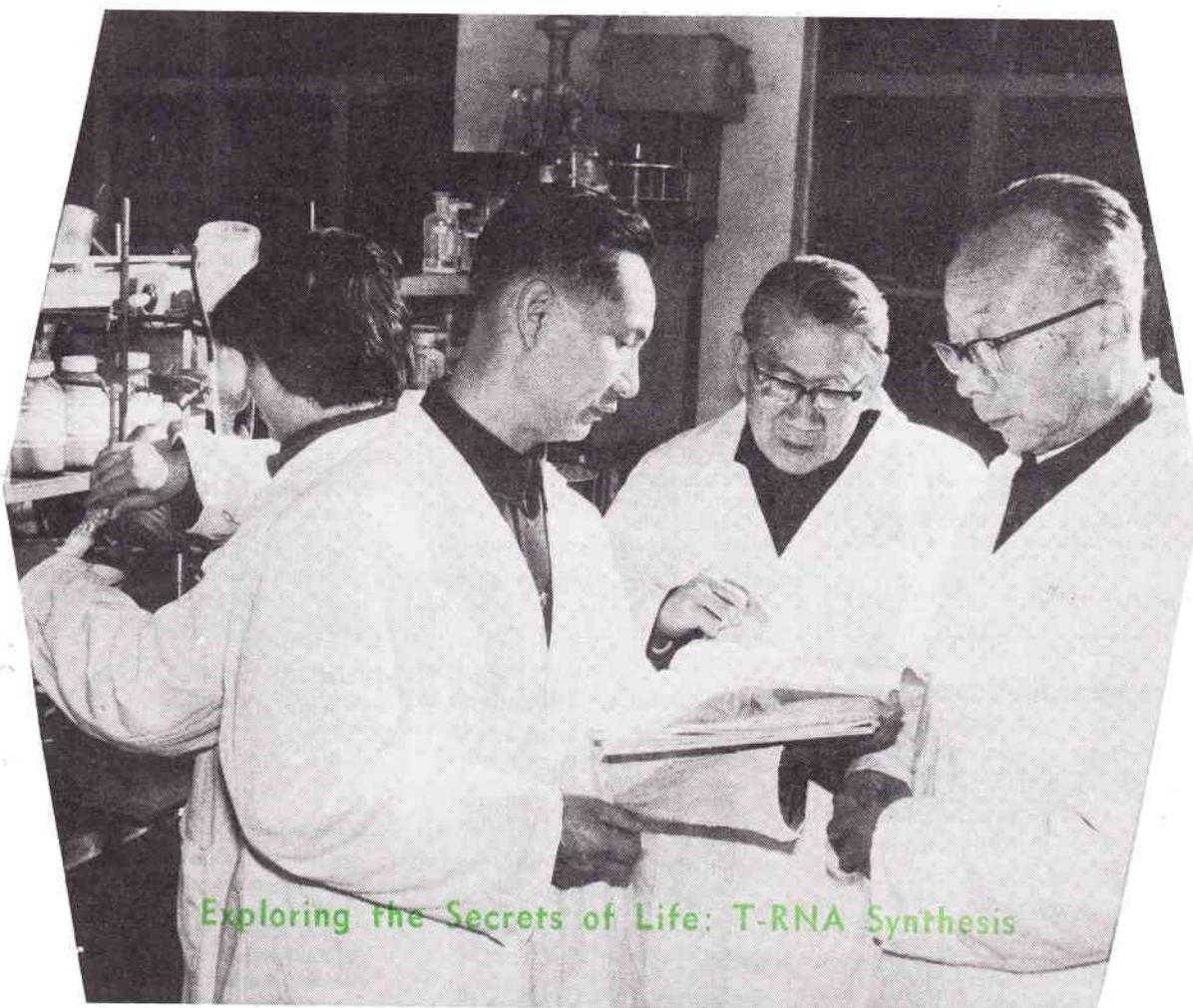


# BEIJING REVIEW



A CHINESE WEEKLY OF  
NEWS AND VIEWS

• How to Evaluate the Party's Style of Work



Exploring the Secrets of Life: T-RNA Synthesis

## HIGHLIGHTS OF THE WEEK

### Socialist Ethics and Courtesy Month

Visible improvements have been achieved in environmental sanitation, public order and public service during "national socialist ethics and courtesy month," which has not only changed the appearance of many cities but also helped restore fine traditions and social trends (p. 5).

### The Party's Style of Work

The Party's style of work has not yet taken a fundamental turn for the better, but considerable improvements have been made. A Member of the Secretariat of the Party Central Committee, Wang Renzhong, elaborates this evaluation with concrete examples and refutes two incorrect views (pp. 16-17).

### On Brezhnev's Tashkent Speech

While continuing to attack China on its foreign policies, the

Soviet leader professed willingness to "improve" relations with China. China responded by saying that "In Sino-Soviet relations and international affairs, what we attach importance to are the actual deeds of the Soviet Union" (p. 7 and 11).

### "Two Chinas" Scheme of The US Exposed

The Chinese Foreign Ministry protests against another US move to create "two Chinas" by treating Taiwan as a "separate foreign state" on the issue of immigration (p. 8).

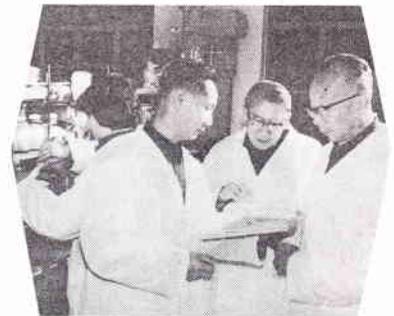
### Foreign Investors Welcomed

Another 130 projects which involve various industries will be open to foreign investors. China will offer sufficient guarantees in investments, as well as in the supply of raw materials and energy and

the means of transportation (p. 9).

### Yeast Alanine T-RNA Synthesized

As they put the final stages of the decade-long experiment into motion, the scientists who worked on synthesizing the yeast alanine transfer ribonucleic acid knew that if they succeed, the synthesis would mark significant progress in human exploration of the life sciences (pp. 18-20).



Scientists discussing the results of synthesizing yeast alanine T-RNA.

Photo by Zhang Liuren

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## Economic Relations With Foreign Countries

**China is readjusting its national economy. Does this mean that it will discontinue its economic aid to third world countries?**

China is a developing country and it shares weal and woe with other third world countries and peoples. It is true that we are readjusting our national economy and that our economic resources are limited, but we will continue to provide aid to the best of our ability. Apart from economic aid, there are broad vistas for economic and technological co-operation.

We have helped a number of countries build textile mills, gymnasiums, highways and railways, and Chinese experts have helped some countries grow tobacco, tea, rice and other crops. These projects were undertaken either gratis or with low-interest or interest-free Chinese loans.

We will continue, as far as we can, to tailor our economic aid to foreign countries' needs, with due respect for the opinions of the aid recipients. For poor or small countries, our assistance is mainly used to build medium-sized and small industrial and agricultural projects which need small investments and can be completed rapidly. After these projects are completed, we continue to help improve management so as to facilitate quick returns.

Economic and technological co-operation can take multifarious forms. In 1979, for example, we began to follow the international practice and provide engineering and labour aid for foreign construction projects. Last year, more than 300 such

contracts were concluded. Some Chinese factories are doing processing work, using raw materials provided by foreign firms. Other forms of economic co-operation include joint ventures with Chinese and foreign investments.

Needless to say, such economic co-operation is conducted on the basis of equality and mutual benefit. In co-operating with developing countries, we never go after money alone, nor do we exploit the people of these countries.

Since they achieved political independence, the third world countries have worked together to change the old international economic order. This, it can be said, is a continuation of the movements for national independence of the 1950s. The most fundamental factor for enhanc-

ing global dialogue is the strengthening of the unity and expansion of economic and technical exchanges between the third world countries. Though poor, the developing countries have rich natural resources and experiences in developing their own economies. They will be able to build upon these strengths so long as they continue to share experiences and to provide mutual aid.

Economic and technological co-operation between China and the other third world countries is growing. With the steady development of China's economy, such co-operation is bound to expand in scope and extend to an increasing number of fields. It can develop from a bilateral to a multilateral level. China hopes to make greater contributions to the South-South co-operation.

— *International Editor*  
Mu Youlin

## More on Special Economic Zones

**What is the difference between the special economic zones and the foreign concessions in old China?**

China has set up four special economic zones in Guangdong and Fujian Provinces, which are in nature different from the foreign concessions in old China. The major difference lies in the fact that China had no sovereign rights over the foreign concessions in the old days.

In the mid-19th century when China was under the Qing Dynasty and later when the country was ruled by warlords, the imperialist powers carved off areas as concessions in many Chinese cities, where they operated their own courts, police

stations, prisons, municipal administration and tax collection offices. These concessions were literally "states within a state."

The special economic zones are now established under the authority of the Chinese Government. The local governments are empowered to exercise sovereign rights over them. All investors there must observe China's policies, laws and decrees (including the labour law), and must pay income taxes to the governments of the special zones, whether they are overseas Chinese or foreigners and whether they invest independently or jointly with China.

# LETTERS

## Reform of the Cadre System

I'd like to give my opinion about the reform of the cadre system. I think age is irrelevant. What is important is the consistent thoughts and ideals of the old cadres, which have been tempered through years of failures and successes. These are the accumulated quintessence and are stable.

These cadres should pass their knowledge on to the young and middle-aged cadres so as to consolidate the direction of Deng Xiaoping and other major leaders, purify the leading organs, and simplify administration and eliminate overstaffing in these organs. Principal leaders like Deng Xiaoping should continue to provide support for the younger cadres so long as their health permits. These leading cadres should not retire from their positions but should guide the utilization of the young and middle-aged people and prevent their frivolousness. Furthermore, people should be educated to care for those cadres who retire so they can enjoy a happy life in their remaining years.

I hope *Beijing Review* will clarify the above-mentioned questions in its "Notes From the Editors." China's stability is the wish of Japan and other countries that have confidence in the People's Republic of China.

Stability after the old cadres' retirement is essential to the succession of cadres.

**Ryonosuke Akasi**  
Kyoto, Japan

China is a socialist sovereign country. In the special economic zones, foreign investments are used to develop the economy and economic policies are more flexible than elsewhere in the country. But in the exercise of sovereign rights, they are the same as other Chinese localities. Since these zones are more accessible to outside bourgeois influences, attention is paid not

## Leaders and the Party

I appreciated your recent article on the relationship between leaders and the Party (issue No. 4, 1982). It is time to set the record straight on different problems in the international workers' movement, and the questions of leadership are certainly important. The history of the Chinese Party demonstrates the importance of good leadership and the need for a balanced view of individual leaders, and it is good to address this issue. This article also further explained the 1981 Party resolution.

**Patrick Stanford**  
Denver, Co., USA

## Agricultural Development

When I read your February 15, 1982 issue (No. 7) of *Beijing Review* pp. 26-28, I was shocked by Liu Zhenbang's "Modern Agriculture Should Be Based on Animal Husbandry." I was, however, immediately pleased, when I read the articles "The Strategic Emphasis Should Be on Grain Production" by Ku Guisheng and "Develop Agriculture in a Comprehensive Way" by Shi Shan. Both put the forum of strategy for agriculture on the right track again.

**Goran Engqvist**  
Birmingham, UK

The article "Forum—Strategy for Developing Agriculture" (No. 7) led to my taking sides with Ku Guisheng, and to my growing dislike of Liu Zhenbang. If you put both characters to the vote on the issue "who of the two is the Communist," you'd get very wrong answers only from capitalists who want to muddle the question.

**J.M. van der Hoeven**  
Lopic, The Netherlands

only to improving the material conditions but also to the promotion of socialist ethics. The social milieu, for instance, should be orderly and ethical, and government employees must be examples in observing the law and honest in performing official duties.

—Economic Editor  
**Wang Dacheng**

## US Backs Israel

I was very much interested in the article "US Shields Israel at UN" (issue No. 7, 1982). It's quite obvious that the US imperialist government will support Israel under all circumstances including its terrorist acts. The United States supported Israel's annexation of the Syrian Golan Heights last February and its air attack on Iraq's nuclear reactor last June. Now Israeli acts of aggression are under way against the Arab states and we know that the US imperialists are always ready to protect Israel.

To sum up, it is widely recognized that the US imperialists and Israel are twins. The US imperialists and the Soviet expansionists both try to manipulate the fate of the Arab world in particular and of the third world states in general.

**Osmanos O.H.**  
Merca, Somalia

## Performance of People's Delegates

Thank you very much for your recent articles on the county people's government in Tongxiang County (issue No. 5, 1982). They gave a very clear picture of the activities of the county delegates, the standing committee and the county government. I was very interested to learn about the monthly meetings of county delegate groups, and of the standing committee's review of the county budget.

