suspend operations, amalgamate with others or switch to the manufacture of other products: (1) those that are heavy consumers of material, turn out poor-quality products and have been running at a loss over the years due to inefficient operation; (2) those with production in excess of demand and those with large overstocks of goods; and (3) backward enterprises that contend with the advanced ones for energy, raw and semi-finished materials, transport facilities and markets, and especially those set up without justification that hamper production in the advanced enterprises.

The regions and departments concerned must draw up two-year plans for closing, suspending and amalgamating such enterprises and for switching their production. They must provide lists of the enterprises to be closed or suspended, and propose measures to carry out the plans. All enterprises that have incurred heavy losses because of poor operation and management must begin to earn profits within a given time limit. Those that fail to do so must suspend operation pending consolidation. No doubt there will be considerable resistance to overcome and unavoidable problems will have to be solved properly, but this work must be done well.

The workers and staff in state-owned enterprises that are closed or suspend operations must accept state assignment to other jobs. Those for whom no new jobs are available for the time being should be organized to study or do some work useful to society, and they must strictly observe discipline in all cases. People should be appointed especially to protect the property and materials of the enterprises that close down or suspend production. Such disruptive activities as mass seizure of public property and its division in private are absolutely forbidden. People who engage in such activities will be severely punished according to law, and the administrative leaders of the factories and local departments concerned will be called to account.

The socialist system is an advanced social system under which the productive forces can be rapidly developed and labour productivity increased. Therefore, our socialist state encourages the advanced and must in no way protect the backward. The many tax, price and credit systems and regulations that serve to discourage advanced enterprises while protecting backward ones must be revised step by step.

Present enterprises must be consolidated more quickly and effectively. This work must be completed in all of them within the next three years. Three things are essential in this connection: one is to establish competent leading bodies, another is to work out and improve the rules and regulations for management and the system of responsibility, and the third is to draw up plans for technical transformation with the stress on reducing the consumption of energy and raw and semi-finished materials and to set appropriate objectives for the development of products. Consolidated enterprises must be inspected one by one and approved by joint work

teams from the relevant departments at a higher level in accordance with the standards set by the central government, and substandard enterprises must be consolidated again.

In doing consolidation, we must, first of all, pay attention to major enterprises so that they may take the lead in raising operational, managerial and technical efficiency and improving economic results. The leading responsible members of the central departments and provinces, municipalities and autonomous regions must direct the work themselves and help one by one the all-round consolidation of a few major enterprises that have great potential in production and are vital to the national economy as a whole.

In conjunction with enterprise readjustment and consolidation, we should tighten financial, price, tax and credit control and strengthen financial and economic discipline. All undertakings financed by state funds and appropriations must fulfil the economic requirements as set in the plans and designs and must not incur loss or waste. Credit control must be centralized, and no bank at any level may issue loans unless provided for in state plans or by state policies.

The Constitution provides for an auditing system under which the auditing bodies have the authority to supervise through auditing the revenues and expenditures of departments under the State Council, local governments at different levels, state financial and monetary departments and enterprises and institutions; no other administrative organ, public organization or individual may interfere with this work. Leading cadres at all levels, in particular, should play an exemplary role in observing and upholding state financial and economic discipline. Whoever violates such discipline must be called to account, and those involved in serious cases must be punished according to law. Law officers who break the law must be punished more severely than others. Comrades who adhere to principle and dare to fight against breaches of financial and economic discipline should be firmly supported and encouraged. Whoever retaliates against them must be dealt with severely according to law.

**Third, promote technological progress and give full play to the role of science and technology in economic development.**

It is a fundamental matter of principle that vigorous economic development must rely on

scientific and technological achievements and that science and technology must serve economic development. Generally speaking, the technological level of production in present-day China lags far behind advanced world levels. We must rely on advanced technology in production to a large extent for all-round fulfillment of the Sixth Five-Year Plan. Looking still further ahead towards the magnificent objective of quadrupling the gross annual output value of China's industry and agriculture by the end of this century and then scaling even greater heights, we need all the more to give full play to the enormous role of science and technology.

This quadrupling is not just a quantitative concept, and it will be impossible to reach the target if we mark time at our present technological level. All branches of our national economy must gradually apply the advanced technologies that have been in common use in the economically developed countries since the 1970s or the early 1980s and which are applicable in China.

Comrade Sun Yefang, the noted economist, who remains very much concerned about the socialist construction despite serious illness, recently wrote a very good article on the need to rely mainly on technical transformation for quadrupling the gross annual value of industrial and agricultural output. In this article, which was published in *Renmin Ribao* (People's Daily) on November 19, 1982, he pointed out that "a big base figure leading to a low growth rate" is not a law governing the development of production but mainly the outcome of neglecting the technical transformation of the existing enterprises. Production will definitely grow at a faster rate, he said, if we no longer "freeze technologies" and "reproduce 'antiques'" but systematically undertake technical transformation of the existing enterprises in their hundreds of thousands with emphasis on the key ones. He suggested that the rate of depreciation for fixed assets should be raised gradually to shorten the depreciation period. The State Council holds that his

views are correct. In the future, as far as the financial resources of the state permit, we should steadily raise the depreciation rate. The State Council has instructed the State Planning Commission, the State Economic Commission and the Ministry of Finance to study this question jointly and then work out a concrete plan so that the enterprises will have increasing financial resources for renewal of equipment and technical transformation.

