

Vol. 28, No. 51

BEIJING REVIEW

December 23, 1985

北京周報

A CHINESE WEEKLY OF
NEWS AND VIEWS

Regulating Macroeconomy With Monetary Policy

A Turning-Point in China's Aeronautics Industry

News From Kampuchean Battlefield



SPOTLIGHT



Lin Zuyi (3rd from left), Chinese vice-minister of communications, C. P. Srivastava (second from right), secretary-general of the IMCO, Chen Zuwei (first from left), president of the Dalian Branch of the World Maritime University, and Admiral Sheldon Kinney (first from right) at the inaugural ceremony.

World Maritime University Opens Dalian Branch

The Dalian Branch of the World Maritime University was established recently by the Intergovernmental Maritime Consultative Organization (IMCO), the United Nations Development Programme (UNDP) and the Chinese Ministry of Communications. The new branch will concentrate on training qualified maritime managers for developing countries in Asia and the Pacific. Chen Zuwei, a Chinese maritime expert, was appointed to be the branch's president.



Navigation students attending a class conducted by Huang Jianhua (second from left), associate professor.

Students from various countries attending class.



BEIJING REVIEW

Vol. 28, No. 51 December 23, 1985

CONTENTS

NOTES FROM THE EDITORS 4

Legal Studies: A Nationwide Assignment

LETTERS 5

EVENTS & TRENDS 6-10

State Revenues Climbing as Deficits Fall

Party Eliminating Unhealthy Trends

China Backs Kampuchean Leaders

Beijing Honours Foreign Couple

US Textile Bill Sparks Protest

Home-Made Planes Flying High

Breaking Through Nuclear Technology

INTERNATIONAL 11-14

OPEC: Asking for Its 'Fair Share' Back

Japan-USSR: Thawing Out After a Long Chill

Nicaragua: Wrapping Up 1985 in Struggle

Gibraltar: New Steps for Control of the Rock

France: Austerity Measures Stem Inflation

Hanoi Must Be Pressured Out of Kampuchea 15

Letters by Viet Soldiers in Kampuchea 17

Education Reform Series (II): Tasks Set for Educational Reform 19

Regulating Economy With Monetary Policy 23

China's Gold Rush Is On 25

FROM THE CHINESE PRESS 28-29

BUSINESS & TRADE 30-31

CULTURE & SCIENCE 32-33

SPORTS 34

COVER: Kampuchean Resistance fighters ride elephants to the front.

Photo by Zhou Zhongyao

HIGHLIGHTS OF THE WEEK

China Sees Major Boost in State Revenue

China is expected to increase its revenue by 20 percent this year, thus making 1985 the country's first deficit-free year of this decade. At a recent conference, a state councillor outlined China's fiscal policy for the next year (p. 6).

Viet Nam's War in Kampuchea Enters 8th Year

As it carries its war of aggression against Kampuchea into the eighth year, Hanoi is faced with tougher resistance from both the Kampuchean patriotic forces and its own people. But all indications show Viet Nam will not pull out of Kampuchea unless pressured to, so it is up to the international community to apply such pressure (p. 15).

Regulating Macroeconomy With Monetary Policy

The goal of China's current economic policy is to control the excessive growth of credit funds and money supply, while keeping the scale of investment in fixed assets and the growth of production commensurate with the country's financial and material capabilities. The combination is intended to ensure the steady and balanced development of the national economy (p. 23).

Chinese-Made Planes to Meet Domestic Needs

The thriving economy calls for fast development in the civil aviation industry. But relying on imports is hardly the way out. A recent trial flight on board a home-made plane gave three Chinese leaders confidence that China would someday achieve self-sufficiency in this field (p. 9).

Tasks Set for Educational Reform

This article, the second in a series about China's current educational reform, outlines four tasks for the reform: gradually introducing a 9-year compulsory education system; readjusting the secondary school education system and further developing vocational and technical schools; restructuring higher education and enlarging powers for universities and colleges; and changing China's current teaching materials and methodology (p. 19).

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

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

Subscription prices (1 year):

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

Legal Studies: A Nationwide Assignment

by AN ZHIGUO
Political Editor

Last month, the Standing Committee of the National People's Congress (NPC) — China's legislative body — passed a resolution initiating a five-year programme to educate the public on China's laws and legal system. The programme, which is scheduled to begin in 1986, is an important move towards building a modernized China with a high level of socialist democracy.

Seven years ago, when China was just beginning to recover from the trauma of the "cultural revolution," Deng Xiaoping said: "To ensure a people's democracy, we must strengthen our legal system. Democracy has to be institutionalized and written into law, so as to make sure that institutions and laws do not change whenever the leadership changes, or whenever the leaders change their views or shift the focus of their attention."

Since that time, China has made considerable progress in the construction of its legal system and in its legislative work. In addition to adopting the new Constitution in 1982, the NPC and its Standing Committee also have already passed 44 laws. Although China's legal system remains to be perfected, there are now, at least, laws in the more important and basic fields for the public to follow.

Today, however, despite such work, many cadres and people lack a legal consciousness and consequently often simply ignore the law. This problem has profound historical and social causes.

China's prolonged history of

feudal rule left it without democratic or legal traditions. Furthermore, because the Chinese revolution was won only after protracted armed struggle, many of our cadres and people are hostile to the old legal system. In the absence of guidance and education, this mentality may turn into a bias against and contempt for the new legal system.

There are a number of historical and social causes that explain why implementation of the law fails to keep up with legislation. A nationwide 5-year programme on legal education will help to remedy this situation. Experimentation in several places show the programme is quite effective in encouraging deference to the law and reducing crime.

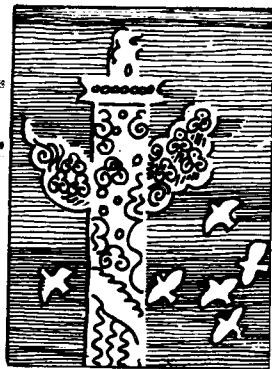
In addition, prior to liberation in 1949, authorities in the Communist Party-led revolutionary base areas, restricted by wartime conditions, handled cases not according to legal procedures, but in line with Party policy. As a result, our cadres and people in general failed to develop the habit of solving problems according to law.

"Leftist" thought, which began to raise its head in the late 1950s and subsequently dominated the Party, further hampered the construction of a legal system after liberation. Par-

ticularly, during the "cultural revolution," careerists and schemers, who took advantage of the Party leadership's serious mistakes, stirred up anarchism and drove the masses to treat the new socialist legal system with the same disdain as that accorded the old legal system. This is another reason why so many people today still lack deference for the law.

All factors mentioned above make it increasingly clear how important it is to gradually and systematically spread the knowledge of law among the public, so as to enable them not only to know of and abide by the law, but also to stand up against illegality.

Communities that have done a good job in spreading legal knowledge have yielded notable results. In Daqing, for example, which is a famous oil city in Heilongjiang Province, 250,000 workers and staff have studied the criminal law and four other laws since 1984. As a result of their participation in the education programme, none has been involved in a crime. Chaozhou, in Guangdong Province, introduced legal education among 180,000 secondary school students. Here again, since receiving the education, none has participated in any crimes. Public security in Sanchahe Town in northeast China's Jilin City used to be in bad shape. The crime rate in Sanchahe had reached a high of 1.8 per thousand in 1980. In 1984, through a crackdown on serious criminal offenders and widespread legal education among its residents, the town's crime rate dropped to 0.5 per thousand.



The departments involved have so far made a good beginning in publicizing legal information. Almost all China's provinces, municipalities and autonomous regions have held special meetings to arrange the necessary work, and the drive is now focusing on cadres of Party and government organizations and on enterprise managers. Shanxi Province, for instance, is organizing its 250,000 cadres to study law, while the Heilongjiang provincial Party committee decided that all its senior and middle-rank cadres should finish the study of five laws before the end of 1985. Cadres of Qinghai Province's Party and government organizations also now attend lectures on law every Saturday afternoon. Last August, the Party committees of the departments under the Central Committee and government organizations opened a training course for 1,200 people involved in publicizing legal information.

Because schools are another important area in which to promote legal education, the State Educational Commission and the Ministry of Justice decided that legal education should begin at the primary school level.

It can be expected that the five-year programme to educate the public on China's legal code will spur China closer to the goal of becoming a country with a solid material foundation and a high level of socialist culture and ethics.

LETTERS

The Taiwan Question

Thank you for your article "Sino-US Relation: Opportunities and Potential Crisis" published in *Beijing Review* No. 41, and I would like to give my congratulations to the writer. You have clearly set forth the Taiwan question and its impact on Sino-US relations. It is clear that China is consistently pursuing an independent foreign policy. Because of this, China has become an important and decisive factor in world peace.

Another important issue this article raised was the so-called "self-determination" of the Taiwanese and it of course cannot be recognized by the Chinese.

Taiwan will always be a part of Chinese territory. It is never a part of the United States or an American protectorate! I completely agree with this article, and hope the US government will realize this too.

Rainer Seidelman
Dusseldorf, FRG

This is a good question, we are going to publish a series of articles to set forth the Taiwan question in January, 1986 — Ed.

Criticisms and Suggestions

I am writing on behalf of the President of the Foundation for American-Chinese Cultural Exchanges Professor C.P. Sobelman.

The first matter is in reference to *Beijing Review*, Vol. 28, No. 38, issued on September 23, 1985, which contained an article titled "Chinese Now Spoken Here." On page 25 there was a grave error. The story stated that Dr. Timothy

Light was the director of the Oriental Culture and Languages Department at New York's Columbia University. But Dr. Light is actually a professor of Chinese at Ohio State University in Columbus, Ohio. The representative to International Symposium of Teaching Chinese as a Foreign Language from Columbia University was C.P. Sobelman.

Prof. Sobelman has also instructed me to compliment *Beijing Review* on the important function it performs for academics and professionals involved with China. For professors of Chinese language and foundation personnel arranging educational exchanges, the *Review* is a valuable resource.

The professor has also suggested that because *Beijing Review* is such an important resource for the Chinese studies sector of the academic and professional community, the *Review* should make available further information concerning articles it has published. She suggests enclosing a postcard in the magazine that could be used to send inquiries to the publishers of the *Review*. In each issue, the postcard could have a list of articles in that particular issue, which the reader could use as a check list.

Information about many of the articles you publish is very limited in the United States, so *Beijing Review* would be providing yet another valuable service for those of us here studying and teaching Chinese.

Stacy Henderson
New York, USA

Thank you for pointing out the mistake, and we look forward to further exchange.
— Ed.

State Revenues Climbing as Deficits Fall

China's state revenues this year will increase by 20 percent and the fiscal deficit will be eliminated, Finance Minister Wang Bingqian said in Beijing in a year-end statement last week.

Last year, the central government revenues were 146.5 billion yuan (US\$45.8 billion) — 5 billion less than expenditures.

At a national finance meeting which just ended, Wang said the country should strive again to balance revenue and spending next year.

Wang called for greater efforts to increase revenue and reduce spending. Tax and other finance management should be improved as well, he said.

Spending must be kept strictly within the state plan. Spending must be controlled next year, but financial support must be provided for key construction programmes and for economic reforms, education and agricultural development.

Wang said changes would be made in the taxation system. Certain larger enterprises needing technical transformation will qualify for a reduction in regulatory taxes, and some will receive an increase in the rate of depreciation of fixed assets. The function of taxation as an economic lever will be further utilized.

Financially, priority will be given to efforts aimed at improving economic results. Special funds will be provided for certain enterprises involved in the technical transformation and importation of advanced technology.

Statistics made available by the State Planning Commission show that the rapid development of the country's financial status has averted the deficit spending that

haunted the country for several years in the past.

The central government revenues this year are expected to reach 170 billion yuan (about US\$57 billion), while the country's total income, plus off-budget incomes made by local government and enterprises, will top 300 billion yuan (about US\$100 billion), double that in 1980.

Largely because of state investments, rapid development has also been reported in the energy industry, which had remained static for a long time.

In the past five years, the state has allocated an investment of some 70 billion yuan (about US\$23 billion) to develop energy, constructing altogether 42 hydroelectric and thermal power stations of large and medium size. In addition, 68 coal mines have been developed, with a capacity of 84.6 million tons.

A balanced development of agriculture, heavy industry and light industry has basically solved the problem in which agriculture and light industry traditionally lag behind heavy industry.

Of the total value of agricultural and industrial production this year, agriculture and light industry have taken up about 65 percent.

The living standards of Chinese people in both urban and rural areas have risen considerably during the Sixth Five-Year Plan period (1981-85) and more than 30 million people have found employment. Meanwhile, the average salary of urban employees rose by 20 percent and farmers' income by 80 percent.

Progress in science and education has also brought China new technology that has succeeded in

ranking the country among some of the world's most advanced nations.

China enrolled 44,000 postgraduate students this year, bringing the total to 600,000. The number of undergraduates is 1.68 million, the highest in the nation's history.

Party Eliminating Unhealthy Trends

A middle-ranking official in Beijing was stripped of his Party membership and removed from his post for corruption and "seeking personal profit through power abuse," according to Mayor Chen Xitong.