**Brantly Womack**  
De Kalb, Illinois, USA

## Chinese Students

I admire the way the pupils of China's primary and middle schools behave. ["Spiritual Civilization," issue No. 4, 1982.] Since I am a student, I want to know how pupils help their fellow classmates and their schools.

**George Richmond Tawiah**  
Obuasi—Adansi, Ghana



## POLITICAL

## Initial Results of "Socialist Ethics and Courtesy Month"

At eight o'clock one Sunday morning in mid-March, 20,000 medical personnel from 400 units in Beijing opened sanitation propaganda and service booths in the capital's major streets, squares, parks and railway and bus stations. These display booths were equipped with microscopes, biological specimens and X-ray photos to help people understand how bacteria are spread and the great damage smoking causes in the respiratory organs and so forth. The medical teams also set up advisory offices to publicize sanitation information. Among those who patiently answered the people's questions, many were medical experts, professors and noted doctors.

This was part of the activities of the "National Socialist Ethics and Courtesy Month" which started on March 1 this year.

Workers at the Beijing Railway Station serving boiled water to passengers in a waiting room.



This year the emphasis is on environmental sanitation, public order and public service. Great improvements are already visible:

— By mid-March, violations of traffic regulations by motor vehicle drivers in Beijing had been reduced by 80 per cent from the latter half of February.

— Every bus on 41 of Tianjin bus lines and over 60 stations were clean and tidy. The bus attendants improved their service and were courteous towards the people, evidenced by the fact that they received 180 commendatory letters from the public in 20 days.

— The people in Kunming in southwest China's Yunnan Province moved away garbage and redredged three rivers which flow across the city. At the same time, they planted 240,000 trees and 89,000 flowering plants and built 162 flowerbeds.

Leading cadres in the various provinces, municipalities and autonomous regions were actively involved in similar activities.

— Chen Anyu, first secretary of the Hangzhou city Party committee in Zhejiang Province, took part in a massive effort to maintain traffic order.

— Yin Fatang, first secretary of the Tibet autonomous regional Party committee, served at a counter in a department store in Lhasa. When a Tibetan woman commune member wanted to buy some earrings, he patiently showed her the store's entire stock. When the woman discovered that he was the first secretary of the regional Party committee, she was deeply moved.

— Li Yuanrong, mayor of Jinan in Shandong Province, made an investigation of the back streets and lanes to help improve sanitation facilities or solve whatever problem the people might have.

The socialist ethics and courtesy month has not only changed the appearance of many cities but also helped restore and carry forward the fine traditions and social trends. The young people in many places have conducted "serve-you" and "convenience-for-people" activities, offering helpful services in their spare time. In Fuzhou, Fujian Province, they organized 150 teams to repair bicycles, watches, radio sets and offer other services.

## Young People Learn From Lei Feng

Every childless, elderly disabled person in Beijing is looked after by young volunteers.

Caring for the elderly and the handicapped is one aspect of the campaign to "learn from Lei Feng" and to serve the peo-

ple. Lei Feng, a squad leader in the People's Liberation Army, did numerous good deeds for the people before he died at his post in 1962 at the age of 22. He has since been cited throughout the country as a model of serving the people.

In Beijing more than 100,000 young people have formed 10,000 "learn from Lei Feng groups." Each group is assigned to one or two old people in its neighbourhood and helps them with household chores and shopping or other work.

Young people in other municipalities and provinces have also organized "service groups," "care-offering teams" and "learn from Lei Feng groups" to provide services for childless elderly and handicapped people, revolutionary martyrs' families, and the families of men and women in the armed services.

The Beijing municipal committee of the Communist Youth League and the Beijing Youth Research Society recently co-sponsored a forum on learning from Lei Feng attended by 80 people including theoreticians, cadres in charge of youth work, and advanced individuals and representatives of advanced collectives in learning from Lei Feng.

Addressing the forum participants, Gan Baolu, a philosophy lecturer at the Beijing Teachers' University, said that moral models and principles reflect the economic and social relations in a society. Every ruling class sets up its own models to maintain its rule and interests. In feudal society, filial piety and loyalty to one's superiors were stressed, whereas in socialist society, the emphasis is on people like Lei Feng who serve the people wholeheartedly. "Like a road

sign showing the way, revolutionary models encourage, educate and inspire people to go forward," she said.

Another speaker, Li Yanjie of the Beijing Normal College, whose lectures on socialist ethics and aesthetics have been warmly received by young people and students from all over the country, said that he had come across many people like Lei Feng all over China. He quoted the words of many young people he had spoken with to show that the Lei Feng spirit has blossomed and borne fruits among the present-day younger generation.

Advanced individuals and representatives of advanced collectives present at the forum talked of their experiences in learning from Lei Feng and in educating young people in the Lei Feng spirit.

## FOREIGN RELATIONS

### Chinese Leaders Meet Brazilian Foreign Minister

Ramiro Saraiva Guerreiro, Minister of Foreign Affairs of Brazil, paid a visit to China from March 21 to 28.

Vice-Chairman Deng Xiaoping met with the distinguished Brazilian guest on the morning of March 25 and had a talk with him. Deng stressed the importance of strengthening co-operation among the third world countries. He also gave an account of the current situation in China. He said that the development of relations and strengthening of co-operation among the third world countries are of great importance in the current world situation. Though progress has been made

by them politically and economically, there are still some people in the world today who look down upon them and want to bully them. It is therefore important to develop the relations among the third world countries.

Vice-Chairman Deng also said that the third world countries can learn much from each other. Strengthening of co-operation among them is important to their development.

Deng Xiaoping also spoke about the two important tasks facing China today in its modernization programme. He noted that the streamlining of administrative organizations is going on smoothly. Judging from the situation of the last two months, he added, China's veteran cadres have taken the overall interests into consideration and can withstand the test.

Deng also pointed out the importance of cracking down on criminal activities in the economic field. Failure to do so, he noted, will adversely affect the success of China's open-door economic policy.

"We are now confronted with numerous problems," Deng said, "and some are quite complicated, but they can be solved. In short, China's situation can be summed up as very backward but promising."

During his meeting with Foreign Minister Guerreiro on the afternoon of the same day, Premier Zhao Ziyang stressed that the further promotion of mutual understanding and friendship between China and Brazil will give a new fillip to the development of China-Brazil friendship and co-operation. Zhao Ziyang praised the Brazilian Government for its foreign policy and the Brazilian people for their achievements in economic con-

## Chinese Spokesman on Brezhnev's Remarks

Qian Qichen, a spokesman of the Chinese Ministry of Foreign Affairs, made a statement at a press conference in Beijing on March 26 on the remarks made recently by L. Brezhnev, President of the Presidium of the Supreme Soviet of the USSR. He said:

"We have noted the remarks on Sino-Soviet relations made by President Brezhnev in Tashkent on March 24. We firmly reject the attacks on China contained in the remarks. In Sino-Soviet relations and international affairs, what we attach importance to are actual deeds of the Soviet Union."

struction. He expressed the belief that the two countries will co-operate better in international affairs and that their friendly relations and co-operation will expand in various fields.

Vice-Premier and Foreign Minister Huang Hua, Vice-Premier and Minister of Foreign Trade and Economic Relations Chen Muhua also met with Foreign Minister Guerreiro on separate occasions. They discussed the international situation, bilateral relations and other issues.

A scientific and technical co-operation agreement between China and Brazil was signed in Beijing on March 25.

## Vice-Premier Ji Visits Pakistan

A Chinese Government Goodwill Delegation, led by Vice-Premier Ji Pengfei, went to Islamabad to attend the celebrations of Pakistan's National Day (March 23) and to pay a friendly visit.

Pakistan President Mohamad Zia-ul-Haq met with the Chinese Delegation and held talks with Vice-Premier Ji Pengfei. They exchanged views on bilateral relations and current international issues. They expressed satisfaction at the increasing ties between the two countries and decided to make efforts to further promote bilateral co-operation.

At the banquet in honour of the Chinese Delegation, President Zia-ul-Haq praised the friendship between the two countries, which has stood the test of time. He stressed that both Pakistan and China are not only pursuing a policy of peaceful coexistence and bilateral co-operation but have complete identity of views on all international problems.

In his speech at the banquet, Ji Pengfei said that China is a close neighbour of the South Asian countries. It is China's consistent and sincere hope that all the South Asian countries will eliminate outside interference, iron out their differences in the spirit of mutual understanding and mutual accommodation, continue to improve and develop their mutual relations and make contributions to the maintenance of peace and stability in this region. Ji Pengfei expressed his appreciation of the efforts Pakistan has made in this regard.

The Chinese Vice-Premier said that the people of China and Pakistan are good friends trusting each other. He assured the people of Pakistan that no matter how the international situation may change, the Chinese Government and people will always stand on their side and firmly support them in

their just struggle to safeguard their national independence and state sovereignty and oppose foreign aggression and interference.

The Chinese Government Delegation visited an Afghan refugee camp. At a meeting held in his honour at Nasir Bagh, Ji Pengfei said that the Afghan people, by persevering in their heroic struggle and with international sympathy and support, will surely be able to drive the Soviet aggressors out of their homeland, thereby making it possible for the refugees to return home.

## China and Vanuatu Establish Diplomatic Relations

The Government of the People's Republic of China and the Government of the Republic of Vanuatu have decided to establish diplomatic relations at ambassadorial level as of March 26.

The joint communique signed by the two sides said: "The Government of the Republic of Vanuatu recognizes that the Government of the People's Republic of China is the sole legal Government of China, and supports the efforts of the Chinese Government and people to safeguard their national independence, sovereignty and territorial integrity.

"The Government of the People's Republic of China supports the Government and people of the Republic of Vanuatu in their efforts to safeguard national independence, sovereignty and territorial integrity, and to develop national economy."

The Republic of Vanuatu is a newborn independent country in the south Pacific region. Renmin Ribao pointed out in an

editorial that the development of the friendship and co-operation between China and Vanuatu on the basis of the Five Principles of Peaceful Coexistence is fully in the interest of the two peoples and is of significance to the maintenance of peace in the Pacific region and the world as a whole.

## Protest Against US "Two Chinas" Plot

The Chinese Foreign Ministry sent a note to the US Embassy in Beijing on March 26 to protest against another US move to create "two Chinas" by treating Taiwan as a "separate foreign state" on the issue of immigration.

The note demanded that "the US Government take prompt measures to correct the said mistake and guarantee against the recurrence of similar incidents in the future."

The US Congress last December adopted an amendment to the international security and development co-operation act of 1961. In pursuance of this amendment the US Government has announced that in every fiscal year 20,000 immigrant visas will be made available to Taiwan separately. The amendment came into force after being signed by the president last December 29.

According to the US immigration and nationality act, an independent country or certain other political entities such as a self-governing dominion, a mandated territory, or a territory under the international trusteeship system of the United Nations, treated as a "separate foreign state" by the US Government with the approval of the secretary of state, can be granted immigrant visas not exceeding 20,000 in any fiscal

year. After the establishment of Sino-US diplomatic relations, the US Government had included all Chinese immigrants in the United States, both from China's mainland and Taiwan Province, in the quota of Chinese immigrants until the said amendment was adopted.

But, the "Taiwan relations act" of 1979 stipulates in principle that Taiwan may be treated as a state for purposes of the immigration and nationality act. This is an unjustifiable provision which violates the principles set in the communique on the establishment of Sino-US diplomatic relations, disregards China's sovereignty and constitutes an interference in China's internal affairs.

The said amendment announced in clear terms that "the approval referred to in the immigration and nationality act shall be considered to have been granted with respect to Taiwan (China)."

We do not oppose an increase of the quota of Chinese immigrants in the United States (including those from Taiwan). But obviously, the amendment in essence separates Taiwan from China and treats it as a "separate foreign state." Legally, the amendment is a step further to put into effect the relevant provisions of the "Taiwan relations act." This is an open act of creating "two Chinas" on the part of the United States.

Upon learning about this act of legislation aimed to create "two Chinas" last November, the Chinese Embassy in the United States expressed in explicit terms to the US side its objection. Yet, the US Congress still adopted the amendment and President Reagan signed the document to bring it into force. Afterwards, the State Depart-

ment started to put it into practice. Chinese Ambassador Chai Zemin in Washington sent a letter to congressman Stephen Solarz, Chairman of the House Subcommittee on Asian and Pacific Affairs, on last February 8 to reaffirm the consistent stand of the Chinese Government against the US treatment of Taiwan as a country or an "independent entity." A copy of the letter was sent to the State Department.

A Chinese Foreign Ministry source pointed out that the legal status of Taiwan, as a part of China's territory, has been recognized by over 100 countries and the United Nations. The US Government confirms it in the communique on the establishment of Sino-US diplomatic relations. The "Taiwan relations act" and the amendment to the international security and development co-operation act, by treating Taiwan as a state on the issue of immigration, openly violate the communique and the norms of international relations.