The most important thing in stimulating technological improvement is to organize the scientific and technical personnel to draw up plans and tackle key problems. In conjunction with the departments concerned and with the co-operation of specialists in all branches of science and technology, the State Science and Technology Commission, the State Planning Commission and the State Economic Commission should set to work right now to draw up plans for the development of various trades, for the development of regions with large and medium-sized cities as their cores and for the technical transformation of key enterprises, and a programme for China's scientific and technological advance. In the process, they should work out realistic policies on technology, specify the technological levels that should and can be reached towards the end of this century, and decide on concrete measures to replace outdated techniques step by step. For example, we should make full use of China's fairly abundant mineral resources to produce alloy steel, low-alloy steel in particular, and increase their proportion of total steel output as a major policy for the technological development of our metallurgical industry.



Meng Shaoliang (third from left), a department member of the Academia Sinica and chief engineer of the No. 2 Automobile Plant, with workers.

We should pay close attention to the development of the electronics industry which has a particularly important role to play in China's modernization, and should gradually apply electronic technology to different branches of our national economy. Large and medium-sized cities in the coastal and inland areas with higher technological level should help the minority nationality areas and the outlying border areas raise the technological level of their production.

In line with the needs of expanding production in the country as a whole, we should co-ordinate research on various scientific and technological subjects centring on those projects that may yield important economic results, and take forceful measures to mobilize the specialized skills of scientific and technical personnel in all fields to tackle key problems on the basis of a division of labour and co-operation. In particular, we should organize the specialists concerned to take part in the technological and economic appraisal of major construction projects as well as to survey and design them; we should pay attention to their views to ensure better preparation for launching such projects.

**Importing advanced technology is a major way to promote China's technological progress.**

Although we have made certain progress in this respect during the past few years, much remains to be done. Following investigation and study and according to unified planning, we should simplify procedures and take prompt action to import urgently needed technology that will not be available at home in a short time. Moreover, we should organize scientists, technicians and workers to assimilate and popularize imported technology. The state will provide the foreign exchange and the funds for the manufacture of the supporting facilities at home. The State Economic Commission has, in co-operation with other departments concerned, drawn up a plan for importing 3,000 items of advanced technology in the next three years to strengthen the technical transformation of the existing enterprises, particularly small and medium-sized ones. Measures should be taken to execute this plan item by item according to schedule. First of all, domestic resources should be fully mobilized to solve problems which can be solved by relying on our own scientific, technological and productive capabilities, and it is impermissible to seek abroad whatever is available within the country.

We should use administrative and economic means to stimulate the enthusiasm of our en-

terprises for improving their technical performance. Centres for technological development should be established for different trades and enterprises, and combination in various forms of scientific research, designing and production should be promoted. The production and construction plans of the state and the localities, departments, trades and professions should specify both the making of new products and the eliminating of outmoded ones. Future appraisal of enterprise performance should have as a major criterion the introduction of new products and techniques for increased production at lower costs. Since the technical norms for many products have become outdated, the State Economic Commission should organize the departments concerned to revise them, beginning from 1983. We should institute a system of state licences for the manufacture of major products, banning the making of substandard items.

We should firmly carry out the policy of fixing prices according to the quality of products, enact and enforce a patent law, practise the system of reward for new products and technical innovations and abolish those rules and regulations that hinder technological progress. We should mobilize the masses to learn from pacesetters and to make rationalization proposals, and encourage enterprises and their workers and staff to take vigorous steps to promote technological progress and improve operation and management.

Scientists, intellectuals in other fields and other sections of our people have been honouring the memory of Comrade Jiāng Zhuying, a middle-aged scientist in the Changchun Institute of Precision Optical Machinery, and Comrade Luo Jianfu, a middle-aged engineer in the Lishan Microelectronics Company in Shaanxi, and pledged to learn from them. Both of them were exemplary Communist Party members who made scientific and technological inventions and innovations of advanced domestic or world level which our country needed urgently. Throughout their careers, they worked painstakingly amid all kinds of difficulties, often forgoing food and sleep, and devoted all their energy and wisdom to China's scientific and technological development. They did not stop working even when they became seriously ill. They were the first to bear hardship, and the last to enjoy comfort. They placed the interests of the Party and state above everything else and gave no thought to personal fame or gain. Their deeds provide vivid examples for education in communist



ideology. We hope that all members of the Communist Party and the Communist Youth League, all patriotic young people and the rest of the working people in scientific, technological and other professional fields and in all other trades will follow their examples.

We hope that all units where intellectuals work will take a correct attitude towards them, conscientiously implement the relevant policies, put full trust in them and show concern for them so that they can realize their aspirations for contributing their all to the building of the socialist motherland. All intellectuals, except for those with organizational ability who are suitable for posts of administrative leadership, should be able to devote themselves to their own specialities. This is the way, we believe, to ensure that our science and technology will develop by leaps and bounds.