Ma Xueliang, who was director of the Bureau of Public Utilities under Beijing municipal government, has been arrested on charges of bribery and other crimes. Charged and arrested in the same case were Zhang Shengyuan, Liu Yuwu and Huang Yuqian — managers and secretary of the Beijing City Gas Company under the Bureau of Public Utilities — and six other cadres in the same company. The group, led by Ma, was accused of setting up an illegal gas engineering company to profiteer through power abuse.

Since October last year, it is alleged, that they earned illegal profits totalling 1.53 million yuan, 400,000 of which they squandered on banquets and entertainment, 130,000 yuan for bribery and divided the rest among themselves.

The decision to expel Ma came immediately after a recent circular from the Chinese central government that urged the government offices and officials to curb corruption in the workplace and to

bring about a more professional work style.

The circular, issued by the general offices of the Central Committee of the Chinese Communist Party and the State Council, listed the following malpractices as "serious problems" that have arisen in the last few years: the illegal purchase of cars with foreign exchange by some offices; some officials vying with each other to trade in their old cars for deluxe models; travel at home or abroad with state funds; and extravagance in entertaining guests or presenting gifts.

Moreover, the circular stated, some offices have even opened businesses to make profits through fraud and illegal means. Other leaders and their family members are conducting business for their own gain by abusing their powers or posts.

One such example was a meeting of some 150 officials held in a sugar plant in Yueyang City, Hunan Province. The meeting, using state funds, cost as much as 14,000 yuan for six days. Each participant was treated to 1.6 yuan worth of soft drinks, fruit and cigarettes in addition to 7.7 yuan boarding expenses per person each day. They were taken on sight-seeing trips and given 25 yuan worth of souvenirs, and treated to seven films.

Another investigation showed that the government offices of 23 of the 31 counties in Shanxi Province that have been listed as poor counties had all purchased imported deluxe cars. Despite the fact that most of the offices already had enough jeeps, and that they had to depend on state subsidies to keep going, these offices still bought cars with huge sums of state money.

Another example of the growing abuses took place at the Materials and Equipment Bureau of Yongzhou City in Hunan Province. The bureau bought 106 vehicles

through illegal means and resold them at higher price, making a profit of more than 550,000 yuan. The officials involved pocketed most of the money themselves.

"All these practices of corruption go against socialist ethics," the circular read. "Though pursued by only a few officials and offices, they have badly harmed the prestige of the Party and government among the people, undermined the Party's style of work and social mood, and corroded the confidence of the people in the reform and modernization drive."

The Chinese people have become quite concerned about these abuses, according to the circular, which calls for effective measures to check these practices as soon as possible.

It further stressed that the style of work in government offices had a vital bearing on the effort to bring about fundamental progress in the Party style. Officials, particularly those holding high posts, should bear in mind that they are servants of the people, the statement said, and that eschewing personal gain and maintaining honesty in their jobs were the minimum required of them.

China Backs Kampuchean Leaders

China will unconditionally support Democratic Kampuchea's struggle for independence and liberation until it has won a final victory, Chinese leader Deng Xiaoping told a Kampuchean delegation in Beijing on December 9.

The delegation included Samdech Norodom Sihanouk, president of Democratic Kampuchea, and his two colleagues, Son Sann, prime minister of the coalition government, and Kieu Samphan, vice-president in charge of foreign affairs. Their official visit was from December 7 to 10.

At the December 9 meeting, Deng said Kampuchea's struggle against the seven-year Vietnamese invasion was far from over. "But you will have support from your people and the international community," he said, "so you are not in an isolated position. You have lost some bases during Viet Nam's seventh dry season offensive. But your troops have penetrated inland

Deng Xiaoping meets Samdech Norodom Sihanouk, Son Sann and Kieu Samphan



News in Brief

Premier Zhao Ziyang said that China's economy would make steady progress next year while prices would be kept at the present level. "The Chinese economy will continue to develop at a fair speed in the next 10 to 15 years," he predicted. That, he said, would lay a foundation for expanding China's trade and economic and technological co-operation with other countries.

China plans to inoculate 85 percent of the children in all its 2,490 cities and counties by 1990 against six dangerous childhood diseases, including measles, whooping cough, tuberculosis, diphtheria and tetanus. As of today, the target has only been met in 214 cities and counties.

Gold miners who sell their product to smugglers face severe penalties under strict new measures, which also aim to curb random individual mining. Smugglers will run the risk of the death penalty in the crackdown against the drain on the country's valuable resource.

According to an official from the China Gold Company, armed police are to be placed in all gold-mining areas to ward off smugglers.

Another 22 autonomous counties inhabited by ethnic minorities have been set up since October 1984, when the law on regional autonomy for minority groups went into effect. China now has 130 autonomous areas for minorities, including five regions, 31 prefectures and 94 counties.

and have won over the people and expanded fighting positions."

The three Kampuchean leaders' tour of China came just before the next Vietnamese dry-season offensive during which they will be confronted with an assault of nearly 170,000 Vietnamese troops.

During another meeting with Kampuchean leaders, Chinese Communist Party General Secretary Hu Yaobang stressed that the new political tactics of Viet Nam were bound to backfire. "At the early stage of the Vietnamese aggression against Kampuchea, we pointed out that the war would be futile," Hu said. "But they refused to take our advice. They now again boast that Kampuchea's defence will collapse within five years, but this is nothing but illusion."

Hu stressed that a political solution would eventually be found for the Kampuchean issue, but that its basic precondition will be the withdrawal of Vietnamese troops from Kampuchea.

Chinese President Li Xiannian also held lengthy discussions with the three Kampuchean leaders about China's aid to the country.

At a press conference held by the Kampuchean guests after meeting with China's top leaders, Sihanouk expressed his appreciation of China's support for Kampuchea. He said the three parties in Kampuchea's resistance force would continue to co-operate politically, militarily and in foreign affairs with the full aid of China.

Beijing Honours Foreign Couple

A British-Canadian couple was honoured at a reception in Beijing on December 15 for their contributions to China.

The reception, attended by more

than 100 people, celebrated the 75th birthday of David Crook and the 70th birthday of Isabel Crook, now advisers to the Beijing Foreign Studies University, and the 38th anniversary of their stay in China.

Chinese Vice-Premier Wan Li and Vice-Chairman Huang Hua of the Standing Committee of the National People's Congress praised the couple for their contributions to the Chinese revolution and construction.

As a freelance journalist and an anthropologist, the Crooks came to the liberated areas in China at the end of 1947. They took part in and wrote about the land reform movement in the Taihang Mountains, and later published two books on their experiences in the Ten Mile Inn village. In 1948 they were asked to stay and teach English in a newly established foreign affairs school near Shijiazhuang, which began their 37-year connection to education in New China.

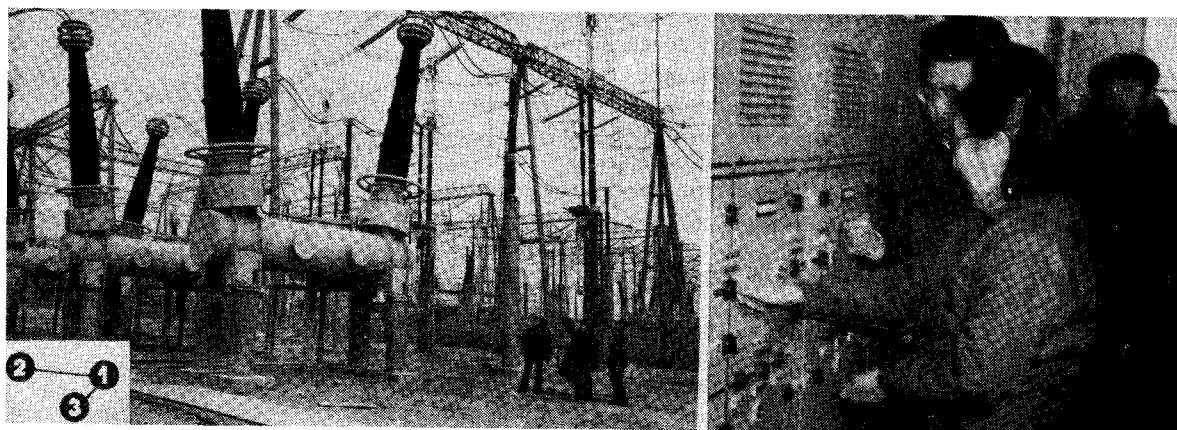
In addition to teaching, they have also written many reports and articles on social change in China for Western readers over the past 38 years.

Peng Peiyun, vice-minister of the State Education Commission, described the Crooks as "international fighters" and "Communists who serve the people wholeheartedly."

"The Chinese people will never forget the contributions David and Isabel Crook have made to the cause of China's socialism," she added.

At the reception the Crooks said the kindness of the Chinese people and their "political commitment" were the main reasons why they have remained for 38 years in China — and will stay for the rest of their lives.

The reception was jointly spon-



Transmission Line Commissioned

A 500,000-volt transforming and transmission line from Datong to Fangshan — one of China's key electricity projects began production on October 6. The electric power of the Yanbei and Datong energy bases in Shanxi was transmitted directly into Fangshan Substation in Beijing, Tianjin and Tangshan power grip. The project is expected to alleviate much of the electricity shortage in these areas. Here, to the right, Qian Zhengying, minister of Water Resources and Electric Power, flips the line into commission at the Fangshan Substation.

sored by the State Education Commission, the Bureau of Foreign Experts Affairs under the State Council and the Beijing Foreign Studies University.

US Textile Bill Sparks Protest

The protectionist United States textile quota bill, passed by the US Congress earlier this month, has aroused deep concern in China.

A spokesman for the Ministry of Foreign Economic Relations and Trade told China's official news agency, Xinhua, on December 11 that China hoped the US administration, with an overall view of the development of bilateral economic and trade relations, would weigh the advantages against the disadvantages and take action to prevent any decline in Sino-US trade.

The ministry spokesman said China had reiterated several times its opposition to the textile quota bill which would force sharp cut-

backs in textile and apparel exports to the US market.

What should be pointed out is that at present, there is a favourable trend to Sino-US trade, notably the rapid increase of China's imports from the United States.

"However," the spokesman noted, "as a result of the increasingly serious US measures on textile import cuts, the immediate threat of this bill in particular, China's textile and clothing exports to the United States have been on the decline, thus further enlarging China's trade deficits with the United States."

He warned that if the protectionist textile bill, which must be signed by President Ronald Reagan, was put into effect, it would greatly affect China's exports to the United States.

"Therefore," he added, "it would consequently affect China's imports from the United States."

US trade representative, Clayton Yeutter, has indicated he will ask President Reagan to veto the protectionist bill.

Home-Made Planes Flying High

China's aviation industry must continue to modernize its own passenger aircraft if it is to meet the increasing demands of domestic air service, top-level officials said recently.

Li Peng, Hu Qili and Yao Yilin, members of the Political Bureau of the CPC Central Committee, took a 25-minute trial flight on a new Chinese passenger plane, the Y-7-100, at Beijing's Capital Airport on December 1. Moments after descending from the plane, Li Peng, who is also vice-premier of the State Council, said the successful trial of the two new Chinese made civil aircraft — the Y-7-100 and Y-12-2 — marked a "turning point" in the country's aviation industry.

The Y-7-100, a twin-engined turbo-prop plane with 52 passenger seats, has recently been improved with modern electronic devices and interior fixtures with the help of some 20 American firms. It is now being produced

by the state-owned Xian Aircraft Corporation. The Y-12-2, made by the Harbin Aircraft Factory, has 17 passenger seats with a flight range of 400 kilometres before refueling. It can also be used for geological prospecting, postal delivery and other special services.

"This success proves that China can increasingly depend on itself to build up its domestic aviation network, which is badly needed for the country's modernization," Li said.

"With the development of economic construction and foreign exchanges, our civil aviation industry must develop with greater strides," he continued. "China cannot depend upon foreign planes to expand its civil aviation, instead, we must rely on our own efforts."

He called for protections on the market for the home-made aircraft, saying they should gradually be put into service on all domestic air routes in place of imported aircraft.

"The Party and state will give all necessary support to the aviation industry so that it can supply adequate airplanes, such as the Y-7-100, to serve on domestic air routes during the next five to 10 years," he said.

China will produce several hundred civil airliners of various types during the Seventh Five-Year Plan period (1986-90), according to Mo Wenxiang, minister of Aviation Industry.

The Chinese civil industry is currently producing five types of transportation airplanes, helicopters, special-purpose planes and five types of light aircraft, supplying both domestic and foreign customers.

In the near future, Mo said, the development of China's civil aircraft industry will focus on passenger planes flying on branch routes and planes for special purposes.

Co-operation with other countries is regarded as a top priority in the development of China's aviation industry. Economic and technological exchanges are currently being carried out between China and Britain, the United States, France, Canada and Italy.

Breaking Through Nuclear Technology

In a recent laboratory experiment, Chinese scientists succeeded in separating uranium isotopes by a new process known as atomic vapour laser separation, making China one of the few countries to have mastered this technology.

Only 0.72 percent of natural uranium is composed of the fissionable isotope, uranium-235, which can be used in nuclear reactors only when it is separated from uranium-238. Researchers under the Ministry of Nuclear Industry shot laser and ultraviolet rays through uranium placed in a vacuum container, and uranium-235 was produced in just one separation.