## ECONOMIC

### Postal and Telecommunications Services

More funds will be appropriated to develop China's postal and telecommunications services between this year and 1985. This is aimed at effecting major improvements in its international and domestic services.

Investments earmarked for postal and telecommunications use will amount to 250 million yuan this year, accounting for 1.2 per cent of China's total investments on capital construction for 1982. In the past, investments in this field averaged only 0.8 per cent of the total.

Due to insufficient funds, postal and telecommunications services are comparatively poor. In China today, there are only 4.3 telephones for every 1,000 people, lower than the numbers in India and Africa. In large and medium-sized cities, too few telephones have been installed and reception is erratic and unclear. The inadequate services in this field have seriously affected modernization in other fields.

Certain improvements have been made during the current period of economic readjustment. In the past three years, 270,000 telephones and 5,000 long-distance telephone circuits were installed in the large and medium-sized cities. At present, automatic and semi-automatic long-distance dialling has been introduced in 23 provincial capitals. International telephone services have developed markedly. Revenue from international telephone services in 1981 increased by 56 per cent over that of 1980.

In the next three years, China plans to increase the number of urban telephones from the present 2 million to 2.7 million. Automatic long-distance dialling will be introduced in the capitals of all provinces and autonomous regions as well as in the three municipalities directly under the central authority. International telephone services will be made more convenient in Beijing, Shanghai and Guangzhou, all of which have closer ties with foreign countries.

In order to develop China's postal and telecommunications services as quickly as possible, the state has adopted other preferential economic policies.

Beginning this year, the Ministry of Posts and Telecom-

munications and the local bureaus will be allowed to retain 90 per cent of their profits and foreign exchange income mainly for use in upgrading equipment. Formerly, they were only allowed to retain 80 per cent of their profits and 60 per cent of their foreign exchange earnings.

In the next three years, the ministry will borrow an increased amount of low-interest bank loans for the purpose of importing programme control telephone exchange systems and streamlining the facilities in Beijing, Shanghai and other cities.

### 130 Projects Open to Foreign Investors

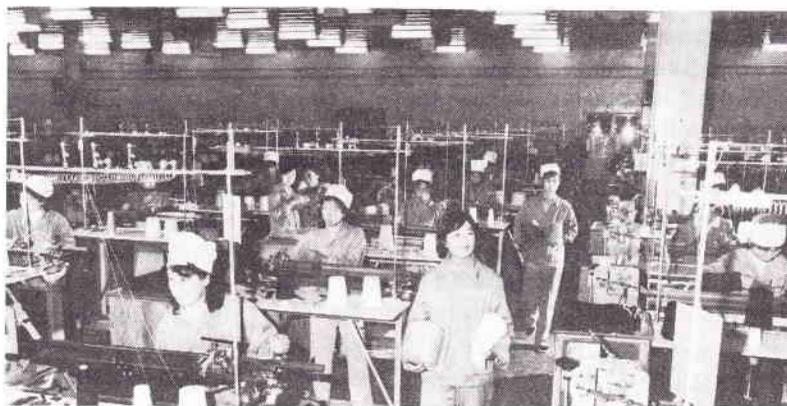
China will present 130 projects to potential foreign investors at the China Investment Promotion Meeting to be convened in Guangzhou June 7-11.

Sponsored jointly by the United Nations Industrial Development Organization and China's new Ministry of Foreign Trade and Economic Relations, the meeting will introduce foreign business representatives to the sponsors of the projects and Chinese departments concerned.

Selected from the 280 proposed throughout the country, the projects are located in 23 provinces, municipalities and autonomous regions. They will require a total investment of 1,656 million US dollars (48 require 10 million US dollars or more each). Foreign firms are expected to invest 900 million US dollars.

These projects involve various industries, including the light, textile, chemical, building-material, machine-building, metallurgical, electronic and instruments and meters industries. Five of them need to be built from scratch, the others require expansion or renovation. China will give these projects sufficient guarantees in investment, in the supply of raw materials and energy and in the means of transportation. Their products will be marketed at home and abroad.

To facilitate approval, the Chinese Government has delegated power to Beijing, Tianjin, Shanghai and Liaoning Province to examine and approve projects with an investment of less than 5 million US dollars; the other provinces and autonomous regions may examine and approve projects with an investment of



A woollen mill jointly built by China and Japan in Inner Mongolia.

less than 3 million US dollars. Guangdong and Fujian Provinces may approve projects with any amount of investment provided that they can ensure the supply of raw materials, funds and energy.

Recently, an agreement on jointly conducting a feasibility study on the development of the Pingshuo Open-Cast Coal Mine in north China's Shanxi Province was signed by the China National Coal Development Corporation and the Occidental Petroleum Corporation of the United States.

According to the agreement, one of the world's biggest surface coal mines will be launched in Shanxi Province, as a contractual joint venture with joint commitments of investment and risks. Its planned yearly output is 15 million tons.

More than 1,000 joint ventures and co-operative and compensatory trade items with foreign businesses, totalling 2,900 million US dollars in investment, have been approved by the Chinese Government since the adoption of the open-door policy and the promulgation in 1979 of the Law Governing Joint Ventures With Chinese and Foreign Investments. Those already in operation are running smoothly and they provide valuable experience in this respect. China is gradually improving the various laws concerning joint ventures and co-operative businesses so as to provide more favourable conditions for foreign investors.

## **How Shall Foreign Enterprises Pay Income Tax?**

The Ministry of Finance issued the Detailed Rules and Regulations for the Implemen-

tation of the Foreign Enterprise Income Tax Law in February. (For full text, see p. 20.)

The regulations were worked out after repeated investigation and study of the actual conditions of foreign enterprises in China and the practical experience in the implementation of the income tax law concerning joint ventures using Chinese and foreign investment.

The detailed regulations specify that for small and low-profit foreign enterprises (with annual incomes of less than one million yuan), the local surtax may be reduced or waived upon decisions by the government of the provinces, municipalities, or autonomous regions where the enterprises are located. This is an indication of the lenient policy of the Chinese Government on the tax burdens of medium-sized and small foreign enterprises. It also shows that the state pays attention not only to large projects but also encourages the development of medium-sized and small joint ventures.

Compared with the practice in other countries with regard to taxes levied on medium-sized and small enterprises, China's regulations are more generous.

Concerning the recovery of investments for enterprises that engage in the joint exploitation of China's offshore oil resources and natural gas, the regulations provide that for the fixed assets from the development period and after, the depreciation will be calculated for the project as a whole, and the depreciation period must not be less than six years. The rational expenses for exploration may be amortized from the income derived from the oil or gas in the commercial production period, and the amortization period must not be less than one year.

In view of the fact that foreign enterprises in China will inevitably have financial relations with their head offices, the regulations specify the items that can be listed as expenses. They also clarify the division between capital expenditures and expenses and define the depreciation and amortization system.

The principle for the depreciation of fixed assets is to allow acceleration of depreciation and quick recovery of investment in line with the principles laid down in the income tax law concerning joint ventures using Chinese and foreign investment.

On the income derived from China, the regulations provide a detailed explanation and supplementary provisions on the scope of tax remittance for income derived from the interests on the loans granted to national banks of China at preferential rates.

In order to encourage foreign enterprises and other economic organizations to deposit money in China's national banks, the detailed regulations provide tax exemptions for income from the interest on bank savings with lower interest rates than the international monetary market. The regulations also specify the procedures and principles for calculating losses and profits.

To simplify the process of taxation, the regulations stipulate that if a foreign enterprise is unable to pay tax in the prescribed tax year, it may file an application with tax authorities and the 12 month fiscal year of the enterprise may be followed. If an enterprise operates for less than a year in China, the income tax will be computed by the prescribed tax rate according to the actual income of the year.

## A Comment on Brezhnev's Tashkent Speech

**S**OVIET leader Leonid Brezhnev recently announced that the USSR is ready to "improve" Sino-Soviet relations.

Brezhnev made the announcement on March 24 in a speech at a mass rally in Tashkent. In the speech he also declared that the Soviet Union will adhere to the "principled position" adopted on China at the 25th and 26th Congresses of the Communist Party of the Soviet Union.

The Beijing press has noted that Brezhnev chose a troubled moment in Sino-US relations (resulting from US arms sales to Taiwan) to state the Soviet Union's opposition to the "concept of two Chinas," to present its "recognition of the sovereignty of the People's Republic of China over Taiwan island" and to profess his readiness to discuss "improvement" of Sino-Soviet relations. According to the Beijing press, this provides food for thought.

The Soviet leader has made similar remarks in the past, but they have not been followed by substantive actions.

Even though large numbers of Soviet troops are still deployed along the Sino-Soviet border, Brezhnev denied in his speech that the Soviet Union constitutes a threat to China. He also said that his country has never interfered in China's internal affairs.

As a sovereign state, China has every right to pursue in-

dependent policies. Within this context, China criticizes the Soviet Union's expansionist policies. However, in his speech Brezhnev accused China of pursuing foreign policies which work in concert with the policies of imperialists. He also

charge that China's policies are "at variance with socialist principles and standards."

The fact that the Soviet Union, while professing willingness to "improve" relations with China, made such accusations has led people to conclude that the true value of Brezhnev's remarks should be judged in light of the Soviet Union's subsequent deeds.

— *Xinhua Correspondent*

## A New Round of Struggle Over Petroleum

**T**HE oil ministers of the Organization of Petroleum Exporting Countries (OPEC) decided to maintain the current price of \$34 a barrel for crude oil and to reduce oil production from 19 to 17.5 million barrels a day beginning April 1.

The agreement was announced in a communique issued after a two-day ministerial meeting. These measures are being taken by OPEC to cope with the declining price of oil caused by the imbalance of supply and demand on the world oil market. Saudi Arabia, the biggest oil exporter, announced after the meeting that it will cut its crude oil production to cope with pressure from the superpowers and Western oil companies. These developments suggest that a new round of struggle is developing over petroleum.

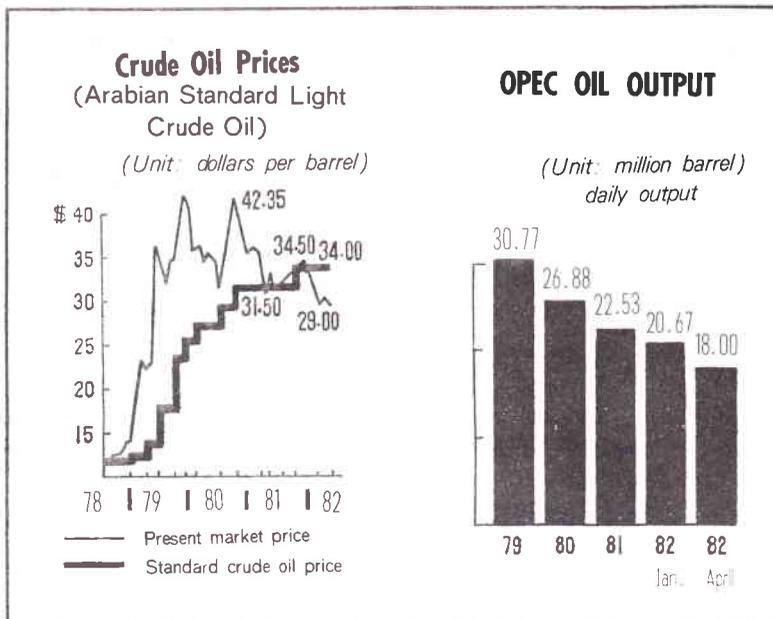
### The Declining Oil Price

Despite decreased oil production, a "glut" developed early

last year. The demand for oil on the world market has declined approximately 26 per cent since late 1981, resulting in a daily surplus of 5-7 million barrels. Overproduction and excess supplies have caused the price of oil to drop. In the Western oil market, the price per barrel has decreased from \$40 a year ago to the present \$28 per barrel. OPEC now faces the most serious challenge since its founding.

Demand for oil began declining when economic recessions hit those Western countries causing industries to cut back on costs by saving energy. Some industrial countries have had to decrease oil imports and use other sources of energy. Oil consumption in the seven major Western developed countries has reportedly declined 23 per cent during the past three years.

The sharp reduction of oil consumption has caused the price of oil to drop. Furthermore, the superpowers and



some international oil companies have flooded the world market with large quantities of petroleum, thus worsening the situation and causing oil prices to decline. This has evidently been done to divide the OPEC countries and destroy the organization.

New discoveries in Britain's North Sea and in Mexico have also contributed to the surplus of oil on the world market.

The Soviet Union, which calls itself a "natural ally" of third world countries, has profited from selling large quantities of light oil and oil products on the spot market in Rotterdam of the Netherlands. This has caused the price of light oil to drop by 15 per cent during the past few months.