#### **Fourth, energetically and steadily speed up the restructuring of economic systems.**

Restructuring economic systems is a major guarantee for improving economic results comprehensively and achieving socialist modernization. Socialist transformation of private industry and commerce in the 1950s ended the exploitation of workers by the capitalists. **The current restructuring aims at breaking the convention of "everybody eating from the same big pot" and "giving everybody an iron rice bowl" and truly applying the principle of more pay for more work, less pay for less work and no pay for no work. It is no less significant than the socialist transformation of private industry and commerce.**

The initial reforms carried out in the past three years have yielded positive results and enriched our useful experience. As the national economy is being readjusted, the ratio of its major branches is becoming more balanced, and this provides favourable conditions for continuing to reform the economic systems. Comprehensive reform should be preceded by careful study and, wherever possible, by experiments so as to enrich our experience. Nevertheless, those reforms which have become possible and imperative under present conditions should be started without hesitation. Comprehensive reform is to take place gradually during the Seventh Five-Year Plan period. In the next three years, while sparing no effort in drawing up an overall plan to reform our economic systems and working out concrete measures for its implementation,

we should go a step further and actively test specific reforms.

**Experience over the years tells us that the steady and co-ordinated growth of the national economy requires the correct application of the principle of ensuring the leading role of the planned economy supplemented by market regulation** and of exercising strict control over major economic matters through planning while adopting a flexible policy towards lesser ones, which are to be controlled mainly through industrial and commercial administration and economic levers. The state must devote its main efforts to overall balancing of the national economy, and do a better job of centralizing the administration of major economic activities that affect the proportions among the key branches of the economy. In particular, it must strictly control, according to the state plan, the volume and priorities of investment in fixed assets, the key capital construction projects and the increase in funds for consumption. Depending on the circumstances, diverse forms may be adopted for the operation and management of enterprises, the purchase and sale of commodities, the opening of more channels of commodity circulation, employment and the services trades.

In terms of concrete steps, we should first of all keep tabs on the key enterprises and the manufacture and distribution of major industrial and agricultural products covered by mandatory planning, and adopt flexible measures with regard to small enterprises and minor commodities covered by market regulation. As for enterprises and products in the intermediate category, namely, those covered by guidance planning, we have to decide on the specific control measures step by step in conjunction with the reform of the price, tax and credit systems and after accumulating experience through more testing at selected points, because the situation is rather complicated and, furthermore, the role of the various economic levers has not yet been brought into full play.

**Both in mandatory planning and in guidance planning, we must make conscious use of the law of value.** In order to help enterprises overcome the defects of ignoring social needs and technological progress and to impel them to improve economic results, we must give full scope to the regulatory role of various economic levers, particularly pricing, in the light of the specific conditions of different enterprises and products.

For long-standing historical reasons, price parities between various commodities are for the most part irrational at present. This often tempts enterprises to develop in unwanted directions, seriously impedes the smooth progress of economic reforms, adversely affects normal state revenue and expenditure and, in the final analysis, hinders the general improvement of the people's living standards. Reform of the current price system is imperative. However, since this is a major issue affecting the overall situation, it must be handled with discretion according to well thought-out plans, and we cannot afford the least rashness in this matter. The State Council holds the view that conditions will not yet be ripe for comprehensive reform of the price system in the last three years of the Sixth Five-Year Plan period. But readjustment—upward or downward—in the exceedingly unreasonable prices of a small number of products can be made on condition that basic stability in the general level of market prices is maintained.

As for the vastly different rates of profit between various enterprises, the problem should first be solved gradually through some such means as settlement according to an internal price scale. The excessively low prices of fuels for industrial use and of some raw and semi-finished materials should be gradually readjusted when practicable, since they hurt production, discourage thrift and can only lead to blind growth of the processing industry. No enterprise is permitted to use this to raise the price of its products without authorization, thereby shifting its burden onto the consumers. As for the pricing of minor commodities of the third category, the current method may be changed, by stages and in groups, to that of consultation between industrial and commercial units within the limits specified by the state, or to that of decision by the enterprises themselves. This means that the prices of such commodities may be allowed to fluctuate in line with market conditions. Judging by the results of experiments at some selected localities, this approach is beneficial to both producers and consumers. We must resolutely fix commodity prices according to quality and set reasonable price parities between the wholesale and retail trades and according to season and region as a measure to raise the quality of commodities and to promote and regulate their circulation.

**In the next three years, on condition that there is no substantial price readjustment, we should reform the tax system and hasten the**

**substitution of taxes on enterprises for profits delivered to the state.** This will give greater scope to the regulatory role of taxation in economic activities and improve the relations between the state and enterprises. The old method of management of unified state allocations for state-owned enterprises and unified collection of receipts from them, a method of "everybody eating from the same big pot," shackles the growth of the productive forces. Experiments in substituting taxes for delivery of profits have been conducted in over 400 industrial enterprises in the last three years. On the whole, the results are fairly satisfactory. In all the experimental enterprises, the growth in income from sales of products has been markedly higher than that in gross output value and, in particular, the growth of both profits earned by the enterprises and taxes turned over to the state is much higher than that of gross output value and income from sales. This means a sharp rise in economic results. Moreover, both the state and the enterprises benefit, with the state receiving a greater part of the increased profit in the form of taxes and payment for the use of state funds, and the enterprises earning more income than previously. Therefore, this substitution should be affirmed as a positive measure.

Such reform should, however, be carried out step by step on the merits of each case. There should be two steps for big and medium-sized state enterprises. The first step, to be started in the period of the Sixth Five-Year Plan, provides for both taxation and profit sharing, that is to say, a certain proportion of an enterprise's profit is paid to the state as income tax and local tax, while the remainder is divided appropriately and in different forms between the state and the enterprise. The second step provides for the collection, when the price system has in the main become appropriate, of a progressive income tax in accordance with the amount of profit.