The vapour laser isotope separation process is attracting the attention of nuclear experts the world over, as it requires less investment and consumes less energy and raw material than the conventional diffusion and centrifugal processes. It is, however, still in its intermediate experimental stage in a few countries such as the United States, Japan and France, and it will be some time before the new technology can become of any commercial value.

China today mainly uses the diffusion process to produce nuclear fuels and also has mastered the centrifugal process. The data obtained in the recent experiment concerning the vaporation of the metal uranium and the uranium spectrum, have paved the way for further research in this field.

China & the World

Sino-French Talks Study Nuclear Plant

The French supply of equipment for a nuclear power station in Guangdong Province was the key topic during talks between Chinese Vice-Premier Li Peng and the French Minister of Industrial Redevelopment and Foreign Trade Edith Cresson.

Both expressed their satisfaction with the talks, which they said would have a positive impact on the construction of the nuclear power station.

At the invitation of the French Government, Li paid a three-day working visit to France from December 11 to 13.

Foreign Business Laws Adopt

China plans to work out more than 30 laws and regulations involving foreign business during the Seventh Five-Year Plan period (1986-90), 20 of which will be issued in 1986. The list for next year includes corporation-bankruptcy laws and laws on customs, foreign trade and overseas investment.

Sino-US Pacific Survey

A Chinese scientific research ship, the *Xiangyanghong 14*, left Guangzhou on December 12 for a Sino-US meteorological survey in the Western Pacific. The ship set sail from Huangpo Harbor for an 80-day, 15,000-mile journey. Ten Chinese scientists, including two women, are taking part in the joint survey of tropical air-sea interaction. Nine American scientists will join the survey later.

OPEC

Asking for Its 'Fair Share' Back

Yet another price war over oil is apt to break out as OPEC announces its latest efforts to take back its "fair share" of the world oil market.

by REN ZHENGDE

AFTER its ministerial conference ending on December 9, the Organization of Petroleum Exporting Countries (OPEC) declared that in view of the declining trend of OPEC production, it would take steps to protect its member nations by adopting a comprehensive policy on oil pricing and production.

In a communique issued at the close of the three-day conference, the OPEC ministers announced that OPEC's previous strategy of stabilizing oil prices by limiting production "has been stretched to its limits." Although specific details of its new policies were not fully disclosed, the communique said OPEC had "decided to secure and defend for OPEC a fair share in the world oil market consistent with the necessary income for member countries' development." The comprehensive strategy for this purpose, said new OPEC Chairman Arturo Hernandez Grisanti of Venezuela, was in the making.

It is considered a great policy turnabout for the OPEC ministers to give up its previous principle of restricting output for stabilized prices. Oil ministers attending the conference pointed out that in the future the organization would strive not only to maintain its present position in the world oil trade, but to recoup its losses. The policy shift implies that OPEC member nations will be allowed to increase crude oil output and that their oil prices will be deter-

mined by market forces.

OPEC won back its right to price oil from the Western oil companies in 1973. But since 1981 the world oil market has become glutted, resulting in OPEC's cut in oil prices. To stabilize the international oil market, the organization endured losses by slashing its production and prices. Currently, the production ceiling for OPEC is restricted to 16 million barrels a day, a quota that meets only half of the output capacity of the member nations.

Although OPEC's self-sacrifice has temporarily stabilized international oil trade, the fundamental problems facing the oil market remain the same. The market is still tightly clasped in the hands of the buyers; yet disadvantages threatening OPEC are mounting day by day.

First, OPEC's continuous cuts in price and output have led to mounting debts and huge financial deficits for most of the member nations, causing an imbalance between income and spending. Even Saudi Arabia, the largest oil exporter in the world, has to draw about US\$20 billion each year from its dollar reserves to make up the national deficits.

Second, as OPEC's output and sales dwindle, its capacity to control the international oil market decreases. Due to its repeated slashes in output and price, OPEC's share in the Western oil market has dropped drastically, from 60 percent in 1979 to 35 percent today. Meanwhile, the yield of the non-OPEC Western

nations grows steadily. In addition to the resumption of oil production in the United States and Canada, the North Sea oil output under the charge of Britain and Norway has been on the dramatic increase. The total oil output of the Western countries has so far climbed to 29.5 million barrels a day, about twice as many as that of OPEC.

Moreover, with the North Sea oil price in direct connection with that of the free market, the spot-market trade for Britain and Norway is expanding considerably. In 1981 the share of the North Sea oil in the world oil trade was only 5 percent, but by last November it had shot up to 55 percent—leaving OPEC in the dust with little profit.

OPEC's effort to maintain reduced prices and output placed it in a passive position that brought on various disagreements inside its infrastructure, with its member nations frequently bickering over production quotas and oil prices.

Confronted with so many unpleasant factors, OPEC was forced to abandon its previous policy and adopt a new strategy, which is likely to cause a further decline in oil prices and touch off an unwanted price war. The move will no doubt cause turbulence in the Western financial fields.

The ministerial conference had anticipated the price war, but OPEC is extremely competitive, with its exploration costs being only one-sixth of that of the North Sea oil producers. It also possesses 70 percent of the world oil reserves, while the North Sea oil is expected to run out after 10 years of mining. Finally, the losses due to the price drop will eventually be compensated through larger trade shares in the competition. So in the long run, OPEC should come out ahead.

Thawing Out After a Long Chill

Although Japan and the Soviet Union are still locked in a decade-long stalemate over a territorial issue, Tokyo and Moscow are taking strides to improve relations.

by SUN DONGMIN

THE Japanese-Soviet relations that have been cool for more than a decade have just recently entered into a warming trend. General Secretary of the Soviet Communist Party Mikhail Gorbachev in his November 27 speech at the session of the Supreme Soviet of the USSR called for realistic improvements in the relations between his country and Japan. Japanese Prime Minister Yasuhiro Nakasone immediately responded the next day, stating it was high time to improve the relations with Moscow.

Observers believe the bilateral posturing will indeed eventually lead to improved relations and a hike in constructive dialogue. This year alone has seen a steady increase in exchanges between Tokyo and Moscow. Last March when Nakasone attended the funeral of Konstantin Chernenko in Moscow, he held talks with Gorbachev, putting an end to a 12-year hiatus between the two governments. While attending the United Nations General Assembly session, Japanese Foreign Minister Shintaro Abe met with new Soviet Foreign Minister Eduard Shevardnadze, whereby they agreed to step up consultations. This September and October Nakasone and Gorbachev exchanged letters—the Soviet side asking for more dialogues to find a “common language”; the Japanese side proposing to resume peace treaty negotiations, including the settlement of the northern territory issue. At a 1973 Japanese-Soviet summit the two sides recognized their fundamental unsolved points concerning the sovereignty

of four small islands in the north of Japan currently under Soviet rule. The Japanese want to reclaim their former territory.

The two sides have decided that Shevardnadze will visit Japan in mid-January 1986, in an attempt to stabilize regular consultations between the foreign ministers of the two countries. It has been reported that a cultural agreement would be drafted during the January event.

Meanwhile, economic exchanges between the two high-technology competitors have become more active. On December 5, the two sides signed an economic co-operation contract that stipulates that, as of 1986, within 10 years, Japan will import 11.20 million cubic metres of wood chip and paper pulp from the Soviet Union, the first such agreement in four years. Japanese officials have estimated that if Japanese-Soviet dialogue con-

Nicaragua

Wrapping Up 1985 in Struggle

As the year comes to a close, Nicaragua looks back on the period as one of the most difficult with its struggle against United States interference and a precarious economy.

by XIN PING

THE Nicaraguans have taken great pains to fight United States intervention and to overcome their economic problems in 1985, a year that has proved to be the most difficult since the Sandinistas took power six years ago.

In the past year, the US government has mounted unprecedented political, economic and military

campaigns against the Sandinistas, creating great economic and social hardship in the small, struggling Central American country.

campaigns against the Sandinistas, creating great economic and social hardship in the small, struggling Central American country. Another break in the strained relations could come out of the January meeting. It has been said that at the meeting the Soviets would like to discuss abolishing the nuclear threat in Asia and the proposal for a conference on the maintenance of security in Asia. They will also request that Japan cooperate in exploiting Siberia. Japan hopes to win over the Soviets for being flexible about the northern territory issue through enlargement of economic and cultural exchanges.

It is difficult to evaluate the potential outcome of the expanding Japanese-Soviet dialogue. Japan insists that only when the northern territory issue be settled, can a peace treaty be signed. The Kremlin, however, continues to claim that the territory issue has already been solved, and there are no signs of any relaxation on the Soviet side. Clearly, the territory issue remains a major block to any substantive improvement of their relations.

In February, for example, US President Ronald Reagan openly threatened to “eliminate” the “existing structure” of Nicaragua.

In an apparent attempt to back up its threat, the Reagan administration unilaterally withdrew from talks with the Nicaraguan government in Mexico last Janu-

ary. It is difficult to evaluate the potential outcome of the expanding Japanese-Soviet dialogue. Japan insists that only when the northern territory issue be settled, can a peace treaty be signed. The Kremlin, however, continues to claim that the territory issue has already been solved, and there are no signs of any relaxation on the Soviet side. Clearly, the territory issue remains a major block to any substantive improvement of their relations.

ary, and has repeatedly rejected the Sandinistas' call for a resumption of the dialogue, insisting that bilateral talks will not reopen until the Sandinistas begin to negotiate directly with the US-backed rebel forces.

Meanwhile, the Reagan administration continues its flood of military and civilian aid for the anti-government insurgents based in neighbouring countries. As a further provocation, the Pentagon recently staged large-scale joint military exercises with Honduras along the Nicaraguan border.

In a move aimed at crippling Nicaragua's fragile economy, the US government launched an overall embargo on the Sandinistas in May. In addition, it has worked hard to prevent international financial institutions from providing badly needed loans to the Nicaraguan government.

Nicaraguans celebrating their victory in Managua.



The Sandinistas, however, have not caved in under such high-pressure tactics. Instead, they have taken all possible measures to defend their revolution against repeated US interference and provocation.

Facing the ever-growing US military challenge, the Nicaraguan government has called on its people to prepare to resist a possible invasion. However, it has also adopted flexible strategies, including sending home some of its Cuban military advisers and postponing the purchase of advanced Soviet airplanes. These examples of Nicaraguan willingness to seek peace have been applauded by the international community.

Nicaraguan leaders have made frequent visits to European and Latin American countries, explaining their stand and asking for political and economic assistance.

Inside the country, the Nicaraguan government has made strenuous efforts to strengthen its military forces and has gained a

number of victories over the anti-government guerrillas. At the same time, the government has mobilized its economic community in an attempt to become self-reliant. As a result, the difficulties confronting the country have been alleviated to some extent.

Nevertheless, Nicaragua continues to search for ways of normalizing its relations with the United States, so it can develop its economy under a peaceful international environment.

At the beginning of this year, Nicaraguan President Daniel Ortega expressed his hope that an understanding with the United States would be reached in 1985. Unfortunately Ortega's efforts have failed because of US opposition to his government. The feeling in Nicaragua today is such that if the United States continues its policy of interference in the affairs of other nations, the tense situation both in Nicaragua and the rest of Central America will not be lifted in the coming year.

Gibraltar

New Steps for Control of the Rock

Gibraltar's sovereignty has long been a divisive issue for Spain and Britain. Some progress was made at recent negotiations, though an enduring resolution is still ephemeral.

by ZHANG QIHUA

THOUGH differences still exist over whether Spain or Great Britain has territorial claim to Gibraltar, at a recent meeting on December 5 and 6 between British Foreign Secretary Sir Geoffrey Howe and Spanish Foreign Minister Francisco Fernandez Ordonez, some of the problems hampering constructive negotiations were solved.

As a result of the meeting, which was held in Madrid, Great Britain agreed to allow Spain access to the Gibraltar airport, which has to date been controlled by Britain's Royal Air Force. A reciprocal agreement launched by Spain will entail Spanish cancellation of a ban on British air travel through Spain's air space. The lifting of the ban is expected not only to improve bilateral relations, but also to play an important role in developing tourism in the region.

Gibraltar, a British colony, occupies 5.9 square kilometres along a narrow peninsula of Spain's southern Mediterranean coast, north-east of the Strait of Gibraltar.

Tension between the two countries over rights to Gibraltar has run high since the 1960s when the Spanish government cut off virtually all contact with Gibraltar, which is often referred to as the Rock. Negotiations between Spain and Britain have been sporadic in the past few years. In February 1985 the foreign ministers of the two countries met in Geneva and agreed to set up a joint working group to continue the talks. The same month saw Spain lift a 16-year blockade on its border with Gibraltar, which led to normalized trade and transportation between the two sides.

Until November 1984, talks between Britain and Spain never included discussion on Gibraltar's

sovereignty. In the two meetings held this year, both sides considered a Spanish plan for Spain's sovereignty over the peninsula. That plan called for an interim period in which Spain and Britain would share the responsibilities of Gibraltar's control. The plan's alternative option is that Great Britain and Spain sign a lease contract, upon whose expiration Gibraltar would be turned over to Spain. Great Britain approved neither proposal.