### OPEC's Challenges

The oil surplus and declining price have placed the OPEC countries in a very difficult position. Suffering from its war with Iraq, Iran has been experiencing economic problems and badly in need of exporting crude oil to acquire foreign currency. Therefore, Iran has recently reduced its oil price to

\$30.2 per barrel. Venezuela has reduced its oil price several times and other OPEC member countries have also reduced their prices. In order to stabilize the oil price, some member countries are demanding that Saudi Arabia cut its oil production, which constitutes 40 per cent of OPEC's total oil production. Although Saudi Arabia initially rejected this suggestion, on March 6, the Saudi Minister of Petroleum announce-

ed that his country had cut its production ceiling from 8.5 to 7.5 million barrels a day. The Saudi decision led to the convening of the recent ministers' meeting to unify OPEC's oil production and price.

The agreements reached by the OPEC oil ministers on oil prices and production indicate that in order to cope with the ever-worsening world oil market member countries are striving to narrow their differences to safeguard common interests. Given the world's present production practices and the stagnating economies of the major industrial countries, oil supplies will certainly continue to outstrip requirements and oil prices will continue to drop. It is still questionable as to whether OPEC's recent agreement to reduce oil production can maintain the current price. OPEC still faces an arduous situation. Therefore, it is imperative that the organization's member countries continue to eliminate their differences and seek greater unity.

— Fu Yanfeng

## Israeli Provocations in the West Bank

ISRAELI authorities recently dismissed the Arab mayors of the West Bank cities of Nablus and Ramallah for alleged opposition to "civil administration."

The El Bireh city council was dissolved a week earlier on the same pretext, a move which touched off a wave of West Bank and Gaza Strip protests.

"Civil administration" is part of the "new policy" announced last August by Israeli Defence Minister Ariel Sharon. Its objec-

tive is to maintain Israeli occupation of the West Bank by undermining Arab support for leadership by the Palestine Liberation Organization and by increasing emphasis on Israeli "civil administration." If they succeed, these actions will divide the Palestinians and deny them their right to establish an independent Palestinian state.

The Palestinian people, who desire self-determination, strongly oppose the "new policy." The mayors of many

West Bank cities have refused to co-operate with Israel's "civil administrators."

Israeli paratroops, armed police and armoured personnel carriers dispatched to suppress Arab protesters have killed and wounded a number of Palestinians. Nonetheless strikes and demonstrations continue. The Israeli Knesset's (parliament) March 23 no-confidence vote on the Begin administration resulted in a 58-58 tie. This shows that the Begin administration is now battling for survival.

Despite US support, Begin's administration has become

increasingly isolated in the world because of its aggressive policies. In addition, many Arab countries have responded to this recent crisis by staging strikes and demonstrations to show their support for the Palestinian people.

Israel has maintained control over seized Arab lands for a long time under the pretext of ensuring its security. This kind of aggression can only breed hatred. Israel will bear the consequences of its leaders' provocative actions.

—Zhong Tai

## Why Was Ustinov in India?

A massive Soviet military delegation led by Soviet Defence Minister Ustinov was recently sent to India for a six-day visit. The visit is obviously designed to maintain the Soviet Union's domination of India's military imports. Nearly 70 per cent of India's military hardware reportedly comes from the Soviet Union. But the Indians are dissatisfied with the poor quality of the Soviet equipment. *Organizer*, an Indian weekly, recently revealed that the Mig-21s used by the Indian air force have the highest crash rate in training. "A Mig-25 plane crashed in a trial flight over Uttar Pradesh not long ago and the Russians even refused to let the Indian airmen to see the wreckage," it added.

Moreover, Moscow often delays the delivery of advanced equipment and parts. Thus, "India becomes reluctant to

purchase new planes from Russia."

India is beginning to turn to the West for military equipment and to reduce its dependence upon the Soviet Union. According to *Sueddeutsche Zeitung* of West Germany, India has imported 85 fighters from the US, acquired ordnance from Sweden, clinched a 800 million mark submarine deal with West Germany and signed an agreement of 40 Mirage 2,000 planes with France.

Such Indian actions have alarmed Moscow which is not content to let the West capture a considerable portion of the 9,000 million rupees which the Indians have budgeted for defence expenditures.

### Main Purpose

As soon as he arrived in India, Ustinov told journalists that India should not feel unhappy

with its military relationship with the Soviet Union. The visit, he said, will help to solve any problems regarding military relations between the two countries.

During his visit, Ustinov talked with Indian Prime Minister Indira Gandhi and Indian Defence Minister Ramaswamy Venkataraman. For some reason, no aides but one interpreter was present. The major topic of their talks is military co-operation between the two countries. Ustinov repeatedly said that his country will do its utmost to help India strengthen its defence capability. He also promised continued efforts to help India achieve self-reliance in this regard. The Soviet Union will reportedly license India to make Mig-23s and is likely to supply Mig-27s.

Though the visit has been described by Ustinov as "fruitful," no high-ranking Indian officials have commented. An Indian Defence Ministry spokesman said that the two sides conducted a wide range of discussions but signed no official agreement. According to the Indian Defence Ministry, Ustinov asked India not to diversify its sources of military supplies after he had expressed the Soviet aspiration to strengthen military co-operation with India. This constituted an attempt to prohibit India importing military equipment from the West in order to maintain Soviet monopolization of India's military purchases. India has not commented on the Soviet Union's unscrupulous demand. An Indian magazine said: "All these show that the Soviet promise to supply Mig-27s is devoid of any value."

—Yu Ying

## Reducing the Birth Rate

**I**NDIA was the first country to have an official policy curbing population growth.

Family planning was begun in 1951 and in 1963 it was officially announced that the annual population growth rate would be lowered from 41.2 per thousand to 25 per thousand within a decade. This has not been achieved, but the rate had been reduced to 36 per thousand last year.

### Immense Obstacles

There are numerous reasons why India has not managed to meet its population control goals. In addition to problems resulting from centuries of colonial rule India is also hampered by deep-rooted religious opposition to birth control. Moreover, 78 per cent of the population resides in the rural areas where the family is the basic production unit and most people believe that larger families earn more. Another factor is the high rate of illiteracy, which is 75 per cent among rural women. Early marriages and local customs also encourage high birth rates.

The problem is complicated by dissenting views on this subject among political parties, political factions and castes. The government's population control programme has also failed to win popular support because it has not been augmented by appropriate publicity designed to create powerful social pressure. The government was satisfied with merely issuing calls until the late 1970s when it impatiently introduced compulsory measures, many of which gen-

erated widespread public opposition.

### New Measures

After Indira Gandhi returned to power in 1980, the government devoted increased attention to winning the public for its population control programme. The Indian Government and parliament have stressed both the necessity and urgency for family planning, declaring that the issue transcends religion, caste and political leanings. Action at the central, state and local levels has been co-ordinated to ensure effective family planning.

The mass media, schools and universities are being used to

develop support for population control. Various classes have been set up to teach family planning methods and to help people understand the significance of population control. Family planning centres have been set up in rural areas and a national committee has been founded to co-ordinate them.

India is one of the world's most populous countries and it continues to have a high population growth rate. In 1951, its population was 350 million. By 1981 it had increased to over 700 million. This high rate of population growth has generated many problems. Because many third world countries are experiencing population problems similar to India's, that country's recent efforts to cope with this crucial issue is attracting widespread attention.

—Hou Wenruo

## Guatemala From Election to Coup

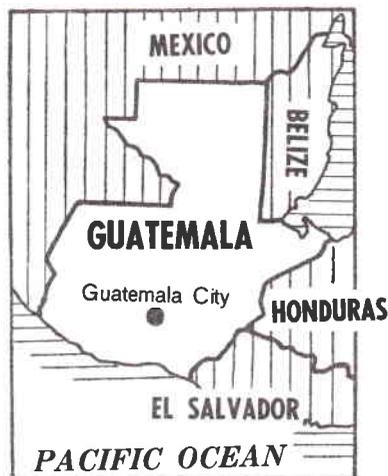
**A** GROUP of young military officers staged a coup d'etat in Guatemala on March 23, and overthrew outgoing President Romeo Lucas Garcia. The coup's leaders have established a military junta led by member of the Christian

Democratic Party and retired general Efraim Rios Montt.

### After the Election

When the Guatemalan presidential election took place on March 7, 1.06 million of the nation's 2.25 million eligible voters went to the polls. None of the four presidential candidates got more than 50 per cent of the votes. General Anibal Guevara, candidate of the ruling Popular Democratic Front and former Minister of Defence, received the most support, but he got only 35 per cent of the votes. After the election, major disagreements emerged among the various parties.

On March 9, the opposition parties held a demonstration near the Presidential Palace in order to register protests because of alleged fraud for the ruling party candidate. Three



of the presidential candidates were arrested while attempting to deliver a written note to the president which demanded that the election's results be annulled. According to the Guatemalan constitution, the congress was authorized to appoint Anibal Guevara president because the leader of the National Liberation Movement, Mario Sandoval Alarcon, who received the second highest number of votes, withdrew from the election. The opposition parties refused to recognize Guevara's appointment, claiming that he hadn't received sufficient public support.

### Coup's Background

Guatemala has many political parties and has been ruled by a military government for many years. As a result, its political situation is chaotic. None of the political parties which participated in the election offered viable solutions to the country's increasing violence, its serious economic crisis or its isolation. Moreover, they devoted a great deal of energy to attacking each other.

The army is also divided. Some officers did not want to relinquish power. Although the government attempted to ease the conflicts by conducting the election, its result has not satisfied the opposition parties.

Some Right-wing terrorist organizations have murdered dissidents and subjugated the people. As a result, the situation is more chaotic than it was before the election.

Rumours of a military coup began to circulate in Guatemala City on March 9. One newspaper reported that a military junta would probably emerge within a few days in order to end the

demonstrations and post-election chaos. The army's chief of staff denied that a coup was being planned. He said that a coup would only generate a situation similar to the one which presently exists in El Salvador. However, the army took power 14 days later.

The coup's leader has declared intentions to conduct an honest election, eliminate corruption and establish democracy. They

are also attempting to cope with Guatemala's economic problems and end its diplomatic isolation. The coup was reportedly supported by six garrisons and the candidates of the National Liberation Movement and the Christian Democratic Party.

Disorder produced the coup, but whether the coup will put an end to the disorder remains to be seen.

— Guan Yanzhong

## The Columbia Shuttle in Arms Race

THE United States launched its Columbia space shuttle for the third time on March 22, despite complications arising from a changed landing site. The haste to get the Columbia off the ground again is another indication of the intense arms rivalry between the two superpowers.

The US space shuttle programme is well behind its announced schedule. Regular flights were supposed to begin in September this year; once a fortnight. But US space authorities are now speaking about one flight every five to eight weeks. And that schedule may not be implemented until 1984 or 1985, say some NASA officials.

The haste in dispatching the Columbia was apparently prompted by the recent Soviet soft-landings on Venus. Each superpower is charging the other with trying to obtain a military advantage in space. The Soviets are accusing the United States of carrying out space experiments for military purposes while accelerating their efforts to develop a laser weapon system to shoot down "hostile" satellites. American

military officials say the Soviets have a research and development programme for laser weapons three to five times the size of a similar American effort. Both the US Secretary of Defence and the President have declared that the United States must invest more heavily in developing and producing more sophisticated weapons, including weapons systems in space.

The accelerating arms race between the two has generated opposition inside the United States. Some people are saying that the space shuttle programme is too costly. During the 10 years it has taken to develop the space shuttle, the US economy has lost a lot of momentum. Rising costs have also hampered the space programme. Some projects have been discontinued. This has led some scientists in the United States to charge that their country is losing its lead in the space race. They say that urgent steps must be taken to reverse this.

However much the United States and the Soviet Union try to hide it, they are engaged in an arms race in space and the Columbia is a part of this race.

— Mi Seli

# How to View Our Party's Style of Work

by Wang Renzhong

*"Hongqi" issue No. 5, 1982, carried a speech by Wang Renzhong, a Member of the Secretariat of the Party Central Committee, at a meeting on February 11, 1982, attended by responsible members of the departments directly under the Hubei provincial Party committee. The following is an abridged translation of the first part of the speech. — Ed.*

THERE are two incorrect evaluations of our Party's style of work. One, held by a tiny number of people, is that our Party has been corrupted and is hopeless. This position says further that the Party must be overthrown and a change of regime is imperative. This view is held by the remnant elements of the gang of four, including such people as Jiang Qing and Zhang Chunqiao who have been put behind prison bars. The people in society who echo them are heads of illegitimate organizations and publications. What these people say and do are counter-revolutionary and must be exposed and criticized. In addition, some other injudicious people, especially some young people, have agreed to such statements and have lost confidence in our Party. We must criticize and educate them, and warn them not to be taken in by the enemy. There were many such people prior to the first half of last year. Now the situation has been improved greatly.