We plan to adopt, by stages and groups in the next three years, such diversified forms of operation for small state-owned enterprises as contracting or leasing them to collectives or to workers and staff members as individuals, with the state collecting taxes and the enterprise paying for the use of state funds and assuming sole responsibility for its own profit or loss. Meanwhile, to meet the needs of economic development, the rates of industrial and commercial taxes on some products will be duly readjusted

and some new taxes introduced wherever necessary. This will give fuller play to the role of taxation in accumulating funds and regulating production, circulation and distribution. These reforms in the system of taxation and profit delivery will profoundly change enterprise operation and management, facilitate adoption by enterprises of the system of economic responsibility and enlarge their decision-making power. They will help to link the interests of an enterprise better with its performance and growth.

Some of the irrationalities in our current economic life, such as creating barriers between town and country, between higher and lower levels and between different departments or regions, excessive manufacturing of identical products, blocking the channels of circulation, misuse of transport facilities, duplication of leadership, and departments and regions hamstringing one another, are related to the present administrative system and structure. Unless this state of affairs is changed, it will be virtually impossible to do anything that needs to be done or to reduce waste throughout society. To solve this problem, we must give scope to the role of all trades and that of the cities, particularly that of big and medium-sized cities, in organizing economic activities. Guided by this principle, we should gradually and in an appropriate way readjust the system of administering enterprises in the course of their reorganization and amalgamation. National corporations and the small number of large key enterprises should be put under the direct administration of the relevant leading departments of their trades at the central level, while the vast number of other enterprises should gradually come under the administration of city authorities.

**Production and circulation should also be unified, centring on the more economically developed cities so as to carry along the surrounding rural areas and gradually form city-based economic regions of different sizes and types. This is an objective of the reform that should be gradually carried out under guidance after preparations are made and experience is accumulated in pilot projects.**

The Jiangsu provincial government recently decided to embark on some experiments in the forthcoming administrative reform so as to adapt the administrative system and structure to meet the requirements for restructuring the economic systems. The main ideas are as follows: departments and bureaus at the provin-

cial level will, as a rule, not be directly responsible for province-owned enterprises, which are to be put under the administration of the cities where they are located; in more economically developed prefectures, the administrative departments at the prefectural and city levels will be merged, with the city exercising jurisdiction over the surrounding counties; in economically underdeveloped prefectures, the commissioner's offices will, as the representative agency of the provincial government, supervise and check up on the work of their subordinate counties, with the enterprises originally under the administration of the commissioner's offices now put under the authority of the city or county where they are located.

A new feature of our present economic situation is that far greater supplies of farm and sideline products and manufactured consumer goods are now available on the market. In contrast, the system of commodity circulation has grown increasingly out of keeping with the objective demands. It has been handed down almost unchanged from the 1950s. In those years, it served to restrict and transform private industry and commerce and control commodities in short supply. But objective conditions have changed tremendously in the past two decades and more, and it is now essential to make its reform an important item on the agenda.

State commerce should without doubt play a leading role in commodity circulation. At the same time, we should give scope to the positive role of collective commerce and individual traders and pedlars and to the part productive enterprises can play in selling their own products. We must resolutely break regional blockades, unclog the channels of circulation between town and country, and explore more avenues for commodity circulation and reduce the intermediate links so as to form a really unified socialist market and facilitate commodity interflow. The State Council has, therefore, instructed the Committee for Restructuring the Economic Systems to organize the departments concerned and theoretical and practical workers who specialize in commodity circulation to study this question, make an appraisal and draw up at the earliest possible date a short-term plan for reforming the system of commodity circulation, together with necessary and effective measures for its implementation.

There is much to be done in the many-sided reform of the economic systems. Apart from working out a plan for comprehensive reform,

we should in the coming three years focus our work on the following: (1) to gradually replace profit delivery with taxation for state enterprises as a measure to improve the relations between the state and enterprise; (2) to bring into play the role of key cities in resolving the contradictions between departments and regions at different levels; and (3) to reform the system of commodity circulation so as to promote the production and exchange of commodities. The accomplishment of these three tasks will set in motion the reform of our economic systems as a whole.

**Finally, I would like to discuss in particular the question of agriculture and work in the rural areas.**

The situation in the countryside has been very good in recent years thanks mainly to application of a series of correct policies and to the introduction of diverse forms of the responsibility system for production, which have unleashed the peasants' enthusiasm. The all-round contract system created in practice by the masses was initiated in outlying poverty-stricken areas and soon spread to well-off areas that are more developed economically. This has now become the principal form of the responsibility system in most rural areas, adopted not only by economically backward brigades and teams that engage in one-crop farming, but also popularized in turn among economically advanced brigades and teams that have a highly specialized division of labour.

In the course of this process, the all-round contract method has been enriched and refined into a form of production responsibility contracted by a household or group under unified or separate management, or a combination of both, where payment is reckoned according to output, and the households or groups contribute a fixed share to the collective and state. Diverse in form, this contract system is invariably characterized by direct benefits, clearly defined responsibilities and simple procedures. It gives the peasants decision-making power in production and management and helps overcome egalitarianism in distribution. With great flexibility, adaptability and vitality, the system has yielded satisfactory results.