During his stay in Madrid, Howe met with Spain's King Juan Carlos, as well as with its Prime Minister Felipe Gonzalez. King Carlos accepted an invitation to visit Britain next spring, while Britain's Prime Minister Margaret Thatcher is also reported to be visiting Spain next year. Such high level diplomatic contact may bode well for further negotiations on Gibraltar's sovereignty.

from the pinnacle of 1 to 10 earlier this year to the present 1 to 8. The dropping of raw material prices has also helped to relieve much of the fiscal burden on France's industrial development.

The French Socialist Party assumed office in 1981, at a time when Western Europe was frozen in the deepest economic crisis since World War II. The Socialists set out with a policy of increasing public expenditure, stimulating market demand, nationalizing industries and intensifying government interference in economic affairs. The policy failed to stimulate France's economic development, as intended. Instead, it brought on monstrous budget deficits, high inflation and a sharp growth of unfavourable trade balances.

But readjustments in a package of constrictive policies were put into practice in June 1982 and there have been steady gains since then. These adjustments consist mainly of cutbacks in public expenditure, controlling the amount of currency in circulation, price supervision and wage increase restrictions.

The future economic outlook in France, according to experts from research institutes in France and the Economic Co-operation and Development Organization, should include a 2 percent growth rate and a further reduction in the inflation rate, as low as 3 percent by the end of 1986. Nevertheless, it is feared that unemployment will remain high and could possibly be on the rise again.

France

Austerity Measures Stem Inflation

While its inflation has dropped to the lowest level in Western Europe, France is still wrestling with unemployment.

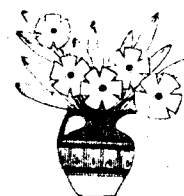
by ZHOU ZONGSHU

THE austerity economic policies that have been carried out for three years in France have now begun to reveal positive results. According to French officials, the inflation rate at the close of 1985 will have been reduced to 4.5 percent, lower than the average rate of other West European countries.

France's inflation was at a dangerously high rate of 14 percent in 1981. Although it was brought down to 6.7 percent in 1984, it was still the highest among the European Economic Community member nations.

As well as controlling inflation, unemployment has also been slightly checked in France. The number of unemployed has decreased by 40,000 since the beginning of this year, the best record among all the West European countries. The number of unemployed stands at 2.38 million today.

Economic analysts ascribe the economic progress in France to both the austerity policies in Paris and the favourable conditions in world economic situation. Exchange rates and interest rates of the United States dollar are shrinking, while the exchange rate between the US dollar and French franc has been reduced steadily



Hanoi Must Be Pressured Out of Kampuchea

by XUE MOUHONG

IT is seven full years since Viet Nam invaded Kampuchea, and there is still no sign that the war is coming to an end. The outcome of the battle will have a great effect on peace in Asia and the world—it will demonstrate whether international justice or “jungle rule” triumphs in the end.

The Kampuchean war is the result of the combined efforts of the Soviet strategy to push southward and Viet Nam’s “greater Indo-China federation” plan. When Hanoi unleashed the war in

1978 with Soviet backing, it believed a quick win was guaranteed. But their calculations have fallen flat. Last winter and spring the Vietnamese occupation troops mounted a massive dry season offensive against the Kampuchean resistance forces and seized some of the guerrilla camps along the Kampuchea-Thailand border. However, the attack failed to inflict any heavy losses on the Kampuchean resistance forces, and only drove them from the border area into the heartland, where they could merge with the civilians and fight the Vietnamese even more effectively. Relying on their in-

land bases, the Kampuchean armed resistance forces launched many battles against the Vietnamese during the rainy season this year. This marks a significant change of strategic importance, compared with their previous actions in which they started from their base camps in the border area to attack the enemy and then withdraw. With their inland bases expanded and fortified, the Kampuchean patriotic forces should be able to sustain their armed struggle for quite some time.

After Viet Nam seized some of the base camps of the Kampuchean resistance forces along the Kampuchea-Thailand border, it attempted to close the border to cut off outside resources for the resistance forces. Hanoi’s strategy has indeed brought on difficulties for the guerrillas. But because the borderline is long and the area is geographically complex, a complete blockade is beyond Hanoi’s reach. Furthermore, as the Vietnamese troops spread thin along the border, they inevitably leave a vacuum in which the guerrillas can manoeuvre.

The past year has seen not only an intensified Vietnamese military offensive, but also an escalation of political games. They put forward a new proposal for peaceful negotiations, which ostracized the Khmer Rouge, aiming to divide and undermine the coalition government of Democratic Kampuchea and the international anti-Vietnamese front. In making the proposal, Hanoi clearly intended to exploit the reluctance on the part of certain parties to see the



On the precipice.

by Zhu Genhua

Khmer Rouge regain power in Kampuchea. But the Khmer Rouge has declared that, after Viet Nam pulls out, Kampuchea will practise a liberal democratic system based on capitalist economics and parliamentary procedure. The Khmer Rouge also promised that it would respect whatever came out of a general democratic election, and that Prince Norodom Sihanouk would become president of Kampuchea.

So there is no ground for worrying about a single-faction Khmer Rouge rule in future Kampuchea. Viet Nam's tactic is to eliminate the Khmer Rouge through political means since military action has proved ineffective. Since the Khmer Rouge group is the mainstay of the Kampuchean resistance forces, any attempt to attack, exclude or disintegrate it would favour the Vietnamese aggressors. Therefore, Hanoi's proposal has been rejected by both Sihanouk and Son Sann groups, and opposed by many countries that are directly concerned with the Kampuchean issue.

While on the one hand Viet Nam has proposed a "political solution" to the Kampuchean question, on the other hand it has stubbornly refused to implement the many related United Nations resolutions that have been issued. Not long ago it turned down a proposal by the Association of Southeast Asian Nations for holding indirect "proximity talks"



with the three groups of the Democratic Kampuchea. This only indicated how little interest Hanoi has in seeking a fair and reasonable political solution to the Kampuchean issue. It is obvious that Viet Nam has no intention of pulling out of Kampuchea. On the contrary, it wants to conquer Kampuchea. Its efforts to "Vietnamize" Kampuchea are yet another proof. It has sent hundreds of thousands of Vietnamese to Kampuchea as emigrants, with the apparent goal of reducing the country to a colony, pure and simple.

Because of their clear attempts to subjugate Kampuchea, it is crucial that the Kampuchean resistance forces keep up their armed struggle, and that the international community exert greater pressure on Viet Nam. Only when the Vietnamese authorities, under mounting pressure from various directions, realize that they cannot continue their occupation, and only when the Soviets become aware that they cannot take on such a heavy burden in Indo-China, will Hanoi agree to withdraw from Kampuchea. Here, a sustained armed struggle by the three resistance groups of Democratic Kampuchea plays the key role. And, to help them sustain the struggle, the international community needs to provide more aid.

If the Western countries are not willing to provide assistance to the Khmer Rouge, they could at least aid the other two factions of Democratic Kampuchea. If they do not want to give military aid, they can provide economic and financial assistance. It is gravely illogical of those countries that oppose the Vietnamese occupation and are concerned about the growing troop strength of the Khmer Rouge, and yet have not given aid to the Sihanouk's and

Son Sann's factions. The United States Congress has decided to aid these two factions. This is a good faith effort.

The Kampuchean war has been an increasingly heavy economic burden for Viet Nam. And while Viet Nam has not made any economic progress in the last decade, neighbouring countries have developed rapidly. If it continues to use most of its resources for military purposes, that gap will continue to widen until the Vietnamese people will have suffered to such an extent that they themselves will bring powerful pressure to bear upon their own government. When Viet Nam continues its occupation of Kampuchea, any assistance to Hanoi, given in whatever name, will in fact help, directly or indirectly, the aggressors to keep up their war efforts.

Some experts believe that continuous pressure on Viet Nam will throw it deeper into the grips of the Soviet Union, and that it is necessary to meet the interests of Viet Nam, in an appropriate way, in order to solve the Kampuchean problem and pull Hanoi away from Moscow. But, to settle the Kampuchean issue in accordance with the United Nations resolutions — that Viet Nam get out from underneath the very dilemma it has created — is in Viet Nam's interests. On the other hand, if meeting some of the Vietnamese interests only encourages the theory that it can get away with more aggression, bit by bit, with the support of the Soviet Union, then the Vietnamese could be prompted to draw closer to Moscow. Only when Viet Nam realizes that it has nothing to gain but everything to lose from its aggression and expansion with Soviet backing — only then will it see the light and leave Kampuchea in peace. □

Letters by Viet Soldiers in Kampuchea

"Beijing Review" has received a bundle of letters written by Vietnamese soldiers in Kampuchea but intercepted by the National Army of Democratic Kampuchea before they reached their destination. These letters shed some light on the predicament of the Vietnamese soldiers in Kampuchea and on the situation in Viet Nam. Typical are the following seven, of which six were posted to Viet Nam from Kampuchea and one from Viet Nam to Kampuchea. Names identifying persons or places are being withheld. — Ed.

April 6, 1985

Dear Father and Mother:

How is everything back there at home? You must look after your health and don't overwork, otherwise you will just fall ill and suffer. What's the family's income now? I believe you must be hardup, since this year we have an intercalary month, February. No question about it, life is very hard. This is true not only of our Viet Nam, but also of Kampuchea. Here our currency is depreciating and prices are skyrocketing, something that fills people with apprehension. For example, 100

Vietnamese dong exchange for only 15-16 Kampuchean riel. My salary is not enough for petty incidentals, let alone clothing and other articles for daily use.... Things that pervert the truth often happen these days, and you have no way of knowing what will happen next. Please write to tell me how the local cadres treat our family.

The dry-season campaign of 1985 has ended, and now we are staying in strongholds for a period of rest and are making preparations for transport difficulties during the next rainy season. That

means endless work. I am not well, because I've been having stomach trouble. All the things you sent me have arrived, and I exchanged them for 60 riel, which is just enough to buy 12 tablets (five riel for one tablet) to treat my ailment. The medicine alleviates my stomach ache but does not cure the disease, which recurs if I stop taking the tablets. The army does not supply medicines, so I have to buy them with my own money.

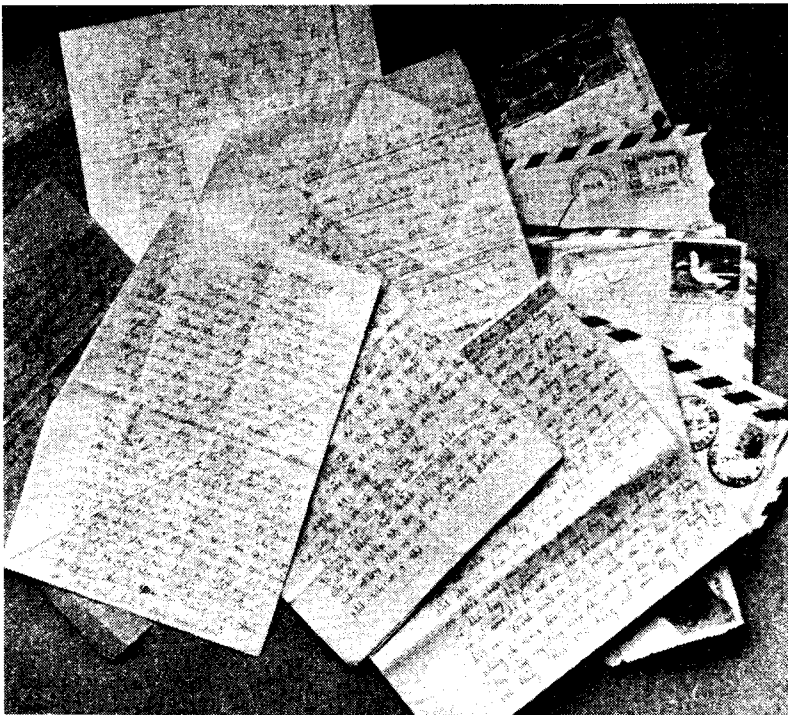
Your son.

.....

April 6, 1985
Kampuchea

Dear Brother . . . :

...I can imagine just how cheerless our hometown looks these days and how downcast our family has become! I am afraid all the young men reaching the age of 18 must find it tough going. In about a month our younger brother will be old enough to be drafted. You can't keep him out of the army, can you? In Kampuchea, the enemy is relentlessly active and at present we are in a tight spot. During the dry season this year our army captured all the enemy bases, but we ourselves suffered heavy casualties — deaths on the battlefield alone represent a full regiment of soldiers, and the wounded, including those who lost arms or legs, were even more numerous. When in the rear area, we used to slip into the



villages at night to get chickens and ducks, and so our meals were tolerably good. But here we often feel the civilians are our enemies and the enemy is the "masses." The Kampuchean folks here are ready to lean towards whichever side they think will get the upper hand. For us, death is a common happening that occurs almost daily, and I'm getting fed up with it all. In short, I'm just trying to eke out my life longer, and you need not be too worried about me.

Your brother,
.....
April 6, 1985
Kampuchea

Dear Mom and Little Brother:

I feel very depressed in this army camp. I've been pacing back and forth outside and just come back to rest, tears in my eyes. I try hard to suppress my gloom and forget my pain. I put on feigned smile to win an early opportunity to go back home and be with you.