The other incorrect view is that there are no serious problems in our Party's style of work. This view is also held by a very small number of people. In their opinion, to talk about the degeneration of the Party's style of work is merely being alarmist; and to say that the Party's style of work is a matter concerning the life and death of the Party is sheer exaggeration. As for the repugnant practices of establishing underhand connections for the sake of personal gain, securing advantages through pull

or influence, putting up buildings for private use with public materials, transferring one's relatives or friends from the countryside to the cities and privilege-seeking, these people think that these are trivial matters. But they do not understand that it is precisely these matters that have made the people feel dissatisfied with our Party and have damaged the Party's image and prestige among the people. What is more, these things are not rare. For instance, the phenomenon of building private houses is rather common. Some cadres have used farm and vegetable land to build private houses, have embezzled state property or have illegally used the labour force of the collective and urban building teams. Some of the cases are extremely serious. At first, they say a building is being erected for the workers, but when it is finished, it is reserved for the use of the leading cadres. The masses are, of course, dissatisfied with this.

What merits our particular attention is that in our Party, army, state organs, enterprises and institutions, there are criminals who engage in such reprehensible practices as smuggling, giving and accepting bribes, speculation and profiteering, graft and embezzlement. Up to now, we have not discovered a province that is devoid of such problems. Of course, things vary from area to area; some places have more serious problems than others. In some places, smuggling has been taking place on a stupendous scale.

Up to now, the highest-ranking persons convicted of criminal activities were the head of the Guangzhou posts and telecommunications bureau and his wife. Are they really the highest ranking people who have committed such crimes? It would be foolish to guarantee that none of a higher rank will be exposed. The Party Central Committee is determined to thoroughly investigate this problem. In dealing

with crimes in the economic field such as graft and embezzlement, speculation and profiteering as well as with smuggling, the higher the rank of the cadres involved, the more severe punishments will be meted out to them. The Communist Party forbids its cadres from providing cover for each other in offences against the law.

It is necessary to have a correct evaluation of the Party's style of work. On the one hand, we must see that we have not brought about a fundamental turn for the better in our Party's style of work. On the other, we must see that considerable improvements have been made.

What are the major indications of the improvements? First of all, we now have a good Party Central Committee. Our current Party Central Committee has really restored and carried forward our Party's fine traditions and its fine styles of work of integrating theory with practice and keeping close ties with the masses as well as criticism and self-criticism. Our Party Central Committee now indeed performs its functions according to the principle of democratic centralism. No longer is policy determined by the word of one man or a few people.

Our Secretariat of the Party Central Committee is only authorized by the Political Bureau to decide on and deal with concrete matters in daily work. All decisions by the Secretariat on major matters concerning principles and policies must be approved by the Political Bureau or its Standing Committee before they are circulated as directives of the Party Central Committee. Usually, the meetings of the Secretariat are presided over by Comrade Hu Yaobang. If the meetings discuss important problems in government and economic work, they are also attended by Comrade Zhao Ziyang. Of course, we all respect the opinions of Comrades Hu Yaobang and Zhao Ziyang, but this does not mean that whatever one man says is uncritically approved. Decisions can only be made after collective discussion. In our discussions everybody, including those comrades who attend the meetings of the Secretariat but are not its members, may dissent from another's views. So long as there are different opinions, the Secretariat adopts a prudent attitude and decisions are not finalized. All comrades in the Secretariat, including our General Secretary, carry out earnest criticism and self-criticism, either at meetings or in private. The Political Bureau does the same as well.

The central authorities have taken the lead in streamlining the government structure, training cadres in rotation, raising work efficiency and overcoming bureaucracy. This is a profound revolution in our government system. The central authorities have taken the lead in this revolution and have set an example. It will be carried out in the localities when experience has been acquired.

No leading comrades in the central authorities have been discovered to violate the Party Central Committee's regulations on accommodations or other similar matters. All Political Bureau Members, Vice-Premiers of the State Council and Vice-Chairmen of the NPC Standing Committee could use two cars. The present regulations stipulate that each is entitled to only one, so now each of them uses one car. In the past, leading comrades in the central authorities could have special private film showings. The Party Central Committee decided to stop this practice in accordance with the opinions of the people. Now, if we want to see a film, we buy tickets and see it as a group. When leading comrades in the central authorities return from visits abroad, all gifts they have received are handed over to the state, except souvenir badges.

Now, Zhongnanhai [the place where the Party Central Committee and the State Council are located] is open on Saturday and Sunday and people can buy tickets to visit it. The Great Hall of the People has also been opened to the public for visits, and mass organizations and the various associations can hold meetings there. In the past they were not open to the public.

Before the "cultural revolution," summer meetings of the central authorities were held on Lushan Mountain or in Beidaihe [both are summer resorts]. There is no such thing now. No leading comrades in the central authorities take any holidays, except those who are advanced in age or are ill and receive permission to rest in other places. Otherwise, healthy members even continue working on Sundays.

In these ways, it can be said that the style of work of the Party Central Committee is even better than before the "cultural revolution." The fine styles of work which prevailed during the Yanan period, the period of the Liberation War and in the early post-liberation days have been restored. □

# Successful Synthesis of Yeast Alanine T-RNA

**A** SYMPOSIUM of the Chinese Academy of Sciences held in January 1982 announced: The yeast alanine transfer ribonucleic acid synthesized for the first time in the world by the Chinese scientists is identical in chemical structure with natural T-RNA and is biologically active. This achievement marks a significant progress in human exploration of the life sciences.

The synthesized yeast alanine T-RNA molecule contains all the rare nucleotides contained in the natural molecule and shows similar biological activity in transferring alanine into protein in a cell-free protein synthesis system.

Nucleic acids and proteins are the fundamental building materials of living organisms. Without nucleic acids and proteins there would be no life. Scientists discovered nucleic acids in cell nuclei over a century ago. Since the 1950s, much efforts have been made to synthesize nucleic acid. However, as the structure of nucleic acid molecules is quite complicated, until China's recent success, no scientists in the world had succeeded in synthesizing biologically active ribonucleic acid identical in chemical structure to the natural molecule.

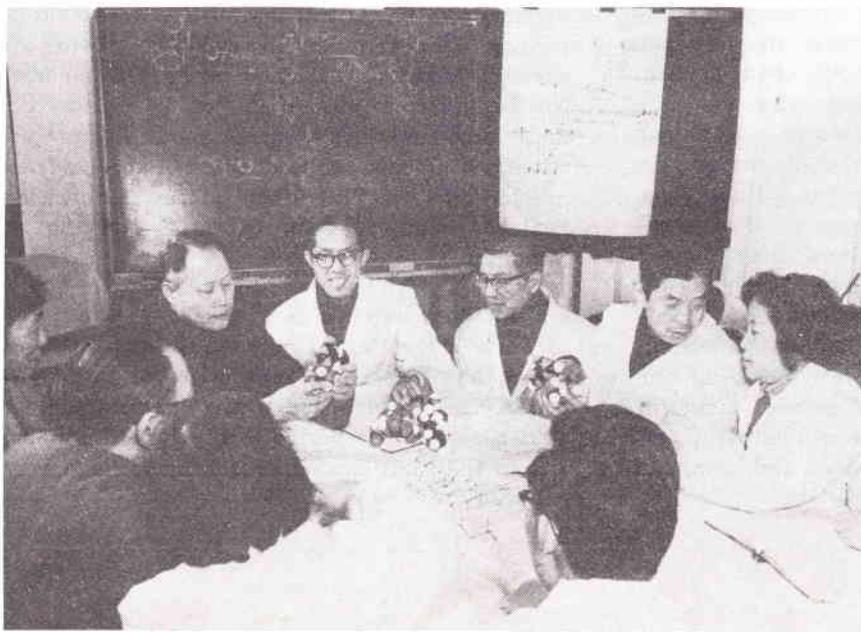
Encouraged by their success in synthesis of bovine insulin in 1966, the Chinese scientists

started their work on synthesis of yeast alanine T-RNA in 1968. This ribonucleic acid is composed of 76 nucleotides. After many years of efforts, they prepared 11 kinds of nucleotides, 10 relevant enzymes and necessary chemical reagents for T-RNA synthesis. They used combined chemical and enzymatic methods to join nucleotides step by step into oligonucleotide fragments of various length. The larger fragments were then joined into two half molecules and finally into the whole molecule of 76 nucleotides on November 20, 1981. All five of the experiments repeated later proved successful.

The synthesized yeast alanine T-RNA is a product of collaborated efforts by nearly 200 scientists from several institutes of the Chinese Academy of Sciences (including the Institutes of Biochemistry, Cell Biology and Organic Chemistry in Shanghai, the Institute of Biophysics in Beijing), the Department of Biology of Beijing University and the Shanghai No. 2 Reagent Factory.

The success of yeast alanine T-RNA synthesis will promote the study of the structure and function relationship of ribonucleic acid, the study and production of reagents and enzymes for nucleic acid research work as well as the production of a number of ribonucleic acid derivatives which could prove effective against tumours, cancers and other diseases caused by virus infection.

Scientists discussing the structure of models of synthesized nucleotides joined into oligonucleotide fragments.



## Final Two Days of Synthesis

As dusk fell over Shanghai at 18:00 hours on November 18, 1981, seven scientists were gathered at the nucleic acid laboratory of the Institute of Biochemistry. The final step in the experiment that would successfully synthesize yeast alanine transfer ribonucleic acid was

about to be taken. Once again, every detail of the plan was checked.

At 20:00 hours, the work started. The tension mounted as each operation was conducted. Although they had done similar experiments many times, every step was checked and double checked. The final product was sealed in a test tube and refrigerated to allow chemistry to take its course.

At 13:00 hours on November 19 the tube was removed from the refrigerator and the examination of the synthesized substance began. Many scientists anxiously awaited the report.

At 17:00 hours, the first result reported was that the synthesized product had an alanine accepting activity.

At 09:00 hours the next morning, November 20, the second report said that the ligation had reached 50 per cent and that in a polyacrylamide gel electrophoresis, the positions of the nucleotides were the same as in natural T-RNA.

On that same evening, scientists waited at the isotope examination laboratory of the Shanghai Institute of Cell Biology for the final results. At 18:20 hours it was confirmed that

they had succeeded in synthesizing yeast alanine T-RNA.

### **Unflagging Research Efforts**

The work was begun in February 1968 when the Chinese people were caught up in the turmoil of the "cultural revolution." In this very difficult political situation, the scientists started their preparatory work. The Shanghai No. 2 Reagent Factory worked in co-operation to trial-produce nucleotides and managed to turn out four common nucleotides in a period of about two years. Then, laboratories produced the other seven rare nucleotides. Chemists of the Shanghai Institute of Organic Chemistry under Wang You, a noted organic chemist, simplified the original synthesis of thymidylic acid, a rare nucleotide, from 13 steps into two. Researchers at the Shanghai Institute of Biochemistry and the Institute of Biophysics helped prepare pseudouridylic acid and worked on the joining and breaking apart of natural ribonucleic acid. This laid the groundwork for the total synthesis.

The research group for the synthesis of yeast alanine T-RNA was headed by Professor Wang Debao, 63, noted nucleic acid scientist and

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## **Nucleic Acid and Its Synthesis**

**W**HY do children take after their parents? After long years of research, scientists finally found the secret: It is the result of the interactions between proteins and nucleic acids, which act as fundamental hereditary material in living organisms.

Nucleic acid, a chemical substance, is a macromolecule existing in all living organisms. It was named nucleic acid because this acidic molecule was first found in cell nuclei. Nucleic acids can be classified into ribonucleic acid (RNA) and deoxyribonucleic acid (DNA) according to their chemical composition. Each is composed of as few as several dozen or as many as tens of thousands of small molecules — nucleotides covalently linked together to form polynucleotide chains which look like twisted necklaces. The nucleic acid content in a living organism is very low. The nucleic acids of 20,000,000 million eggs are only of the weight of one egg.

DNA is the genetic material of living organisms. The biological function of DNA is to store the genetic information of an organism and pass the information to the later generations through reproduction.

RNA is responsible for transferring the genetic information from DNA to proteins.

Therefore, its important function is to guide and participate in the syntheses of proteins. Without nucleic acid there would be no protein. Each of the known proteins is composed of 20 different kinds of amino acids, whose arrangement within the protein is coded by the message within the nucleic acid.

Nucleic acids also have many other functions.

The work of synthesizing nucleic acids started at the end of the 1950s. At present, scientists from many countries, including the United States, Japan, West Germany, the Soviet Union and Czechoslovakia, are engaged in this field of research.