Many places report that, with the introduction of this responsibility system, production has gone up, the relationship between cadres and peasants has markedly improved and bureaucracy, arbitrary orders, corruption, waste and other obnoxious practices have declined

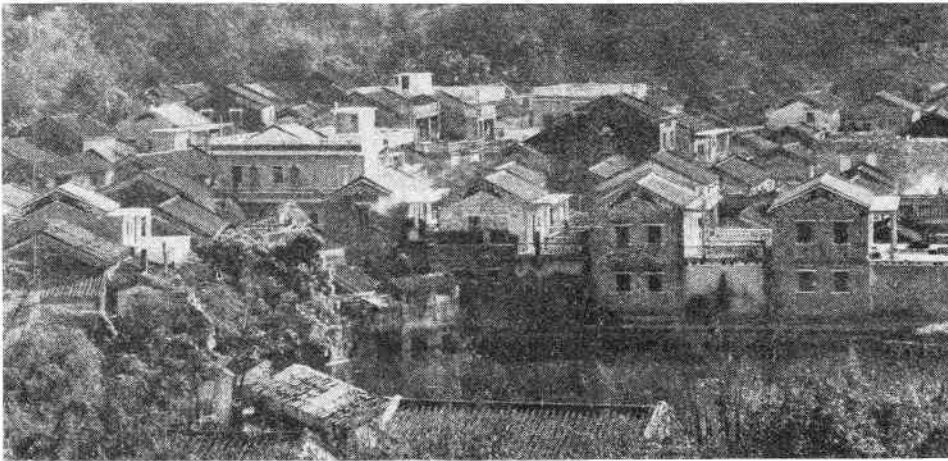
sharply. This system has now spread from a few areas to most parts of the country, from the countryside to towns and cities and from agriculture to other spheres. It is by no means accidental that this system is gaining ground across China, much to the acclaim of the people. It has proved to be an effective form for bringing out the superiority of the socialist economic system in the rural areas at the present stage.

The task for us now is to stabilize and improve the responsibility system for agricultural production. The responsibility system can be allowed to take various forms which may be improved in the course of practice. We must never try to prevent the masses from adopting the system of contracted responsibilities on the household basis with remuneration linked to output, or any other forms that they like. Instead, we should encourage them and help solve problems that crop up. We must proceed from the actual situation and study how to solve the problems in unified or separate management and the forms of contracted work in conformity with the local economic level and other characteristics.

As the output-related system of contracted responsibilities has spread, as a large number of specialized households and households doing specialized jobs besides crop cultivation have come to the fore and as there has been a steady growth of rural commodity production, economic combination has become a necessity and reflects popular will. This is not a combination of the old type. Serving the expansion of commodity production, it helps improve the work before and after production and facilitates co-operation in such specialized and socialized services as the dissemination of techniques, supply and marketing, processing, storage, transport, plant protection and supply of information. Through diverse forms and different levels of combination, the contract system and other means, the economic activities of the peasant households or groups are linked with the big state-owned socialist industries, transport services, commerce, farms and scientific research institutes, leading to close economic ties with them.

It should be realized that with the predominance of the socialist state economy, such economic ties and co-operation help to strengthen planned guidance over the peasants' main economic activities and bring them more effectively within the orbit of state planning and make





These new dwellings in Shunde County house some of the nearly one million peasant families in Guangdong who moved into new homes in 1981.

them an organic part of the socialist economy. **From a long-term point of view, the development of economic combination before and after the production process on the basis of a division of labour and of the system of contracting specialized jobs will greatly stimulate commodity production in the rural areas and the prosperity of the rural economy as a whole, thus opening up a correct and distinctively Chinese road and bright prospects for the growth of socialist agriculture.**

Some embryonic forms of combinations have already appeared, including the combination of specialized productive undertakings, the combination of production, supply and marketing and the combination of technical services. We should guide these properly according to circumstances, help various forms of combination to improve in the course of practice and sum up experience from time to time, instead of rashly approving this form and rejecting that. In short, on the question of combination we should be realistic, adhere to the principle of voluntary participation and mutual benefit, respect the initiative of the masses, and move ahead only when conditions are ripe, thus ensuring steady progress.

**“Spare no effort in promoting grain production and actively develop diversified undertakings” is our comprehensive policy for agricultural production,** and the slightest neglect of either aspect will result in one-sidedness. Ours being a country with a vast population but limited arable land, feeding the people has always been a matter of prime importance, and we must pay the closest attention to grain production. It must be laid down as a long-term policy admitting of no wavering whatsoever on

our part that all land suitable for growing grain crops must be used for that purpose and not others. Certain specific policies should be adopted to ensure that peasants in the main grain-producing areas derive benefit from their productive activities.

On the other hand, precisely because we have a huge population and a scarcity of arable land, we must not concentrate all our labour power on the limited acreage under cultivation but must turn our eyes to the vast expanse of our country's territory and make full use of our rich agricultural resources in the hilly and mountainous areas, the grasslands and the waters. On the premise of ensuring the steady growth of grain production and preventing the deterioration of the ecological environment, we should boldly develop diversified economy. This will absorb more labour power, particularly woman and subsidiary labour power, put funds in the rural areas to better use and rationally exploit our natural resources, and it will also provide more favourable conditions for protecting and promoting grain production. In this way, our human, land and material resources can be turned to best account.