I don't know how to describe for you the sufferings we soldiers are undergoing in Kampuchea. I have been brought face to face with so many scenes of terror that I have become quite nervous. Hope seems too farfetched, while death is right around the corner.

It is now three years since I was cut off from you and your love, which nothing can make up for. This has made me feel so sad.

Brother Van, you must always study hard. There are many soldiers in my unit who can't read and write, and have to ask others to read and write letters for them. So remember to work hard.

Mom and brother — the strenuous work and austere life, to say nothing of material privation and emotional distress, have

undermined my health. I have been prone to illness recently because I brood too much.

Your son,
Your brother,
.....

April 10, 1985
Kampuchea

Dear Grandpa, Mother and Aunt:

After overcoming various dangers, I reached the Thai border with my senior officer. I am his bodyguard. On our way here, we rested at a place called "the graveyard." As far as my eyes could see, the dead and wounded were lying scattered all over the field. Soldiers without arms or legs were horrifying to look at. A wounded soldier asked me for a cigarette and I gave him 10 of my good ones. Gratefully, he told me: "I don't know when we can meet again, but let's join together in our own country if we survive. I wish you luck in this criminal war." He also told me that last year many of our soldiers died due to lack of training and combat experience. This young man and I had both joined the army in 1984. The next morning he died from loss of blood.

I am all right, so don't worry. In the guards platoon, I am much better fed now than in the past, with plenty of fish and meat. That's because I can buy them with the money I collect from deserters I have captured here.

Our sixth uncle's son, Vu, is a foot-soldier and his work is very exhausting. The ghost of death may unexpectedly summon him at any time.

Don't worry about our second grandma's son, Luan. As an anti-aircraft gunner he doesn't need to work hard.

Your Son,
.....

April 20, 1985

On the Thailand border

Dear Uncle and Aunt:

Recently our unit went to Thailand on a task lasting two months and is now back in Kampuchea. The troop I am in is the 307th Division. On the whole the weather here is pretty awful. During the dry season, the sun is so scorching that it burns your skin. No drinking-water, so we have to drink the water collected in a pit dug by animals. One of my fellow-villagers who went out looking for drinking-water stepped on a mine and was killed. During the rainy season, we always suffer from malaria. Life here is really hard.

Your nephew,
.....

Dear ... :

The civilians here call our troops "supersovereign" and they're afraid of us. When their carts pass our camp-site, we stop them and ask for wine, because we have no money to buy any. If they have no wine, we hand them some bottles and demand that they buy some and deliver it on their way back. Otherwise they have to give us some money, that is, pay a fine. Nguyen, what a good time we're having! What's more, we can smoke their cigarettes as much as we like, even go through dozens of packages. If we meet trucks belonging to a trading company, then things are even more lively because they carry all kinds of drinks from Thailand such as liquor and beer. What excitement there is at a time like that!

...

As for fighting, during a recent campaign, a friend of mine, who comes from Loc Giang and is called Thang, was captured alive when his motorcade heading for the front drove into an ambush. Now we don't know whether he

(Continued on p. 22).

Tasks Set for Educational Reform

by WANG YIBING

This is the second article in a series about China's current educational reform. The first part, which appeared in our last issue, presented background information on the reform. The third segment to be published in our next issue, will concentrate on future prospects of the reform. This piece discusses the current tasks facing the reform. —Ed.

MAKING education serve the country's economic, scientific and technological development features China's ongoing educational reform. Proceeding from the state of affairs in China today, China must fulfil the following tasks in the education reform:

(1) Entrusting local governments with the responsibility of developing elementary education and gradually introducing a 9-year compulsory education schedule.

This 9-year compulsory plan will become the cornerstone in raising the nation's educational level and building overall prosperity of China. The plan should also be a key link between the development and reform of China's entire educational system. Since China is a massive country in which economic and cultural development is imbalanced from place to place, the demands and content of a 9-year compulsory education plan could only be implemented according to local conditions. The educational levels in various parts of China can be roughly divided into three categories.

First are the cities, the coastal provinces and a few inland areas which are economically developed and which make up one-fourth of the country's total population. Quite a number of them already have introduced universal junior middle school education and those that haven't are expected to do

the same around 1990.

The second level of education takes place in the towns and rural areas with moderate economic development and half of the country's total population. Under the new education reform, they will first universalize primary school education and simultaneously create conditions to universalize regular junior middle school or vocational and technical education around 1995.

Third are the economically backward areas that contain one-fourth of the country's population. Along with their economic development, they will be able to universalize elementary education by various forms and to different extents. The state will do its best to assist these areas with their educational development.

While introducing a 9-year compulsory education system, great efforts will also be made to develop pre-school education and special education for the blind, deaf-mute and disabled, and for mentally handicapped children.

China's primary and secondary school education has always been a local undertaking. Until now, the provincial authorities have drawn up the plans and policies and have allocated funds while the county educational administrative departments have undertaken the implementation of these plans and policies and managed money matters. However, the duties and powers of the township and village authorities have not been clearly defined, and many township and village governments withheld educational funds because they consider education the state's business. As a result, education still remains backward in some places.

Cold dishes prepared by Lei Ming (right), a graduate of the Shanghai Tourist Service Vocational School, are highly appreciated by foreign guests at the Ruijin Hotel.



In the future, after the responsibility of developing public education is placed with the local governments, the central authorities will only formulate overall guidelines, while the implementation of concrete policies and regulations will be handed over to the local governments. The division of work and authority among officials at the provincial, city or prefectural, county and township levels will be decided by each province, autonomous region and municipality. Currently, the general trend of reform in the secondary and primary school system in some provinces, autonomous regions and municipalities is as follows:

The provincial authorities formulate development plans, enact decrees and rules, distribute funds and directly administer a few key secondary schools and experimental schools; the county

All the school-age children in Lijiacha Township are today enrolled in school. Education in this Shaanxi Province's township used to be one of the most backward in China.



authorities manage the county's senior middle schools, teachers' schools, teachers' in-service training schools, agricultural vocational schools and exemplary primary and junior middle schools. The remaining schools are managed separately by the county and township authorities. As for the management of educational funds, the general practice is that the county authorities distribute funds allocated by the state to each township government, and the deficiencies are made up by the townships themselves. In personnel affairs, the headmasters of some township junior middle schools and key primary schools are appointed by the county educational bureau; teachers of the state-run schools are governed by the county authorities and teachers of the public-run schools, by the township government. The work of education and teaching, however, is still under the unified supervision of the county government.

(2) Readjusting the structure of secondary school education and devoting great effort to the further development of vocational and technical schools.

Socialist modernization not only needs high-level scientists and technologists but also calls for millions of well-educated middle- and low-level technicians, managerial personnel, skilled workers and other trained people for both urban and rural construction. In the near future some junior middle school graduates will proceed to regular senior middle schools and some will enter vocational or technical schools (equivalent to senior middle school level). Some of these senior middle school graduates will proceed to universities or colleges while others will receive training in polytechnic colleges. Those who have received post-primary-school vocational or technical training may work or continue study, and

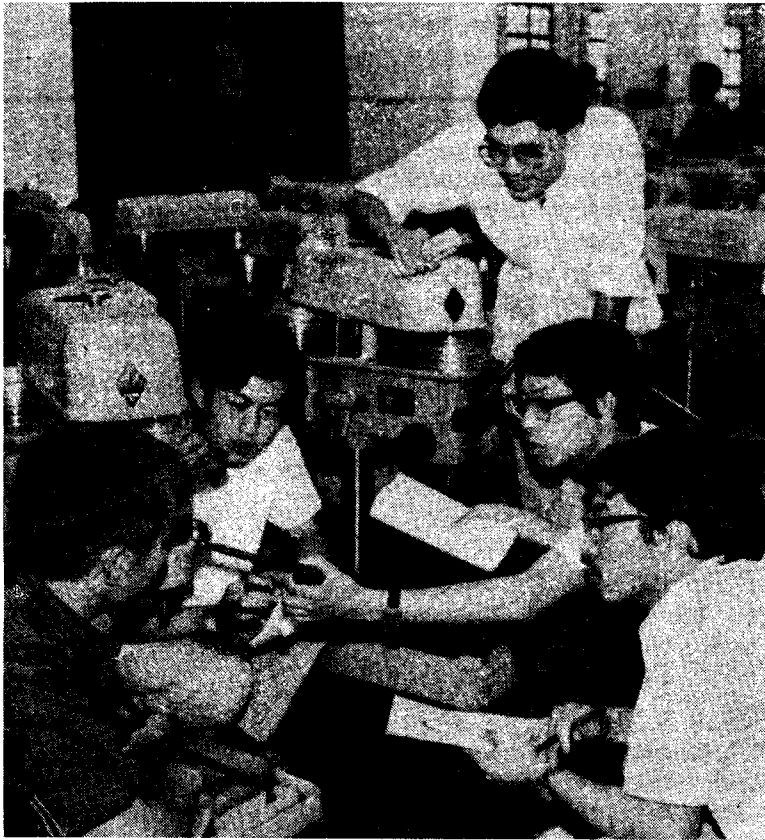
those who are not admitted by regular senior middle schools, colleges or vocational and technical schools must receive a short-term vocational or technical training before being employed.

Efforts will be made to fully utilize existing secondary vocational and technical schools. Enrolment will be increased, and plans will be made to gradually turn a number of regular senior middle schools into vocational middle schools or set up vocational training classes in some regular senior middle schools. In addition, a number of new secondary vocational and technical schools will be built. It is planned to bring the enrolment of secondary vocational and technical schools up to that of regular senior middle schools in the next five years, in an effort to change the illogical structure of the current secondary school system. Simultaneous efforts will be made to develop polytechnic colleges that will give priority to secondary vocational and technical school graduates and on-the-job training for qualified workers. This will help set up, step by step, a vocational and technical educational system that ranges from elementary to higher-level training, involves all trades, is well balanced and also links up with regular school education.

To ensure the smooth progress in the secondary school system, China's labour and personnel system will be reformed in line with the principle of "training first, employment second."

(3) Changing the plan of enrolment and the job-assignment system of the institutes of higher learning; restructuring higher education; and enlarging administrative powers for universities and colleges.

The key to restructuring higher education is to change the cur-



Students of the Sichuan Financial College making on-the-spot investigations at a factory workshop.

rent administrative system under which the government exercises excessive control over universities and colleges. Under the unified guidance of the government's educational policy and plans, universities and colleges will be granted more decision-making powers and will be encouraged to strengthen their ties with production, scientific research and all quarters of society. This measure will rekindle their enthusiasm and capacity to orient their work to the needs of the country's economic and social development. The main tasks of these particular reforms include: The abolishment of the current practice of enrolling all students according to state quotas, and state job assignment for all university and college graduates.

Instead, the following methods will be introduced:

One, students will be enrolled

according to state plan. Under the guidance of the state plan, they will be assigned, upon graduation, with due consideration to their wishes, the schools' recommendations and the employers' preferences. To ensure that the border regions and production units with tough working conditions are able to employ some university and college graduates, a certain percentage of students will be recruited directly for these areas, and graduates who are assigned to work in these areas will get better pay.

Another method is that schools are entrusted by other units with the training of students. This method, proved to be effective over the last couple of years, should be gradually popularized, making it an important aspect in the state enrolment plan. According to contracts, the units will pay a certain amount of training fees, and the students will work

in these units after graduation.

The third method is to admit, outside the state plan, some students who provide for their own expenses. Such students will have to pay for their tuition fees and other expenses. After graduation they may ask the schools to recommend them for jobs or seek jobs on their own.

Nevertheless, all students will have to pass entrance examinations before admission to colleges and universities.

The structure of higher education will be readjusted to meet the needs of China's economic construction, social development and scientific and technological progress. Efforts will be made to speed up the development of business and economics studies, political science, law and management. Emphasis will also be put on developing professional training courses in colleges and universities.

On the premise that universities and colleges carry out the state's policies, decrees and plans, they will also have the right to train students entrusted to them by other establishments, and admit outside the state plan, students who provide their own expenses; to readjust the service goals of their specialities, decide on teaching methods and syllabus, and compile and choose teaching materials; to accept projects from or cooperate with other social establishments for scientific research and technological development, or set up team-teaching projects dealing with scientific research and production. The college and university administration will also suggest appointments and removals of college vice-presidents and officials at various levels; to plan the use of capital investment and funds allocated by the state, and to develop international academic exchanges by using local funds.

The management system of

higher education will also have to be reformed. In 1984, there were 902 regular institutes of higher learning in China. Thirty-six were directly administered by the Ministry of Education, 250 were attached to 49 ministries and commissions under the State Council, and the remainder were governed by the various provincial, autonomous regional and municipal authorities. One of the drawbacks in this management system is that the Ministry of Education, as a government organization, found it hard to co-ordinate all that was involved in the enrolment, job assignment, teaching, management and development of universities and colleges which were not under its direct charge but were under the management of other ministries or commissions and of various provincial, autonomous regional and municipal authorities. In view of this, the Standing Committee of the National People's Congress, at the proposal of the Party Central Committee, adopted a decision last June to abolish the Ministry

of Education and establish the State Educational Commission under the leadership of the State Council. The commission is responsible for formulating the guiding principles of education, planning the progress of educational undertakings, co-ordinating the educational work of different departments, and arranging and guiding the educational reform in a unified way. Compared with the former Ministry of Education, the State Educational Commission has increased administrative scope and power, and the focus of its work will gradually be shifted from stressing micro-management to macro-management.