The yeast alanine T-RNA successfully synthesized by the Chinese scientists is one kind of ribonucleic acid. The synthesis of nucleic acid is far more difficult than the synthesis of protein, and the synthesis of RNA is much more difficult than the synthesis of DNA. Scientists from most of the countries mentioned above are working on DNA synthesis. The main RNA synthesis work is being pursued in China, Japan, Britain, Canada, the Netherlands and Poland.

The purpose of nucleic acid synthesis is to study the relationship between the structure and function of nucleic acids and their role in biological processes, thus benefiting mankind with increased knowledge of life sciences.



Professor Wang Debao explaining the process of synthesizing yeast alanine T-RNA.

a research fellow of the Shanghai Institute of Biochemistry under the Chinese Academy of Sciences. In 1948 and 1949 he studied at Washington University, St. Louis, in the United States and did research under Professors Carl and Gerty Cori, Nobel prize winners in 1947. Seven of his papers were published in the US journal *Methods of Enzymology*. He returned to China in 1955 and established China's first

nucleic acid laboratory. For many years he has led a group of scientists engaged in nucleic acid research and has made important contributions in the studies of enzymes in nucleic acid metabolism and the primary structure of T-RNA.

Qiu Musui, research associate at the Shanghai Institute of Biochemistry, in co-operation with two others, succeeded in pinpointing the optimum temperature, time and amount of enzymes for the synthesis of a dodecanucleotide in the 3' half molecule. Their work helped speed up the synthesis of the bigger oligonucleotide fragments.

The half molecule of 41 nucleotides was completed on the evening of December 27, 1979 and the other half molecule of 35 nucleotides in September 1981, providing the conditions for final synthesis. □

## Detailed Rules and Regulations for the Implementation of The Income Tax Law of the People's Republic of China Concerning Foreign Enterprises

(Approved by the State Council on February 17, 1982, and promulgated  
by the Ministry of Finance on February 21, 1982)

*Following is an unofficial translation of the Detailed Rules and Regulations for the Implementation of the Income Tax Law of the People's Republic of China Concerning Foreign Enterprises. The law was published in our issue No. 52, 1981. — Ed.*

### Article 1

The Detailed Rules and Regulations are formulated in accordance with the provisions of Article 18 of the Income Tax Law of the People's Republic of China Concerning Foreign Enterprises (hereinafter called Tax Law for short).

### Article 2

"Establishments" mentioned in Article 1 of the Tax Law refer to organizations, places or business

agents established in the Chinese territory by foreign enterprises and engaged in production and business operations.

The organizations and places mentioned in the preceding paragraph mainly include management offices, branches, representative offices, factories and places where natural resources are exploited and where contracted projects of building, installation, assembly and exploration are operated.

### Article 3

Foreign enterprises and Chinese enterprises engaged in any co-operative production or joint business operation should, unless separate provisions are stipulated, each pay their income taxes respectively.

#### Article 4

"Income derived from production and business" mentioned in Article 1 of the Tax Law refers to income from the production and business operations by foreign enterprises in industry, mining, communications, transportation, agriculture, forestry, animal husbandry, fisheries, poultry farming, commerce, service and other trades.

Income from other sources as mentioned in Article 1 of the Tax Law covers dividends, interest, income from lease or sale of property, income from transfer of patents, technical know-how, trade mark interests, or copyright and other non-business income.

#### Article 5

The taxable income for assessing the local income tax as mentioned in Article 4 of the Tax Law is as same as the taxable income mentioned in Article 3 of the Tax Law, i.e., it is calculated according to the formulas given in Article 9 of the Detailed Rules and Regulations.

#### Article 6

Enterprises engaged in small-scaled production and enterprises of low profits, as mentioned in paragraph 2 of Article 4 of the Tax Law, refer to foreign enterprises with an annual income less than one million RMB yuan.

#### Article 7

Foreign enterprises scheduled to operate in low profit occupations, as mentioned in Article 5 of the Tax Law, include those low-profit enterprises engaged in exploiting coal mineral resources in deep wells.

#### Article 8

The tax year for foreign enterprises starts from January 1 and ends on December 31 on the Gregorian Calendar.

Where a foreign enterprise finds it difficult to compute its income of the tax year as stipulated in the preceding paragraph, it may apply to the local tax authorities for approval to use its own 12-month fiscal year for tax computation and payment.

#### Article 9

The taxable income shall be calculated in accordance with the following formulas:

##### 1. Industry:

a. Production costs of the year = Direct materials used up in production of the year + direct wages + manufacturing expenses

b. Cost of the product of the year = Production costs of the year + inventory of products semi-finished and in process of production at the beginning of the year — inventory of products semi-

finished and in process of production at the end of the year

c. Cost of the sales of the product = Cost of the product of the year + inventory of the product at the beginning of the year — inventory of the product at the end of the year

d. Net sales of the product = Gross sales of the product — (sales return + sales allowance)

e. Profit from sales of the product = Net sales of the product — tax on the sales of the product — cost of the sales of the product — (selling expenses + overhead expenses)

f. Taxable Income = Profit from sales of the product + profit from other operations + non-business income — non-business expenditure

##### 2. Commerce:

a. Net sales = Gross sales — (sales return + sales allowance)

b. Cost of sales = Inventory of merchandise at the beginning of the year + [purchases of the year — (purchase returned + purchase discount) + purchase expenses] — inventory of merchandise at the end of the year

c. Profit of sales = Net sales — cost of sales — tax on sales — (selling expenses + overhead expenses)

d. Taxable income = Profit of sales + profit from other operations + non-business income — non-business expenditure

##### 3. Service trades:

a. Net business income = Gross business income — (tax on business + operating expenses + overhead expenses)

b. Taxable income = Net business income + non-business income — non-business expenditure

##### 4. Other trades:

For other trades, refer to the above-mentioned formulas for calculation.

#### Article 10

The following items shall not be counted as cost, expense or loss in calculating the taxable income:

1. Expenditure on the purchase or construction of machinery, equipment, building facilities and other fixed assets;

2. Expenditure on the purchase of intangible assets;

3. Interest on equity capital;

4. Income tax payment and local income tax payment;

5. Penalty for illegal operations and losses in the form of confiscated property;

6. Overdue tax payment and tax penalty;

7. Losses from windstorms, floods and fire covered by insurance indemnity;

8. Donations and contributions other than those for public welfare and relief purposes in China;

9. Royalties paid to the head offices;

10. Other expenses that are not relevant to production and business operation.

### Article 11

Reasonable overhead expenses that are relevant to production and operation paid by a foreign enterprise to its head office and actual expenses paid to its head office for services directly provided may be listed as expenses on the condition that the said expenses are backed up by certificates and vouchers from the head office, together with a financial report signed by a chartered public accountant, and examined and approved by the local tax authorities.

Where a foreign enterprise is engaged in co-operative production and joint business operation with a Chinese enterprise and an agreement has been reached and included in the signed contract for the sharing of overhead expenses of the head office, such payments may be listed as expenses in accordance with the confirmed method in the contract after being examined and ratified by the local tax authorities.

### Article 12

Foreign enterprises are permitted to list as expenses the interest payments on loans at reasonable rates on the condition that the loans and interest payments are backed up by certifying documents and, after being examined by the local tax authorities, are considered as being of normal terms.

### Article 13

Reasonable entertainment expenses paid by foreign enterprises that are relevant to production and business operation shall be backed up by reliable records or vouchers and documents, and then may be listed as expenses within the following limits respectively:

1. For enterprises with annual net sales less than 15 million RMB yuan, the reasonable entertainment expenses shall not be in excess of 3<sup>0</sup>/<sub>100</sub> of the net sales; for those with annual net sales more than 15 million RMB yuan, the expenses for that portion above the limit shall not exceed 1<sup>0</sup>/<sub>100</sub> of the said portion.

2. For enterprises with annual total business income less than 5 million RMB yuan, the reasonable entertainment expenses shall not be in excess of 10<sup>0</sup>/<sub>100</sub> of the total business income; for those with annual total business income more than 5 million RMB yuan, the expenses for that portion above the limit shall not exceed 3<sup>0</sup>/<sub>100</sub> of the said portion.

### Article 14

Depreciation of fixed assets of foreign enterprises in use shall be calculated on an annual basis.

The fixed assets cover houses, buildings, machinery and other mechanical apparatuses, means of transport and other equipment for the purpose of production or business operations with useful life of more than one year. But articles with a per-unit value of less than 500 RMB yuan and a shorter useful life that are not main equipment for production or operation, can be itemized as expenses according to the actual quantity in use.

### Article 15

Fixed assets shall be assessed according to the original value.

For fixed assets counted as an investment by foreign enterprises and Chinese enterprises engaged in co-operative production and business operation, the original value shall be the price of the assets agreed upon by all participants at the time of co-operation.

For purchased fixed assets, the original value shall be the purchase price plus freight, installation expenses and other related expenses incurred before they are put into use.

For self-made and self-built fixed assets, the original value shall be the actual expenditures incurred in the course of manufacture or construction.

For self-owned and used fixed assets that are shipped in from abroad, the documents certifying their original value and the number of years in use, together with reference data on their market price, shall be presented and their actual value shall be reassessed according to the quality. For assets without certifying documents, the value shall be assessed by the enterprise and submitted to the local tax authorities for examination and approval in accordance with the quality of the assets.

### Article 16

Depreciation of fixed assets shall be calculated starting from the month when the assets are put into use. Depreciation shall no longer be calculated starting from the month following that in which the fixed assets cease to be used.

For enterprises engaged in exploiting offshore petroleum resources, all investments at the stage of development shall be counted as capital expenditure with the oil (gas) field as a unit, and depreciation shall be calculated starting from the month when the oil (gas) field begins to go into production for commercial purposes.

### Article 17

In calculating depreciation on fixed assets, the residual value shall be assessed first and deducted from the original value, the principle being making the residual value about 10 per cent of the original value; those assets to retain a lower or no residual value shall be submitted for approval to the local tax authorities. If the depreciation is calculated in accordance with a composite life method, residual value may not be retained.

Depreciation on fixed assets shall generally be computed in average under the straight-line method.

## Article 18

The depreciation period for various kinds of fixed assets is set as follows:

1. The minimum depreciation period for houses and buildings is 20 years;

2. The minimum depreciation period for trains, ships, machines and equipment and other apparatuses for the purpose of production is 10 years;

3. The minimum depreciation period for electronic equipment, means of transport other than trains and ships, as well as appliances, tools and furniture relevant to production and operation is 5 years.

For cases where the depreciation on fixed assets of foreign enterprises, owing to special reasons, need to be accelerated or to be computed under modified methods, applications may be submitted to the local tax authorities for examination and then relayed level by level to the Ministry of Finance for approval.

Depreciation of various kinds of fixed assets resulting from the investments of enterprises engaged in exploiting offshore petroleum resources, during and after the stage of development, may be calculated in accordance with a composite life method. The depreciation period shall not be less than 6 years.

For enterprises engaged in exploiting coal mineral resources, the provisions of the preceding paragraph may also be applied.

## Article 19

Expenditures arising from enlargement, replacement, refitment and technical innovation and resulting in the increase of value of fixed assets in use, should be regarded as capital expenditure, and shall not be listed as expenses.

For the fixed assets remaining in use after the full depreciation period, no depreciation shall be allowed.

## Article 20

The balance of the proceeds from the alienation or disposal of fixed assets at the current price, after the net unamortized value or the residual value of the assets is deducted, shall be entered into the profit and loss account for the current year.

## Article 21

For intangible assets such as patents, technical know-how, trade mark interests, copyright, right to use sites and other franchise that are alienated to foreign enterprises, the payment made by the enterprises at reasonable prices shall be amortized from the month they come into use.

Intangible assets mentioned in the preceding paragraph and counted as the investment by foreign and Chinese enterprises in co-operative production and business operation, may be amortized on the basis of the assessed value as provided in

the agreements or contracts from the month they come into use.

The intangible assets mentioned in the preceding two paragraphs that are alienated to or counted as investment by the foreign enterprises with the provision of time limit for use, shall be assessed and amortized according to the time limit; those without such provision shall be assessed and amortized in a period not less than 10 years.

## Article 22

Expenses arising during the period of preparation for a foreign enterprise shall be amortized after it goes into production or business in a period not less than 5 years.

Reasonable exploration expenses incurred by foreign enterprises engaged in exploiting offshore petroleum resources may be amortized from the revenues derived from the oil (or gas) field that has gone into production for commercial purposes, but the time limit of such amortization shall not be less than one year.

## Article 23

Inventory of merchandise, raw materials, products in process of production, semi-finished products, finished products and by-products shall be valued according to the cost price. For the method of computation, the enterprises may choose one out of the following: first-in first-out, shifting average and weighted average. In case a change in the method of computation is necessary, it shall be submitted to the local tax authorities for approval.