In developing agricultural production, we must attach great importance to the role of science and technology and, as soon as possible, set up a scientific and technological research and dissemination network in the service of agriculture. The peasants should be encouraged to provide themselves with various scientific and cultural facilities within their means so as to raise the level of their scientific and general knowledge. At the same time, we must

try to improve the conditions for agricultural production and call on the peasants to rely on themselves and, through the accumulation of funds and the investment of labour, to carry out agricultural capital construction projects as local conditions permit. State investment in agriculture should be used mainly for projects that the peasants cannot afford, such as large-scale water conservancy works, development of major forest areas, main roads and telecommunications facilities.

At present, two bad practices prevail in the countryside: one is seizing farmland to put up houses, and the other is indiscriminate felling of forests, both entailing grave consequences. The Central Committee of the Party and the State Council have already taken some measures and will take more wherever necessary to check such practices without hesitation. We must educate the cadres and the peasants to keep in mind the interests of the whole country and the well-being of future generations and not just pursue local and immediate interests at the expense of national and long-term interests.

Overall fulfilment of the Sixth Five-Year Plan requires that we firmly implement the principle of building both the socialist material and spiritual civilization and continue to step up socialist political development and improve ideological and political work. Under the guidance of the new Constitution to be adopted by this session, we should continue to improve socialist democracy and strengthen the socialist legal system the better to protect the rights of the people of all our nationalities as masters of the country. The struggle against serious criminal activities in the economic and other spheres must be continued and public order improved.

In the next three years, we should mobilize all government departments and the whole of society and give full scope to the role of the public security, procuratorial and judicial organs in reducing the crime rate substantially, dealing resolute blows at the counter-revolutionary activities of the hostile elements who attempt to undermine the socialist system, and eliminating threats to the safety of women and children and other vile practices that debase social morality, thus winning a decisive victory in making a fundamental turn for the better in the standards of social conduct. The aim is to create good

public order and order in production and other work for successful implementation of the Sixth Five-Year Plan.

We must continue to strengthen national defence, raise the level of scientific and technological research in this field, the standard of the equipment of the Chinese People's Liberation Army and its military capability and political consciousness, step up militia work and increase our defence capabilities so as to safeguard our socialist modernization.

We should persevere in restructuring government departments during the next three years. Restructuring of departments under the State Council as regards the leading bodies and the organizational setup has in the main been completed. But there is still a long way to go and our task remains arduous.

At present, low efficiency and the bureaucratic style of work remain rather serious. We must solve these problems, or we shall find it difficult to arouse the initiative of the cadres and masses and may very well face the danger of losing what we have achieved in the reform. All departments under the State Council must establish strict systems of responsibility so that every functionary has clearly defined responsibilities and every kind of work has someone to be held accountable for it. We must eradicate the undesirable work style of shifting responsibility on to others and putting things off indefinitely. We must go deep among the masses, acquire a better understanding of objective reality, investigate and study matters more systematically, and stamp out the bad habit of deciding important matters subjectively without investigation or study.

Restructuring of government institutions at the provincial, municipal and autonomous region as well as the prefectural and city levels is to start this winter and is expected to be completed in the first half of next year. Restructuring at the county and grass-roots levels is to be completed between the winter of 1983 and the spring of 1984. Thus, the restructuring of government institutions will be completed throughout the country in the spring of 1984. This will give us greater initiative in doing our work. □

*(A slightly abridged translation.  
Boldface are ours. — Ed.)*

# Tibet: An Inside View (V)

## — Religious freedom returns

by Our Correspondent Jing Wei

*This is the last of our correspondent's five articles on his visit to Tibet. The previous four appeared in "Beijing Review," issues 47 through 50. — Ed.*

**T**HE guarantee of religious freedom is one of China's fundamental policies. During the 10 years of the "cultural revolution" (1966-76), however, normal religious activities were proscribed and many temples and monasteries were closed or destroyed. The scars of this nationwide disaster were especially evident in Tibet.

Today, six years after the fall of the gang of four, I saw that the Party's policy of religious freedom has returned to Tibet. Temples that were closed have reopened. The people may again freely observe normal religious practices.

### Offering Incense

One evening shortly before dusk, I walked over to the gate of the Zuglakang (Jokhan) Monastery and asked a neatly dressed young Tibetan what his reaction was to the scene of people offering incense to the Buddha in front of the monastery. The young man replied seriously, "This is freedom of religious belief!" Standing around him were dozens of worshippers, men and women, young and old. From their clothing it was apparent that while some

were residents of Lhasa, most seemed to have come here to worship from distant places.

On the street surrounding the monastery, pedlars were selling incense. For a dozen or so cents, a believer could buy several sticks of incense, place them in a nearby incense burner and light them. Curling wisps of incense filled the air of the street with their sweet fragrance. Some of the devout believers, beginning at the monastery gate, were circling clockwise around the temple complex, prostrating themselves every few steps.

The Zuglakang Monastery, situated within the city of Lhasa, was built in the 7th century. Four stories tall, its gilt-crested roof glitters brightly. Of the many Buddhist images within the temple, the most precious is the brilliant gold image of Sakyamuni. I was told that this statue was brought to Tibet when the Princess Wen Cheng of the Tang Dynasty (618-907) was sent here in marriage.

The chairman of the government of the Tibet Autonomous Region, Ngapoi Ngawang Jigme, said that the Red Guards had assaulted this monastery in the early stages of the "cultural revolution." It was only because the Tibetan Military Command sent troops to protect the temple that it escaped serious damage. When the Party's policies protecting minority nationalities and freedom of religious belief were reinstated following the fall of the gang of four, the state quickly designated special funds for repairs. This ancient monastery has now been basically restored to its original condition.