(4) The reform will also take a hard look at China's current teaching materials and methodology.

Efforts must be made to experiment with progressive teaching methods in the institutes of higher learning, in order to broaden the field of special studies, simplify and update current teaching materials, increase practical

courses, reduce required courses, introduce credit and double-degree systems and allow more time for independent study, and carry out work-study programmes.

Associate professors and professors who bear heavy teaching loads will be granted sabbaticals every five years for study, scientific research or academic exchanges. Efforts also will be made to improve teaching conditions, such as updating materials and replenishing laboratories and libraries.

After adequate preparations, teaching plans for secondary and primary schools will also be re-adjusted. This will involve adjustments of curricula, teaching materials, teaching methods and examination system. This is intended to improve China's basic education, reduce the burden on students, stimulate their initiative for study and develop their intelligence and ability. It is high time China began training a new generation of creative and independent minds. □

(Continued from P. 18.)

is alive or not. Do you know, before each battle, every one, whether he's a soldier or an officer, sells everything he owns so that he can eat and drink his fill. Just in case of bad luck, at least he won't be half-starved.

Well, so much for now.

With best wishes,

.....
*(This letter is not dated.
— Ed.)*

September 20, 1984
Tra Cuon, Viet Nam

Dear Brother . . . :

Father wants to pay you a visit at your barracks. I wonder if this will be all right. The fifth uncle is ready to see Vuong and is waiting for his reply. In Phuc

Hai many parents have contacted each other and plan to go together to see their sons at the front. Their dear ones, the same as yours, are serving in the 339 regiment in Pursat Province. Mother, however, feels hesitant about going.

Hong's husband, Dung, who tried to dodge the draft, was caught and taken away in handcuffs. He was locked up in the county prison for several days and suffered from hunger and thirst. It was a real crime! In the end, Dung had to register for military service and leave his wife and two daughters. Poor Hong now lives with the two small children, one of whom is only four months old. You can imagine what a hard time she is

having.

Mother goes to church every month to pray for you. She asks God to bless you and keep you safe. You, too, must believe in God and the Virgin Mary, and pray to them to protect you from suffering. We are waiting for the day when you will come back and join us.

There are not enough hands in our family to do all the work. At present our parents find it very hard to get the farming done. We are hoping that you will come back as soon as possible and share the burden with them. We are thinking of you every day; don't forget to write home.

Your sister,
.....

Regulating Economy With Monetary Policy

At present, the goal of China's fiscal policies is controlling the excessive growth in credit funds and available currency, while keeping the scale of investments in fixed assets and the growth of production commensurate with the country's financial and material capabilities. Such a formula is aimed at ensuring the steady and balanced development of China's national economy.

by LIU HONGRU

AS a means of regulating the country's macroeconomy, monetary policy plays a particularly important role in handling the relations between price stability and economic growth. In the past three decades since 1949, with the exception of those few times when the national economy was seriously disproportioned, monetary policy had been rejected as an economic lever in China. With the development of the socialist commodity economy and the improvement of the economic legal system begun in 1979, the role of monetary policy has become increasingly self-evident.

Current Problems

In 1984, China's economy was characterized by sustained, steady and balanced development. At the same time, however, the scale of its capital construction, consumption funds and bank loans increased too rapidly and too much new currency was issued. According to initial calculations, an additional 26.2 billion yuan of new bills was issued in 1984. Though the major portion of the money was needed for the country's economic development, about 8 billion yuan was superfluous and there were some instable factors in the country's economic development. Between December 1984 and June 1985, the

government adopted a series of measures to halt the over-issuance of loans and stop the rapid depletion of foreign exchange reserves. Despite these measures, distribution still outstrips national income and the total demand in society remains higher than the total supply.

Last year, the country's expenditures on wages and bonuses and its investment in fixed assets in state-owned units increased 22.3 percent and 24.5 percent respectively over those in 1983, far exceeding the 12 percent growth of national income. It is estimated that by the end of 1985 expenditures on wages and bonuses and fixed assets investments will have increased about 25 percent over those of 1984, also exceeding the planned 13 percent increase for the national income. In terms of financial policy, the withdrawal of currency from circulation has not been satisfactory. Moreover, business deposits have dropped significantly, while the amount of loans has been climbing.

The over-issuance of currency is a result of the combination of distribution outstripping national income and total demand in society surpassing total supply, which was in turn caused by excessive increases in credit funds and foreign exchange spending. The inevitable consequence of such a combination is, of course, serious inflation. The way to solve these problems is to slash investments in fixed assets, expenditures of consumption funds, the number of

loans and foreign exchange spending.

Measures for Improvement

Controlling the scale of investment in fixed assets. It is necessary to first check and then cut down the number of capital construction and technical transformation projects extraneous to the state plan. Necessary readjustments will be made for those projects included in the plan, for which the supply of funds and building materials has not been fixed. Furthermore, projects undertaken with loans should be kept within the planned budgets and no further loans will be granted to them. In addition, interest rates on loans for fixed assets will be raised to control the scale of investment.

Controlling the scale of credit funds. The countryside currently lacks a credit supply. One important reason for the scarcity of such funds is that loans granted to rural enterprises have been greatly increased and have tied up a portion of the allocations for the purchases of agricultural and sideline products. Loans to rural enterprises therefore must be subjected to stricter control. In addition, in order to offset the imbalance, for the time being no new projects will be undertaken. In order to meet the needs of rural enterprises and urban collective enterprises, which are in dispensable parts of the economy, can log satisfactory economic returns and can go into production with a small amount of extra in-

The author is vice-president of the People's Bank of China.

vestment, the banks will issue a limited number of bonds with higher interest rates and grant them special loans.

Controlling the use of foreign exchange. In a two-pronged approach to slowing the depletion of China's foreign exchange reserves, efforts will be made to attract more foreign exchange, while restricting repeated imports of assembly lines and equipment.

Controlling consumption funds. The planned total expenses on wages in various places and departments will be supervised by the banks. Savings deposits are expected to increase under a plan that includes setting up more savings banks, representative offices and collectively owned financial organizations, and raising interest rates on savings deposits. At the same time, guidance will be provided for the issuance of stocks and bonds so as to turn the increased consumer funds into funds for construction.

Strengthening price controls. At present, there are many factors contributing to price fluctuations. State businesses should be encouraged to play their role as the major channel for commodity circulation, while also contributing to market regulation and price stabilization. At the same time, efforts should also be made to prevent price hikes for fresh, non-staple products, as well as for industrial products.

Organizing industrial production. Major efforts will be devoted to organizing the production of goods in short supply. Priority in energy supply, transportation service and the issuance of credit will be given to those enterprises that turn out quality products, consume less raw materials and reap better economic returns, and to the production of famous-brand products and products for export.

Lessons From History

Since the founding of the People's Republic, China has adhered

to policies promoting a stable currency. Nevertheless, serious inflation has occurred on three occasions. As the circumstances for each of them vary, the policies and measures adopted to overcome them were also different.

China's first round of inflation occurred in the early post-liberation days. The cause can be traced back to the rule of the Kuomintang in the old society. In addition, the country's military expenditures then were fairly large and the economy had not yet been restored. The government's main approach to dealing with the inflation was to enforce centralized financial management, that is, to put the distribution of goods and materials, financial incomes and expenditures and cash receipts and payments under the state's unified direction and to crack down on speculation and profiteering. As a result, prices were quickly stabilized.

China's second bout with serious inflation occurred in the wake of the "great leap forward" in 1958 after the national economy had been drastically disproportioned. Because production could not be restored quickly at that time, the major methods to battle price rises involved cutting down on the scope of capital construction, readjusting the structure of production and curbing consumption. Other methods, such as encouraging urban residents to move to the countryside and selling high-priced goods were also instituted.

The third round of inflation in China occurred in 1980. Following the lopsided economic development and inflation resulting from the "cultural revolution" (1966-76), the first economic changes allowed technology imports and capital construction to increase too rapidly. Such hyper-growth, coupled with larger allocations for improving living standards, caused an inordinately large deficit and the issuance of additional curren-

cy. Because a series of effective policies were adopted at the Third Plenary Session of the 11th Party Central Committee in December 1978, the masses' enthusiasm for production was sparked, industrial and agricultural production developed fairly quickly and the people's consumption level also went up day by day. Under such circumstances, overcoming inflation just through tightening money supply and cutting down on consumption was virtually impossible. Therefore, while trying to reduce the scale of capital construction, the People's Bank of China earmarked funds to support the development of agriculture and the production of consumer goods and to increase market supply in order to balance the commodity circulation with that of currency. The measures produced immediate results.

Characteristics of Current Monetary Policy

Current monetary policy first belongs to the category of routine readjustments. Under the conditions of the commodity economy, the economy and the monetary market fluctuate constantly. Readjusting the economic structure by tightening or loosening the money supply is an attempt to avoid the need for large readjustments and minimize losses, while ensuring the steady and balanced development of the national economy. At present, though China's economic situation is sound, there are still problems that should not be ignored. Effective and regular readjustments will ensure quicker economic growth.

Second, monetary policy combines strengthening macroeconomic control and invigorating both the urban and rural economies. The major tasks at present are to control the runaway increase in credit funds and in the money supply and to keep the scale of investment in fixed assets and the

growth of production within the limits of the country's financial and material resources. What will be cut is only that which exceeds the original economic plan. The plan itself, however, will not be abbreviated, a fact that should alleviate fears of an economic downturn. In terms of the issuance of credit, the focus will be to limit the production of marginal and unprofitable products and products that waste raw materials and energy. The credit supply will also be made more available for the production of products with ready domestic and overseas markets, as well as for those enterprises that are equipped with advanced technology and are competently managed. Credit will also be advanced in order to guarantee the planned purchase of agricultural and side-

line products. The purpose of prioritizing credit outlays in such a manner is to promote the improvement of the set-up of production, the structure of the enterprises, product mix and the technological structure, and to bring about an efficient economic cycle for the national economy.

Third, monetary policy is intended to combine the controlling of Renminbi with that of foreign exchange. An important problem in the present economic activity is that receipts and payments of foreign exchange are not strictly controlled, which, combined with overspending, has diminished state reserves considerably. That depletion also has resulted in an increase in the issuance of Renminbi credit funds

and an unfavourable balance of payments. Stabilizing the country's balance of payments has, therefore, become an important goal of China's monetary policy. At present, control over spending should be enforced so as to enable the state to keep its foreign exchange reserves high enough to cover costs of imports for two or three months, and to make corresponding arrangements for the supply of Renminbi in order to avoid enlarging the scale of credit funds outside the plan. The key to making monetary policy work is to support those projects and enterprises that turn out products for export and to limit appropriately those enterprises that maintain production by relying on imported materials. □

China's Gold Rush Is On

by **DING YAOLIN**
Our Correspondent

BECAUSE of the recent upsurge in gold's popularity in China, the government has not only increased the amount of gold for the production of jewelry, but has also opened additional jewelry shops in order to accommodate the ever-increasing demand for the precious commodity.

Spending Spree

The Beijing Arts and Crafts Service Centre, one of the 34 shops licensed to sell gold jewelry in the capital, has drawn a mounting flow of customers since it opened in September 1982. In the first 10 months of 1985, the Arts and Crafts Centre earned about 13.8 million yuan (US\$4.30 million), which is three times its total sales logged from September 1982 to December 1984.

November 13 in Beijing turned out to be a bright, clear day after a cold current has just swept through the city. On that day, the service centre was jammed with customers, all trying to elbow their way closer to the sales counter. During this correspondent's hour-long visit to the centre, the shop had sold 13 pieces of gold jewelry worth more than 2,800 yuan (US\$875).

A retired railway worker from Tianjin and his wife, who had just bought a ring, were beside themselves with joy from their purchase. They said they had one son and two daughters and that in the past they had led an austere life, always wondering whether there would be enough to eat. Now because their children have no longer required their parents' support as they have grown up and have their own incomes, the couple's life has become easier. Now, they said, for the first time they can indulge them-

selves with purchases of gold rings.

A retired school teacher, also at the shop that day, had just bought a heart-shaped pendant, which she said she would attach it to a necklace and send it to her niece in Xinjiang as a wedding gift.

Two elderly doctors from the Beijing Traditional Chinese Medicine Research Institute were each buying rings for their wives, while two county government officials from Henan Province were selecting items for themselves. One of the cadres said she had just received a pay raise and now had more than enough money for a ring.

A young woman from a garment factory in Beijing was selecting a piece of jewelry for her mother. She said: "My mother is now more than 50 years old, and has three children. It was not easy for her to raise all of us, but she did the best she could. I want to spend

my pay raise on a gift for her in return for all she has done for me."

That day at the centre, many other young women were selecting earrings or necklaces for themselves, while a group of young men were scanning gifts for their fiancées or girlfriends.

Liang Xiuwei, aide to the service centre's manager, said though the shop appeared hectic today, there had been "crazier" days. On one particularly busy day early this year, she said, the shop sold 800 pieces of jewelry worth 240,000 yuan (US\$75,000). That day, Liang said, an old restaurant owner from northeast China spent about 5,000 yuan buying necklaces and rings for his wife, three sons and daughters-in-law.