## Article 24

If a foreign enterprise cannot provide accurate evidence of costs and expenses and cannot correctly work out its taxable income, the local tax authorities shall appraise and determine its profit rate with reference to the profit level of other enterprises of the same or similar trade, and then calculate its taxable income on the basis of its net sales or its gross business income.

The taxable income of a foreign enterprise engaged in contracted projects for exploring and exploiting offshore petroleum resources shall be calculated according to the profit rate appraised and determined in relation to its gross income of the contract.

## Article 25

For foreign air and ocean shipping enterprises engaged in international transport business, the taxable income shall be 5% of the gross income from transport services for passengers and cargoes loaded within the Chinese territory.

## Article 26

Foreign enterprises engaged in co-operative production with Chinese enterprises on the basis of proration of products are considered as receiving income when such products are distributed, and the amount of their income shall be computed ac-

ording to the prices at which the products are sold to the third party or with reference to the prevailing market prices of the products.

Foreign enterprises engaged in co-operative exploitation of offshore petroleum resources are considered as receiving income when they receive their share of crude oil, and the amount of their income shall be computed according to the prices which are regularly adjusted with reference to the international market price of crude oil of equal quality.

#### Article 27

The income of dividends, interest, rentals, royalties and other sources in China as mentioned in Article 11 of the Tax Law is explained as follows:

"Dividends" refer to the dividends or the share of profits obtained from enterprises in China.

"Interest" refers to interest earned from deposits and loans, interest on various bonds purchased and interest earned from payments made for others and from deferred payments in China.

"Rentals" refer to rentals on properties rented to persons in China.

"Royalties" refer to income obtained from the provision of various patents, technical know-how, copyright and trade mark interests for use in China.

"Incomes from other sources" refer to incomes specified to be taxable by the Ministry of Finance other than those mentioned above.

#### Article 28

The income from dividends, interest, rentals, royalties and other sources in China as mentioned in the preceding article, with the exception of those for which separate provisions are stipulated, shall be assessed on its full amount, and the tax to be paid shall be withheld by the paying unit from each payment.

#### Article 29

"International finance organizations" as mentioned in Article 11 of the Tax Law refer to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, the International Fund for Agricultural Development and other finance organizations of the United Nations.

The "preferential interest rate" mentioned therein refers to a rate that is at least 10% less than the general prevailing interest rate in the international financial market.

#### Article 30

"China's state banks" mentioned in Article 11 of the Tax Law include the People's Bank of China, the Bank of China, the Agricultural Bank of China, the People's Construction Bank of China, the In-

vestment Bank of China, and the International Trust and Investment Corporation which has been authorized by the State Council to be engaged in business of foreign exchange deposits, loans and credits with foreign clients.

#### Article 31

"Income derived from interest on deposits," as mentioned in paragraph 4 of Article 11 of the Tax Law shall not include the interest on deposits of foreign banks in China's state banks at a rate of interest lower than that prevailing in the international financial market. Income from interest on deposits at a rate lower than that prevailing in the international financial market shall be exempted from income tax.

#### Article 32

Payments of income, as mentioned in Article 11 of the Tax Law, include payments in cash, payments by remittance, payments through transfer accounts, as well as payments made in marketable securities or in kind which are rendered into equivalent amounts of money.

#### Article 33

Income tax to be paid provisionally in quarterly instalments as stipulated in Article 7 of the Tax Law may be paid according to the actual quarterly profit, or it may be paid on one-fourth of the taxable income calculated on the basis of the planned profit for the current year or the actual income in the preceding year.

#### Article 34

For foreign enterprises which have operated for less than a year, the income tax shall be assessed on the actual income earned in the operation period at the applicable tax rate prescribed by the Tax Law.

#### Article 35

When foreign enterprises go into operation or close down, such enterprises shall, within 30 days after starting operation or before closing down, go to the local tax authorities for the relevant tax registration according to Article 10 of the Tax Law.

#### Article 36

Foreign enterprises shall file their income tax returns and final accounting statements with the local tax authorities within the prescribed period irrespective of making profit or loss in the tax year and, unless otherwise stipulated, shall send in at the same time the audit certificate of the chartered public accountants registered in the People's Republic of China.

#### Article 37

In case of failure to submit the tax returns within the prescribed time limit owing to special

circumstances, the foreign enterprise should submit application to the local tax authorities within the said time limit, and the time limit for filing tax returns and accordingly that for final settlement may be appropriately extended upon the latter's approval.

The final day of the time limit for tax payment and that for filing tax returns may be extended if it falls upon an official holiday.

#### Article 38

The revenue and expenditure of foreign enterprises shall in principle be accounted on accrual basis. All accounting records shall be accurate and complete, and shall have lawful vouchers as the basis for entries.

#### Article 39

Accounting vouchers, books, statements and reports adopted by foreign enterprises shall be made in the Chinese language or in both Chinese and foreign languages.

Accounting vouchers, books, statements and reports shall be kept for at least 15 years.

#### Article 40

Forms of sales invoices and business receipts shall be submitted for approval to the local tax authorities before they are used.

#### Article 41

Officials sent by tax authorities when investigating the financial, accounting and tax affairs of a foreign enterprise, shall produce identification cards and undertake to keep secrets.

#### Article 42

As foreign enterprises with income in foreign currencies pay income tax in quarterly instalments, the income shall be assessed according to the exchange rate quoted by the State General Administration of Exchange Control on the day when the tax payment certificates are made out and shall be taxed in Renminbi; when the final settlement is made after the end of the tax year, excess payments of the tax shall be refunded or deficiencies made up in Renminbi according to the exchange rate quoted by the State General Administration of Exchange Control on the last day of the tax year.

#### Article 43

Tax authorities may impose a penalty of 5,000 RMB yuan or less on a foreign enterprise which has violated the provisions of Article 8, paragraph 1 of Article 9, Article 10 or Article 12 of the Tax Law according to the seriousness of the case.

#### Article 44

Tax authorities may impose a penalty of 5,000 RMB yuan or less on a foreign enterprise which has violated the provisions of paragraph 2 of Article 39 or Article 40 of the Detailed Rules and Regulations according to the seriousness of the case.

#### Article 45

"Evade or refuse to pay income tax," as mentioned in paragraph 3 of Article 15 of the Tax Law, shall be interpreted as follows:

"Evade to pay income tax" refers to the taxpayer's deliberate violation of the regulations of the Tax Law by forging, altering or destroying account books, papers or vouchers for accounting entries; falsifying and overstating costs and expenses; concealing or understating the amount of taxable income or gross income; avoiding taxes or defrauding to take back the paid taxes; or by other illegal activities.

"Refuse to pay income tax" refers to the taxpayer's defiance to the regulations of the Tax Law by refusing to file tax returns and present certificates, papers and vouchers for tax purposes; refusing the investigation of the financial, accounting and tax affairs conducted by tax authorities; refusing to pay taxes and penalties according to the Tax Law; or by other illegal activities.

#### Article 46

Tax authorities shall serve notices on relevant parties for cases involving penalty in accordance with the relevant provisions of the Tax Law and the Detailed Rules and Regulations.

#### Article 47

When a foreign enterprise applies for reconsideration in accordance with the provisions of Article 16 of the Tax Law, the tax authorities concerned are required to make decisions within three months after the application is received.

#### Article 48

Income tax returns and tax payment certificates for foreign enterprises are to be printed by the General Taxation Bureau of the Ministry of Finance of the People's Republic of China.

#### Article 49

The right of interpreting the provisions of the Detailed Rules and Regulations resides in the Ministry of Finance of the People's Republic of China.

#### Article 50

The Detailed Rules and Regulations come into force on the same date as the Income Tax Law of the People's Republic of China Concerning Foreign Enterprises. □

OPINION

## China's Consumption Level

**T**HE level of consumption in a country is conditioned by three factors.

First, it is restricted by accumulation. The Marxist theory of reproduction holds that accumulation helps social progress and is the major source for expanded reproduction. China should on no account follow the road of low accumulation and high consumption.

Secondly, it is circumscribed by the supply of consumer goods. Consumption should be coordinated with production growth; it can never transcend the material conditions provided by the development of production.

Thirdly, it is limited by a society's demand which has the ability to pay. At present, this demand is mainly determined by the volume of wages and the amount of farm produce the state purchases. China will adhere to the policy "low wages, more jobs" for a considerably long time to come. Given such a limited purchasing power, high consumption is out of the question.

— From "Liao Wang"  
(*Observation Post*)

**R**EGARDING consumption patterns, it is necessary to draw on the advanced experiences of foreign countries, but only in the light of China's own conditions.

China is still a developing socialist country. Its large population consumes huge amounts of goods. At an annual indi-

vidual and social consumption rate of 250 yuan per capita, China needs to add 3,000 million yuan annually to its consumption fund if there are 12 million new births every year.

China's national economy, now on the right track again, will help the people gradually increase their incomes and their consumption. This will inevitably result in changes in the consumption mix, whereby the proportion of income spent on

food will shrink while that for clothing and articles for daily use will expand. People will also spend more on cultural activities. Some people regard the "high consumption" model they observe in a number of capitalist countries as an example for China to follow. Actually this simply does not fit China's actual conditions.

We should remain industrious and thrifty even if our private incomes and consumption potential rise considerably in the future.

— "Shijie Jingji Daobao"  
(*World Economic Herald*)

PEOPLE

## Drawnwork Tour in Australia

**D**URING a demonstration tour in Australia, two young Chinese women captivated their audiences with dazzling drawnwork skills.

Chinese drawnwork products are very popular and sell well in Australia. However, some people did not believe that the crafts were really hand-made.

So Australian audiences paid rapt attention when Chen Qunshan and Cai Saihua, two natives from the Chaoan and Shantou Prefectures, Guangdong Province, exhibited their skills. Within minutes, as if by magic, a snow-white crocheted cushion or a colourful flower, leapt out of the two artists' hands.

Some suspected that special contraptions had been affixed to the women's hands. Smiling, Chen and Cai slowed down the movements of their fingers and

repeated the same procedure time and again.

Onlookers did not find this demonstration convincing enough, and demanded to see the women's hands. The Chinese women obligingly stretched their palms to let everyone have a good look.

Their next feat was putting a thread thinner than a hair through the tiny eye of an embroidery needle. They first let the audience have a try. Onlookers vied for a chance to thread the minute needle, but none succeeded. Then Cai Saihua did it a dozen times, never missing once, and demonstrated how she uses the needle in embroidery.

Convinced at long last, the audience lavished praise on the two women. "These Chinese girls are so clever in using their

## STATISTICS

# China's Daily Economic Activities

How many products do China's 1,000 million people produce and consume every day? How busy is China's day-to-day service industry? The following data, based on 1980 figures, may provide some answers.

### Daily Production:

Industrial and Agricultural Gross Production	1,930 million yuan
Agricultural Gross Production	580 million yuan
Industrial Gross Production	1,350 million yuan
National Income	1,000 million yuan
Financial Revenue	290 million yuan
Standard Energy	1.75 million tons
Coal	1.70 million tons
Electric Power	800 million kwh
Crude Oil	290,000 tons
Steel	100,000 tons

### Daily Consumption:

Residents' Consumption	600 million yuan
Per-Capita Consumption	0.6 yuan
Foodgrain	600,000 tons
Pork	30,000 tons
Vegetable Oil	6,190 tons
Sugar	10,000 tons
Cloth for Clothes	27 million metres
Bikes	32,000 bikes
Sewing Machines	18,000 sets
Watches	69,000 watches
TV Sets	10,000 sets

### Daily Service:

Passenger Transport	9.36 million person-time
Of Which:	
Railway Passengers	2.5 million person-time
Housing for Workers and Staff	230,000 square metres
Books	12.58 million copies
Magazines	3.08 million copies
Newspapers	38.47 million copies
Post	9.08 million envelopes
Telegraphs	400,000 copies

### Change of Population:

Urban Employment	25,000 persons
New Birth	48,000 babies (33 per min.)



A farm and sideline products fair, recently opened in Xiamen, Fujian Province.

Death	16,000 persons (11 per min.)
Weddings	20,000 couples
Divorce	494 couples

### Daily Economic Activities in 220 Cities:

Industrial Gross Production	1,000 million yuan
Retail Consumer Goods	200 million yuan
Foodgrain Supply	65,000 tons
Vegetable Supply	38,165 tons
Pork Supply	6,500 tons
Fresh Eggs Supply	1,060 tons
Tap Water Consumption for Daily Life	9.29 million tons
Liquidized Gas for Livelihood	800 tons
Household Gas	2.90 million cubic metres
City Traffic Volume (Bus, Trolley)	49.34 million person-time
Sewage	53.45 million tons
Sewage From Households	10.38 million tons
Sewage Treated	700,000 tons
Garbage	86,000 tons
Excretion	45,000 tons

— "Wen Zhai Bao" (Weekly Digest)

fingers. It's just unbelievable," someone exclaimed.