Ngapoi Ngawang Jigme said that several Tibetan monasteries and temples have already been restored and are receiving Buddhist pilgrims and travellers. The autonomous region government has already decided to repair 53 large monasteries and temples, and beginning next year will first complete repairs on the main temples of Tibet's four religious sects.

At about the time of the reopening of the Zuglakang, Zhaibung and Sera Monasteries in Lhasa, and the Zhaxilhunbu (Trashilhunpo) Monastery in Xigaze, the famous Palkor Monastery in Gyangze, containing the Pagoda of Ten

Golden Sakyamuni statue of the Zuglakang Monastery.



Thousand Buddhas, was opened to outsiders in October 1979.

This large monastery was built in 1429. Originally composed of 13 temples, unfortunately only eight survive today, six of which have not yet been restored. The main temple and the pagoda, however, are very impressive. Inside the three-storey structure of the main temple is a great meditating Buddha which was cast of 14 tons of brass in the Ming Dynasty (1368-1644).

The ancient pagoda to the right of the main temple attracts the greatest admiration. Thirty-two metres high, its structure is unique. The lower five of its nine storeys are octagonal. The upper four are round. Inside are 108 doors leading to 77 Buddhist halls, shrines and scripture rooms containing more than 10,000 Buddhist images — thus the name, Pagoda of Ten Thousand Buddhas.

After touring the monastery complex, I spoke to three lamas of the monastery's democratic administrative committee.

### Lamas' Testimony

"Who were the persons who inflicted such severe damage on this monastery?" I asked.

The chairman of the committee, Gedun, replied, "Shortly after the 'cultural revolution' began, a work team moved into the monastery, and we of the democratic administrative committee were pushed aside. One day, a group of Red Guards shouting 'revolutionary' slogans rushed in and started knocking over the Buddhist statues and burning the sutras. This was how the destruction began."

"Were those Red Guards Han nationality outsiders, or were they local Tibetan students?"

The slender Gedun replied, "They were basically Tibetan Red Guards from this county."

"Didn't the work team try to stop them?"

"At that time, the work team dared not stop them," Gedun explained. "When the Red Guards started smashing up the statues the work team notified the county authorities. County Party Secretary Zhang (of Han nationality) came over immediately and lectured them on the Party policies on religious freedom and on preserving cultural treasures. He asked them to leave the temple grounds. The Red Guards refused to obey. While one group of students surrounded and 'criticized' him for being a reac-



Palkor Monastery's Pagoda of Ten Thousand Buddhas.

tionary advocate of old ideas, old culture, old customs and old habits, another group continued to destroy the Buddhist statues."

"But why didn't the county Party secretary send people to stop them?"

Losang Toinji, a lama in his fifties, responded, "But that would have been instigating the masses to fight the masses! Soon afterwards, the county Party secretary was dubbed a 'capitalist roader' and removed from office."

"Were the temples on either side of the main temple also destroyed at this time?"

The committee chairman, Gedun, answered, "That had nothing to do with the Red Guards. Those were destroyed in 1969. At that time, the county Party committee was paralysed, and a newly arrived head of the revolutionary committee gave those five temples to a neighbouring commune to use as construction lumber. Within a few days those temples were razed to the ground."

Dainzeng, a lama in his sixties, intervened angrily, "The destroyed temples can be rebuilt, but what hurts me most is the loss of all the sutras they burned."

"What is the situation now?"

Gedun replied: "Repairs on our monastery began in 1978. Since then the state has given more than 180,000 yuan for restoration. We have already rehabilitated 28 of the halls, repaired or replaced 210 Buddhist statues, and rebound and restored 554 volumes of various Buddhist sutras. In the past two years, the county government has also returned a group of precious temple cultural objects that were stored



Three generations of the family of Jija Zhaxi Doje

in the County Hall for safekeeping. This year, the county Party committee has put out a notice asking all units to make a thorough search for objects belonging to monasteries and temples, and return them immediately. However, the restoration task is still far from completed. We have heard that the government has drawn up a three-year repair plan. We hope that the repairs can be finished soon."

"How many lamas does the monastery have at present?"

Losang replied: "Virtually all the lamas here left during the 'cultural revolution.' In the past few years 11 lamas have entered our monastery, plus 10 more who came just recently, making a total of 21 lamas at present."

### Household Shrines

In a newly built Tibetan-style apartment building in Lhasa, I interviewed Toinzhu Cering who returned from abroad to resettle in Lhasa at the beginning of this year. Speaking of his decision to return to Tibet, he said: "Everyone abroad said that there was no religious freedom in Tibet, that no one was allowed to read the sutras or worship. Last year in August, I came back to visit and saw that this was not true at all. I decided to return permanently."

He lived in an apartment alone. The inner room contained a quite lovely Buddhist shrine with several small oil lamps burning in front of a Buddhist image.

Toinzhu, 63 years old, said that upon his return the government had given him this apartment of about 40 square metres rent-free, plus 250 yuan to help him get settled in. Knowing that he had run a restaurant abroad, the government planned to find work for him in a cafe

in the city. But he was not happy with that idea because he wanted his own business. The government, therefore, had given him a business licence. He excitedly told me: "Friends coming back to Tibet to see relatives in the past few months have all said that I'm very fortunate when they see the way I live here."