A Traditional Attraction

Tang Kemei, deputy general manager of the Beijing Arts and Crafts Corp., graduated with a degree in fine arts in the 1960s and has long been involved in China's jewelry business. Tang said the Chinese fascination with gold is rooted in their past. Chinese women, she said, have tradi-

tionally worn personal ornaments, as evidenced by the portraits of ancient Chinese women adorned with elaborate headdresses, brooches, pendants and bracelets. Since liberation, particularly during the "cultural revolution," however, Tang said, personal ornamentation had been labelled as "capitalist." Because of such ultra-left thinking for many years it was rare to see a Chinese woman wearing so much as a wedding band.

At the Third Plenary Session of the 11th Chinese Communist Party Central Committee in 1978, Tang said, such "leftist" thinking was roundly criticized. Since then, people have gradually been changing their minds about jewelry and other finery. In addition, the success of the government's new economic policies has meant improved living standards and more disposable income. As a result, luxury items, like jewelry and gold, have become sought-after market items.

Another reason for gold's popularity is that the early 1985 price reforms have meant considerable price hikes for non-staple foods. People have turned to gold as a way to guard against any possible

adverse effects such as inflation could have on their savings. Now, however, as food prices have begun to stabilize, so has the rush for more gold, Tang said.

Despite the increase in gold's popularity, jewelry wearers still make up only a small portion of China's population, with the heaviest concentration of jewelry buyers still being among the young. Very few teachers, office workers, and old and middle-aged cadres wear jewelry.

When people have savings, Tang said, the first things they want to buy are expensive consumer goods such as refrigerators and colour TV sets. Once those items have been taken care of, then they turn to gold. Tang said, however, that intellectuals, no matter what their savings, had still not taken to purchasing jewelry or other personal ornaments.

Everyone, however, wants somehow to make himself or herself beautiful, she said, and personal ornamentation is not a hobby peculiar to Westerners. When their living standards experience a notable jump, millions of Chinese also go looking for rings, necklaces, bracelets, etc.

Customers eyeing jewelry at the Beijing Arts and Crafts Service Centre.



Gold Production Climbs

The nation's industrial growth and the people's need for jewelry in recent years have spurred gold production to an all-time high level. Although its gold reserves stand at only 400 tons, it is reported that the state has allocated much gold for jewelry production this year. Thirty provinces (including Taiwan), municipalities and autonomous regions, with the exception of Shanghai, have been reported as having significant gold deposits, while alluvial gold is to be found in most of the rivers in northeast and northwest China, Shandong Province and Inner Mongolia.

To speed up gold production, the



A prospector panning for gold in Yumen, Gansu Province.

nation established the China National Gold Corp. There were 150,000 people in the country specializing in gold mining in 1984. Now China has more than 100 gold mines of varying sizes in addition to 14 counties each producing up to 10,000 ounces of gold a year. Shandong Province's Zhao-yuan County produced more than 80,000 ounces last year.

With the upswing in gold's popularity, many villages and households in China have turned to gold mining as a specialized endeavour. In Hebei Province's Qinglong County alone, the number of small gold mines has recently increased from 300 to 500. In Heilongjiang's Muling County, one gold mining household produced 97 ounces last year.

The policy of allowing the state, collectives and individuals to mine gold has resulted in an increase in the nation's gold output, which has grown annually at a rate of 10 percent in the last decade. China overfulfilled its gold output plan by 117.7 percent last year, and in the first half of this year, it pro-

duced 9 percent more gold than in the same period last year.

Bright Future

At a business negotiation conference sponsored by the Beijing No. 1 Jewelry Factory, the factory leader Huang Xiwu briefed visiting jewelry traders from Shanghai, Guangzhou, Fuzhou, Wenzhou, Xiamen and Xinjiang on his factory's jewelry production.

According to Huang, his factory is one of the country's largest specialized in jewelry production, and now produces 159 varieties of jewelry to be sold to more than 340 shops throughout the country. In 1984, Huang's factory logged 1.25 million yuan in profits, and 8 million yuan in the first ten months of 1985.

The Tianbao and Longfeng jewelry shops in Shanghai, both recently opened, have recorded daily sales averages at between 60,000 yuan to 70,000 yuan. That figure has been known to reach nearly 360,000 yuan on particularly busy days when customers often line up at the front doors from as early as 5 o'clock in the morning. There have also been occasions when customers have been limited to a single purchase, so that more people would be able to buy.

At the Nanfang Mansion, Guangzhou's largest shopping centre, its jewelry counter has sold, on the average, 1 million yuan worth of jewelry every month since July 1984.

Nearby Fuzhou, which formerly had only one jewelry shop, now has more than 10, selling an average of about 300,000 yuan worth of jewelry every day.

Wenzhou, which ranks first in jewelry sales in Zhejiang Province, has been prompted by the hefty sales to increase the numbers of its jewelry shops to about 12. It is only in the last two months that

the buying craze in Wenzhou has begun to ebb.

Factory leader Huang said jewelry production's future is sure to be bright. Though sales are quite high today, he said, the potential for increases is equally as high. People's spending habits are changing as rapidly as their living standards are rising, he said, and gold and jewelry purchases figure into these changes. From the 1960s to the 1970s, people saved money for bicycles, sewing machines and wristwatches. In the 1980s, people now save their money for colour TV sets, tape recorders, refrigerators, and eventually for fashionable clothing and jewelry.

If only one half of China's 1 billion people wear jewelry, the market for such goods would be overwhelming. However, there is now only a portion that does so. Because many are still tied to the idea of jewelry as an indication of bourgeois leanings, jewelry has yet to be a truly sweeping fad. In addition, there is also a lack of publicity and advertisement for personal ornaments. Jewelry designs and quality also are somewhat substandard. Jewelry producers have lost customers because of a lack of original designs, Huang said. He said his factory would mobilize its veteran craftsmen to develop new varieties and to pass their skills to young people. While working on new designs, the factory has already turned out dozens of new styles that will soon be available on the market. □



FROM THE CHINESE PRESS

Lucky in Love – Most of the Time

from "ZHONGGUO
FUNU BAO"
(Women of China Weekly)

A RECENT survey among about 1,000 married peoples in Beijing revealed that 53 percent believe they were happily married and 33 percent were at least satisfied with their marriages. This is more than the survey

specialists expected. A 1982 poll indicated that only 35 percent of the surveyed regarded their marriages as happy ones.

In the recent survey conducted by *Women of China* in last autumn, 9 percent considered their marriages as something "tolerable" and 4 percent admitted they were in unhappy marriages. And surprisingly enough, there were

more men than women in that last category.

The way the couples get to know each other appears to be quite a significant factor in the happiness of a marriage. (See table 1.)

According to the survey, it would seem that meeting a future spouse on one's own leads to a long-lasting, successful marriage. The courting period before marriage also means a great deal to the quality of a marriage. (See table 2.)

The survey also revealed that there were fewer happy marriages among the couples who were 36 to 40 years old (43 percent said they were happily married) than those who were younger than 30 or older than 50 (about 60 percent).

Specialists explained that this may have something to do with the social turbulence these middle-aged couples encountered when they got married during the "cultural revolution." Quite a few of the surveyed couples at this age put their attention on other things rather than love when they got married, such as sympathy or for political reasons. And after so many years many said they were beginning to tire of their marriages.

When asked to list three joyous discoveries about marriage, most of happy couples wrote things such as "my spouse's perfect understanding of and consideration for me," or "mutual support in family life and career." The couples in "tolerable" and "unhappy" marriages jotted down anything, but love. Some listed an increase in salary, while others named getting an apartment as positive aspects to their marriage. Some could only frankly say, "We are always quarreling. I'm bored with life."

Table 1

How couples met	Happily married	Satisfied	Tolerable	Unhappily married
Met on their own (%)	59.8	29.1	7.5	3.6
Met through mutual acquaintances (%)	51	37.4	8.6	3
Met through parents (%)	51.9	21.1	19.2	7.8
Through dating or marriage service (%)	37.5	8.3	16.7	37.5

Table 2

Courting period	Happily married	Satisfied	Tolerable	Unhappily married
3 months (%)	31.1	15.6	31.1	22.2
3-6 months (%)	36.7	36.7	16.3	10.3
7-12 months (%)	53	33.7	12	1.3
1-2 years (%)	55.2	34.9	7.3	2.6
2-3 years (%)	62.9	30.8	5	1.3
more than 3 years (%)	50.3	34.3	8.8	6.6

China Sets Space Station as Goal

from "RENMIN RIBAO"
(People's Daily, overseas edition)

The next goal of China's astronautic research should be the establishment of China's own space station, says Ren Xinmin, president of the China Astronautics Association and the director of the research section of the Ministry of the Astronautics Industry.

Ren said outerspace was a massive valuable treasure, in which man could perform a number of worthwhile tasks. For example, Ren said, because of the micro-gravitational field, it would take only 30 days in outerspace to manufacture a kind of precious medicine that would take 30 years to manufacture on

earth.

China presently has the technology required to launch rockets accurately and to recover earth satellites of various orbits. China also has entered an advanced stage of developing carrier rockets.

It has been predicted that setting up China's own space station will give added impetus to scientific research in other fields. The results of such research are expected to benefit the national economy.

China is now involved with researching technologies for launching solar geostationary satellites. The effort will help improve China's business of launching satellites for other countries.

Shanghai Ranks High in IQ Tests

from "KEXUE GUANLI
YANJIU"
(Scientific Management Study)

IN an intelligence test administered to a group of Shanghai children by psychologists recently, the Chinese children ranked higher than American children in seven out of 12 categories. In two categories the American children surpassed their Chinese peers. The Chinese youths scored highest in arithmetic, vocabulary and figure concepts.

The researchers partially attributed the Chinese children's high

test scores to their training in the use of Chinese characters. Because most Chinese characters, the researchers said, are pictophonetic, with one element indicating meaning and the other sound, the Chinese develop a unique and useful thought pattern. In addition, the Chinese children's big vocabulary can also be traced to the informative 3,000 commonly used Chinese characters which can make up 40,000-50,000 terms.

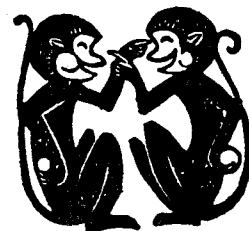
The researchers also said China's rich culture and heritage have also contributed to the development of the Chinese peoples' intelligence quotients.

Changes in Chinese Consumption

from "DISAN CHANYE BAO"
(Tertiary Industry Newspaper)

THE following are some of the major trends developing in Chinese food purchase and consumption habits:

1. The citizens' expenditures on food are expected to continue to increase steadily.
2. Sales of non-staple foods have been increasing the fastest.
3. Grain consumption has been slowly dropping.
4. Meat, poultry, eggs, fish, dairy products and other animal-related foods are becoming more popular.
5. Chinese people are consuming a wider variety of foods.
6. Food quality is expected to continue to improve.
7. Semi-processed foods and quick meals are popular.
8. A variety of drinks are important to the Chinese diet.
9. More and more people are eating out.
10. Foods that are well-designed, well-packaged and tasteful are gaining in popularity.



Narrowing Xiamen's Technology Gap

Though the Xiamen Special Economic Zone has made some headway in importing advanced technology and equipment, there still remain a number of hurdles left to be cleared before the zone's level of technology is up to the international standards.

From 1980, when the 2.5-square-kilometre special economic zone was set up in the Huli Industrial District, until 1983, the city had only imported equipment worth 21.92 million yuan for 12 projects. In 1984, however, the special zone was extended to 131 square kilometres and work on technology imports accelerated. From 1984 to 1985, Xiamen signed 1,282 contracts valued at 734.39 million yuan with foreign firms. Of the projects involved in the contracts, 82 have now gone into operation.

Since the imported equipment and production lines were put into production in Xiamen's factories, they have produced good results for the city.