"We are so proud to meet you, after we watched your

performance," said an old woman, holding fast to Chen Qunshan's hands. "The Chinese sisters have added lustre to the world women's skills. Why

don't you open a drawnwork school here to pass on your skill to us?"

— "Nanfang Ribao"

## ECOLOGY

## Bird Protection

Beginning this year all local governments in China will designate one week during April or early May as "bird protection week."

In ancient China some measures were promulgated to protect birds. In the Han Dynasty, Emperor Xuandi (73-48 B.C.) forbade killing birds or robbing nests in spring and summer. The ecological value of certain birds to man was recognized as early as the Jin Dynasty (265-420 A.D.). One book of the Jin Dynasty recorded that in Shangyu County, wild geese were protected because they were viewed as valuable to the peasants in controlling the wild

grasses. Those who harmed the wild geese were punished.

New China has established 85 natural preserves, 8 birds protection areas with 360,000 hectares of land and delineated areas where bird hunting is restricted. Besides, the Chinese Government has promulgated decrees to protect birds and established institutes to study and protect them.

With 1,183 species of birds, China is the natural habitat of more species of birds than any other country. China has 56 of the 260 species of *Galli* and 9 of the 15 species of cranes. Among the *Galli* are the Chinese monals and brown-eared pheasants which are native only to China. Further, most of the world's rare red-crowned cranes and black-collared cranes inhabit China.

Among China's rare birds is the black-collared crane which summers in the lakes of the Qinghai-Tibet Plateau during the warm weather. This white bird with its black collar migrates south to pass the winter in Yunnan Province and in western Guizhou Province.

The red-crowned cranes who inhabit the Zhalong Natural Preserve in Heilongjiang Province are precious birds. Last year for the first time a few of its eggs were successfully hatched in an incubator.

The deep-forests in Yunnan's Xishuangbanna is the habitat of hornbills, another unusual bird. Four species of hornbills are native to China: white-throated brown hornbill, rufous-necked hornbill, great pied hornbill, and malabar pied hornbill. The hornbills who are few in number live in isolated locations and are

seldom seen in zoos. Their big beaks are used as a tool in nesting and a weapon to fend off enemies. It nests in tree hollows. As soon as the female has entered the hollow to incubate the eggs, the male seals the hollow with mud, leaving only a vertical slit which allows the female's beak out far enough to accept the food provided by the male. This unusual nesting method protects the female and her young.

Some areas of China, like the bird island in Qinghai Lake with over one hundred thousand birds living on one square kilometre, are bird havens with numerous species living together in harmony. On the Dongdao Island which is one of the Xisha Islands, 40 species of birds have been spotted, including eastern golden plovers, red-footed boobies and silver-eyes.

"Swan lake" on the Bayanbulak grassland in Xinjiang Uygur Autonomous Region has been recently proclaimed the Yuleidusi Swan Natural Preserve by the government. This area is an important breeding ground for swans. Another bird-rich area is Xiaotan Lake, Jiangxi Province, where 800 swans and 200 birds of other species were observed. Groups of white cranes, white storks and wild geese, too, were found in Poyang Lake in that province not long ago.

Last May Chinese ornithologists found three immature crested ibises in a nest on the southern slopes of the Qinling Mountains in Yangxian County, Shaanxi Province. This white bird with pink wings and tail and vermilion beak and forehead had been feared extinct, as one had not



The bird island in Qinghai Lake.

been sighted for a decade. This discovery is of international interest and the prevention of the extinction of the crested ibises is a significant undertaking.

## GEOTHERMICS

### Geothermal Refrigeration

China's first refrigeration plant using underground hot water went into operation recently in Fuzhou, capital of Fujian Province.

This refrigeration plant is one component of a research project on the multipurpose utilization of subterranean heat now under way in China. In recent years, geothermal energy has been extensively used in China for industrial, agricultural, medicinal and sports purposes. Today, China is exploiting nearly 2,000 hot springs located in Yunnan, Fujian and Guangdong Provinces, Tibet Autonomous Region, Beijing and Tianjin.

Fuzhou has been designated by the state as a key area for the utilization of geothermal resources. With its underground hot water field of five kilometres by one kilometre, Fuzhou is the richest area in geothermal resources in Fujian Province. Its hot water at a depth of 200 metres is hotter than 90 degrees centigrade.

In the geothermal refrigeration plant the hot water is used to heat an ammonia solution. The purified liquid ammonia is then gasified under reduced pressure to absorb heat, thus providing refrigeration to as low as 20 degrees below zero centigrade. After heating, the underground hot water still stands at 80 degrees centigrade.

The plant produces six tons of ice per day.

### Hot Springs Used in Ancient China

As early as 700 B.C., the Chinese people discovered the existence of subterranean hot water, however the earliest written record is the *Shan Hai Jing* (The Mountains and the Seas), a geological book of the Warring States Period (476-221 B.C.).

In the 6th century, the ancient geologist Li Daoyuan described the distribution and utilization of hot springs in north China in *Shui Jing Zhu* (Notes of Water Resources).

China's first hot spring bath house was built during the reign of Qin Shi Huang (259-210 B.C.) at the Lishan spring, Shaanxi Province. This spa was maintained and expanded by successive dynasties and is today known as the Huaqing Pool.

Medicinal uses of hot spring are recorded in numerous ancient Chinese books. *Shui Jing Zhu* reports, "If one drinks its water three times a day, all his diseases will be cured within 40 days." In *Ben Cao Shi Yi* (Complemental Catalogue of Medicinal Herbs) published in Tang Dynasty (618-907 A.D.), it is written that hot water containing sulphur can cure various types of scabies and sores and those who suffer from stubborn skin and muscle diseases including arthritis and paralysis of hands or feet, "should bathe in the hot spring water until they are exhausted. And, as a supplementary treatment, herbs and nourishment are necessary. . . ." This treatment is still used by modern medicine.

Li Shizhen (1518-1593), the well-known Ming Dynasty pharmacologist, wrote in *Ben Cao*

*Gang Mu* (Compendium of Materia Medica) that the Lushan hot spring in Jiangxi Province was valuable in treating scabies, syphilis and some other diseases.

The earliest study of chemical components of hot spring appears in *Ode to the East Capital*, written by Zhang Heng (78-139 A.D.), an astronomer of Han Dynasty. Later, in the Southern Song (1127-1279 A.D.), Hu Zi, a recluse, divided hot springs according to their chemical composition into five kinds: sulphur springs, cinnabar springs, vitriol springs, realgar springs and arsenic springs.

In the Ming Dynasty, the geologist Xu Hongzu (1586-1641) reported how people in south China dug hot spring pools to extract sulphur and produce nitre.

The Chinese people began to utilize hot spring for irrigation around the third century. It is recorded that the seedlings did not grow well because the irrigating water was too cold. "When warm water is used instead, people get three harvests a year." By the fifth century, hot spring water was also used for fish raising.

Using hot springs as a supplementary source of heat is recorded in *Hua Yang Guo Zhi*, a fourth-century book. Its utilization in processing silkworm cocoon and silk is described in *Ode to the Capital Luoyang*, an article written in the third century.

A Qing Dynasty book of the 19th century recorded that the Pingshan hot spring was used in paper production. "The water is so warm that it does not freeze in bitter winter. Residents there use it in making paper."

## SPORTS

### *All-England Open Badminton Championships*

Three Chinese women won top honours in the 1982 All-England Open Badminton Championships held from March 24 to 28 in the Wembley Sports Centre of London. Zhang Ailing captured the women's singles title, and Lin Ying and Wu Dixi, the women's doubles championship.

Zhang Ailing's victory came with a 2-0 win (11:4 and 11:6) over her compatriot Li Lingwei, who came second in the event. Both women entered the finals by knocking out their opponents with 2-0 victories. Li Lingwei combined long drives and drop shots with hard smashes to force Danish competitor Lene Koppen into a defensive position. Zhang Ailing qualified for the finals by defeating another Chinese player Zheng Yuli.

China's Lin Ying and Wu Dixi defeated Indonesia's Vera-

waty-Fajrin and R. Damayanti 15:8 and 15:5 and captured the title of the women's doubles event. In the semi-finals, they dethroned J. P. Perry and J. A. Webster of England 15:12 and 15:10.

Morten Frost won the men's singles event in a three-set final competition (11:15, 15:2, 15:7) against China's Luan Jin, who placed second in the event. Razif Sidek and Jalani Sidek, two brothers from Malaysia, pocketed the men's doubles title by defeating the Scottish pair of W. Gilliland and D. Travers 8:15, 15:9 and 15:10. England's Martin Dew and Gillilan Gilks won the mixed doubles event by defeating their opponents, W. Gilliland from Scotland and K. Chapman from England (15:10, 14:17 and 15:7).

With participation from the best badminton players in the world, the All-England Open Badminton Championships has been held annually since 1899. Chinese players competed in the championships for the first time this year.



Zhang Ailing (left) and Li Lingwei.

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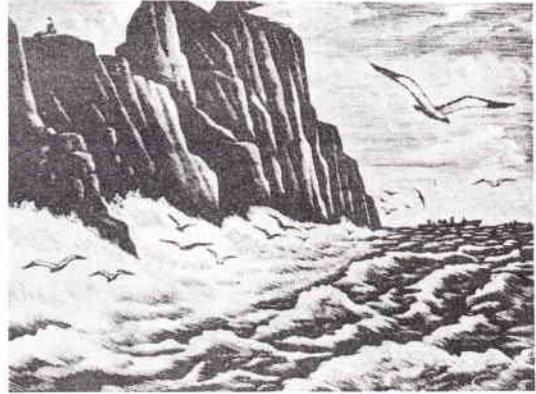
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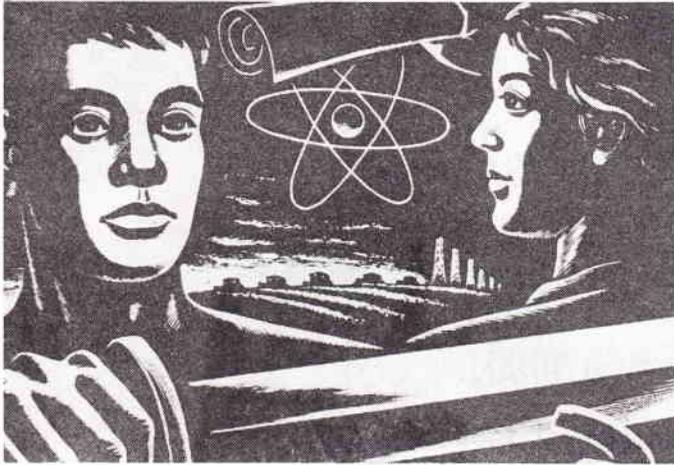
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## ART PAGE

Braving the tide, 1972.



### *Huang Xinbo's Woodcuts*



Victorious people, 1963.



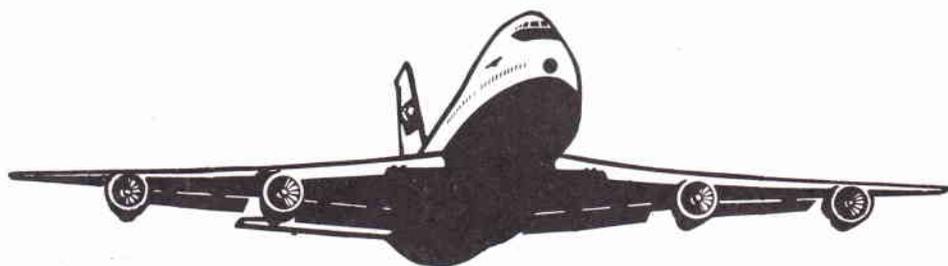
Denouncing the crime, 1947.

Building a cofferdam, 1960.



Born in Taishan County, Guangdong Province, Huang Xinbo (1916-80) was one of China's first generation of woodcut artists influenced by Lu Xun. He began his woodcut career in 1933 and created more than 600 woodcuts during his life. Huang was Vice-Chairman of the Chinese Artists' Association and Chairman of the Guangdong Artists' Association.

His works, which are noted for their rigorous lines, strong black and white contrast and simple and vigorous images, express rich contents and have a literary flavour.



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11:10	12:15	11:50	arr.	<b>SHANGHAI</b>	dep.	20:35	19:35	19:55
12:55	13:50	13:20	dep.	<b>SHANGHAI</b>	arr.	19:35	18:25	18:55
↓	10:10	09:40	arr.	<b>SAN FRANCISCO</b>	dep.	Fri. 15:15	Sun. 14:00	Tue. 14:30
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