Toinzhu lives on the first floor. Another fellow Tibetan who returned home the year before last lives on the third floor. His name is Gelong Losang Dainzeng. They said that he originally had held a minor post under the old Tibetan local government. After he fled abroad in 1959, he became head of a music and dance troupe for the Dalai Lama and a broadcaster for an Indian radio station. I wanted to talk to him, but unfortunately his door was locked. A neighbour said that he had left two weeks before on a religious pilgrimage to Shannan Prefecture.

I visited another Tibetan, Jija Zhaxi Doje. He too had left in 1959 and had come back to resettle in 1980. His wife, father-in-law and three children welcomed us warmly. His home also contained a Buddhist shrine. Jija, 54 years of age, said that after his return the government had originally planned to place him in a normal school to teach Tibetan. However, he said he would really prefer a writing or research position. Respecting his wishes, the government transferred him to the Tibet Institute of Social Sciences to edit a catalogue of Tibetan writings. "I was away from home for more than 20 years, but now we are reunited," he said. "My four children have all grown up and are working. It is the current policies of the Party that have made this good fortune possible."

During my interviews, I found Buddhist shrines in a number of homes, both in the cities and in the countryside. But in the homes of Tibetan cadres working for the Party or government, I saw none. Most likely, this was due to the fact that upon mastering historical materialism these cadres had abandoned their idealist religious beliefs. Religious freedom, freedom to believe or not believe, is very evident in the contemporary life of Tibet. This is very different from life under the old Tibetan theocracy which prohibited the dissemination of scientific thought, and is also different from the ban against religious belief during the "cultural revolution." □

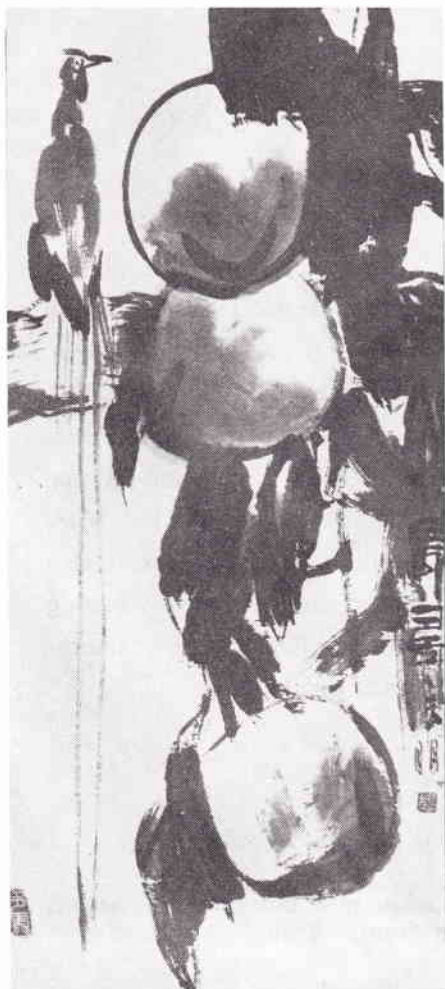


## *Flowers, Birds and Animals by Zhang Peng*

A native of Gaomi County, Shandong Province, Zhang Peng began to study painting at the age of 12. He learnt traditional technique through painstaking and repeated imitation of the works of such masters as Wu Changshuo, Ren Bonian, Huang Binhong and Qi Baishi. As his proficiency developed, he often turned to nature for inspiration.

His flowers and birds, grass and insects join one another in a dramatic whole. In one painting presented here, a red paradise flycatcher rests on a branch heavy with ripe peaches. The bird's beautiful feathers and the plump peaches are brought together in a crimson radiance. In the painting entitled *Monkey*, the artist's strokes give the quizzical animal such life, he seems to breathe.

Zhang is now an art teacher at the Shandong Textile Engineering College.



Longevity.



Monkey.



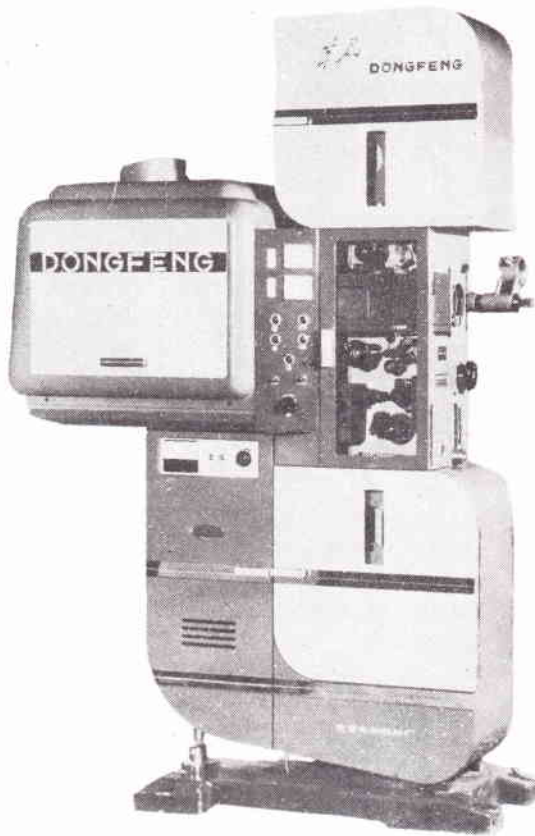
Parrot.



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