After the Xiamen Condenser Factory and the Gulangyu Radio Materials Factory made use of their imported film condensers and aluminium electrolytic production lines, the quality of their products went up to IEC standards. China's photosensor industry is backward compared with those of more developed nations, and has long been dependent on the import of photosensitive materials. At present China turns out only 3 percent of the colour photosensitive materials it needs. Chinese experts have estimated that if China does not produce, but continues to import

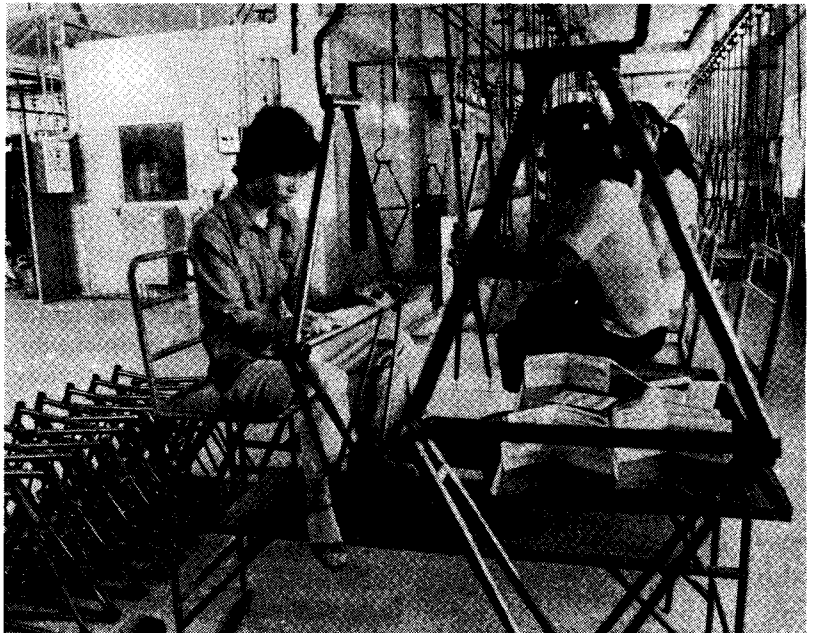
colour photosensitive materials from abroad, it will spend US\$100 million on those imports in the next five years. In order to prevent such a drain, in 1984 the Xiamen Photosensitive Materials Co. Ltd. imported a colour photosensitive material production line from the Kodak Corp. of the United States. This production line will go into operation in 1987. At that time China expects to turn out 20 percent of the colour photosensitive materials it needs.

According to the stipulations of the Chinese Ministry of Light Industry, inefficient operations are to be suspended. Chinese bicycle factories that produce an annual output of less than 200,000 bicycles, which cost more than 100

yuan each and which are of poor quality, will be eliminated or switched to the manufacture of other products within a stated time. In order to guard against such a fate, the Xiamen Bicycle Factory imported electroplating and painting equipment from the United States and France, in addition to frame and front fork welding equipment from other countries. It also used foreign capital to import a rim mould production line. All this has enabled the factory to improve the quality and increase the output of its products, and maintain production costs at 100 yuan per bicycle. As a result, the factory's bicycles are selling well.

The technical transformation of key enterprises has also been accelerated because of the imports. With the items imported between 1984 and 1985, 80 enterprises have

Spray paint equipment imported from France by the Xiamen Bicycle Factory markedly improved the quality of the factory's products.



been completely or partially renovated. Of these, 53 are key enterprises.

The textile industry has also benefited from the import of technology and equipment. Xiamen companies involved in manufacturing textiles have imported production lines involving raw materials, terylene slicing and filament, the manufacture of synthetic fibres, bleaching and dyeing, finishing, knitting, the making of Western-style garments and quality shirts. The technical revamping of old enterprises in the textile industry also has been completed in Xiamen.

Plastic, packaging and printing industries are also stepping up their tempo and are now importing more advanced technology and equipment for the technical transformation of their respective industries.

The major problems in the import of technology and equipment in Xiamen are as follows:

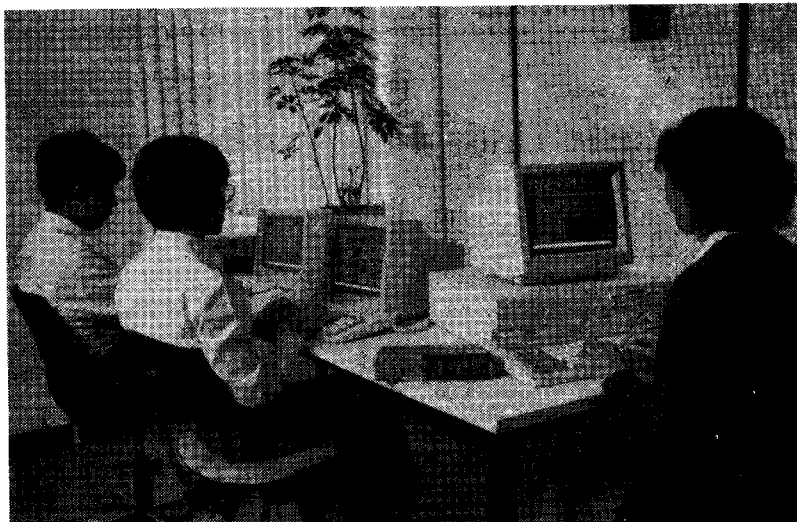
Only a few projects with significant import figures involve electronics, chemicals and heavy industrial branches. Most are light industrial projects.

Most of the light industrial items involve importing production lines and equipment for garments and plastic products and are neither knowledge- nor technology-intensive projects.

Xiamen companies also have imported a great deal of computer hardware but relatively little software. Another problem is that most projects built with imported technology and equipment cannot earn much foreign currency for the state.

Sperry Markets Computer in China

American companies have flocked to the Chinese market. After



A new MAPPER 1C system made by the Sperry Corp.

IBM sold tens of thousands of large and medium-sized microcomputers in China, the Sperry Corp. also turned its attention to China as an outlet for its electronic equipment. On December 6, Sperry announced the availability of Sperry's acclaimed Chinese-language MAPPER 1C, as its first entry onto China's marketplace.

Sperry, which was one of the first companies to produce commercial computers, created the MAPPER, whose operations now serve more than 18,000 consumers in 50 countries and regions. The MAPPER is a multi-purpose, microcomputer-based, fourth generation software system and has been used by between 100,000 to 200,000 consumers.

Antony P.L. Mui, manager of the Sperry Corp., is full of confidence in his company's ability to penetrate the Chinese market. He said China is a vast market, and that he expects the MAPPER to become popular in China. The MAPPER includes Chinese character processing capabilities, a

number of Chinese character input methods, Chinese character sort-collate options and the ability to display and print Chinese characters according to the standards established by the China State Bureau of Standards. The MAPPER system has been made available to users of the IBM's personal computers, PC/XT. Experiments are also being made to use this system on the China Great Wall 0520 microcomputers.

Sperry forged technical cooperative relations with China five years ago and has since trained a number of Chinese personnel. It is expected that by the end of 1985, the Sperry Corp. will have sold five 1100 system computers in China, and another is scheduled for delivery early next year.

The MAPPER 1C system is intended for assembly, production and marketing purposes in China for the proposed joint venture between the China Computer Technical Service Corp., the China International Trust and Investment Corp., the Wuxi Computer Factory in east China and the Sperry Corp.

'Jing' Music Finds Renewed Popularity

China's ancient *Jing* music, which was once restricted for the entertainment of the royal families for some 500 years and which is now nearly extinct, is gaining renewed popularity in the 1980s.

Today there are only eight monks living who are capable of playing this ancient form of music. The monks, the oldest of whom is 85 years old and the youngest of whom is 60 years old, have mastered the music on eight different wind and percussion instruments, including bamboo flutes and gongs.

Jing music is full of variation. As it begins and ends it is slow and gloomy. In the middle however, the tempo changes and becomes quick and lively. Each piece lasts about 10 minutes. During a performance of *Jing* music, several melodies are played to form a suite.

Though *Jing* music was once a popular musical form in the Song

Dynasty (960-1279), during the Ming Dynasty it became the sole province of the royal court. It is said that in the 15th century, a eunuch stole the only *Jing* score from the Ming court and hid it in his temple for the monks to play. That temple, which is today Beijing's Zhi Hua Temple, has remained the home of *Jing* music ever since.

To prevent the music from leaking to the outside world, the monks educated only other monks in the musical theories and techniques of *Jing* music. Each monk was taught only one kind of instrument. Since the 15th century, the music has been preserved in its original form with nothing so much as a note ever changing.

Despite its meticulous preservation, *Jing* music is bordering on extinction. In order to resurrect the music and ensure the longevity of this ancient musical tradition,

the China Buddhist Association is trying to prompt young people to learn the music, while also encouraging the elderly monks to recall and record as many *Jing* pieces as possible, so far, 10 of the 160 *Jing* works have been so recorded and captured for the benefit of future generations.

Clay Soldiers On Display

In Jiangsu Province's northern city of Xuzhou, more than 2,500 recently unearthed terra-cotta soldiers, horses and chariots went on display this October.

The clay figures, which were discovered in 1984, are housed in three pits, each 28 metres long, 3 metres wide and 60 cm deep, and stand in a procession-like formation are led by an armoured commander mounted on a chariot drawn by four horses. The find, which is said to date back to the Han Dynasty (206 BC-220 AD), is believed by archaeologists to be either replicas of a noble's funeral attendants or of his personal garrison, and add valuable information to the understanding of the Han Dynasty cultural history.

China's first discovery of clay armies came in 1974 in Xian, Shaanxi Province, when local people, who were digging a well at the time, happened on a trough of life-size warriors. The second discovery, this time in Xianyang northwest of Xian, came in 1976, and was equally fortuitous. As people in Xianyang were levelling land, they struck a horde of clay figures of soldiers and horses.





The Algerian National Modern and Folk Dance Troupe visited China last November and performed at Beijing's Nationalities Cultural Palace. Before coming to the capital, the troupe performed in Hangzhou and Wuxi in east China. The photo shows a scene from "The Dance of Algiers."

The Xuzhou soldiers, some of which are upright, while others are kneeling, measure between 54 cm and 25 cm tall. Much smaller than the life-size figures discovered in Xian and Xianyang, these soldiers were also discovered by locals as they were digging a pit for a fish pond. The Xuzhou soldiers, which represent a Han improvement of the Qin Dynasty pottery techniques, were baked in separate parts and then crafted together, while the previous figures were fired in whole pieces. The Qin Dynasty findings in Xian are mostly soldiers and only few horses. In Xuzhou pits of the Han Dynasty, however, one-fourth of the objects are horses.

The recent excavation has shed light on the burial system, sculpture, painting, costumes and military ranks of the Han Dynasty.

Chariot Creaks Out of the Tomb

Another ancient royal bronze chariot will go on display in Xian

soon after having been refurbished in one year. As one of the two bronze half-life-size chariots dug up in Xian in 1980 from tomb attached to that of China's first emperor, Qin Shi Huang (22-210 BC), this two-wheeled chariot, outfitted with a bronze umbrella, is pulled by four white horses, the heads of which are adorned with gold and silver ornaments. A soldier measuring 90 cm and clothed in red and green overalls, pointed shoes, bronze swords across both

shoulders and jade bracelets, drives the chariot.

The first such treasure unearthed in China went on display in 1983, after its more than 1,500 broken clay pieces were meticulously glued back together.

Archaeologists have said the twin chariots are the oldest, the largest, the grandest, and the most delicate ever found in China. The pair also provide a rich store of information for further archaeological study.

Piecing together an ancient chariot.

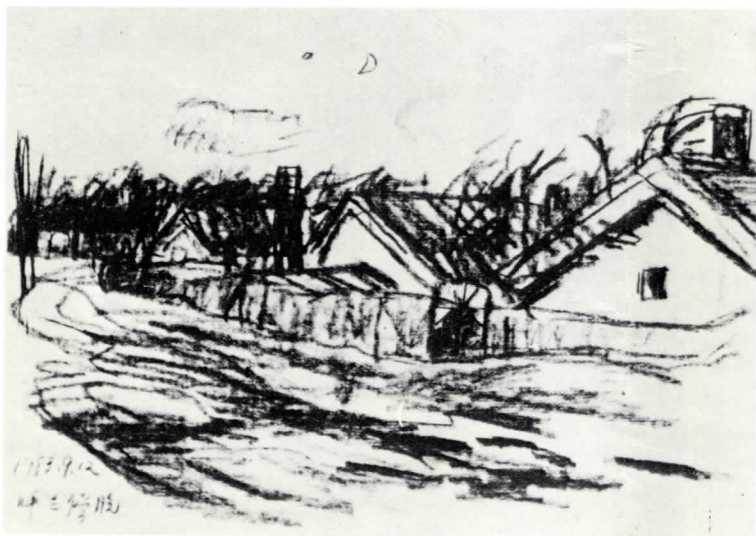




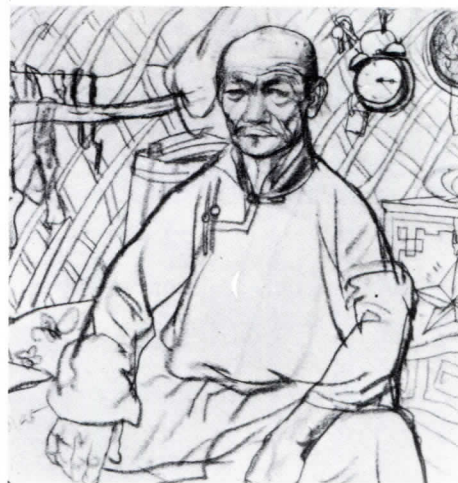
Mongolian Women.

Sketches by Wang Gongyi

Artist Wang Gongyi, born in 1946 in Tianjin, now teaches drawing at the Zhejiang Academy of Fine Arts.



A Village.



Portrait of an Elderly Mongolian.

ART PAGE

Know China's Sports Through

'CHINA SPORTS' Magazine



An English-language monthly distributed to 130 countries and regions.

- Latest Chinese achievements in modern sports.
- Reports on traditional sports like *Wushu*, *Taiji* and *Qigong* with illustrated routines for self-study.
- Profiles of sports stars.
- Special columns like "Here & There," "Briefs" and "Forum."

Send your subscription to:

China International Book Trading Corporation (Guoji Shudian)

P.O. Box 399, Beijing, China