

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

北京周報

Vol. 30, No. 35 September 7, 1987

China's Position on Peace & Development



**Millennium-Old
Artefacts Unearthed**



Duwei Town in Xianyou County, Fujian Province supposedly the home of traditional Chinese painting, has established a hanging fan factory, where over 50 painters from the local rural community make these fans which are sold in over 10 places abroad.

Gu Xincheng

CONTENTS

NOTES FROM THE EDITORS 4-5

'Cultural Revolution' Not to Be Repeated

EVENTS/TRENDS 6-10

China to Monitor Public Opinion
 Reform Alters Personnel System
 Chinese Language Gains World Interest
 Sino-US Lawyers Meet to Promote Trade

Energy Shortage: Big Headache
 Ancient Kingdom to Be Exhibited
 Weekly Chronicle (August 17-23)

INTERNATIONAL 11-14

Arms Talks: Hopes Rise for Missiles Pact
 United States: Birth Control Allegations Absurd
 New Zealand: Labour Party Wins Parliamentary Election
 Japan: Minister Woos South Asian Nations
 Viet Nam: Sincerity Lacking On Kampuchean Issue

Towards a Better World 15

Archaeology: Relics Unearthed In Xian 18

Facts & Figures: Collective and Private Services in China 22

The ABC of Investing in China (VII): Shareholders, Directors and Managers 23

Bank of China Regulations on Providing Loans to Foreign Investment Enterprises 25-26

NORTH AMERICAN SPECIAL

(in US and Canadian issues only)
 Sino-US Trade: "Substantial Accomplishments" I
 Lens Implants (I): Curing China's Blind of Cataracts II
 Lens Implants (II): One Success Story V
 Special Education for Special Children VI
 Fireworks Star at Hunan Trade Fair in New York VIII

FROM THE CHINESE PRESS 27-28
BUSINESS/TRADE 29-30
CULTURE/SCIENCE: 31-33
TOURISM: 34

HIGHLIGHTS OF THE WEEK

Peace and Development Inseparable

■ Addressing an international conference, Chinese Vice-Foreign Minister Qian Qichen noted that peace is the precondition for development and there can be no peace without development, above all, in the third world. He also urged third world countries to achieve the correct balance between national defence and economic construction (p. 15).

The "Cultural Revolution" Will Not Be Repeated

■ Might a tragedy similar to that of the "cultural revolution" occur in China? *Time*, the US weekly magazine, hinted in one of its recent issues it might. An Zhiguo, *Beijing Review's* political editor, disproves this viewpoint by analysing the developments in the country since the "cultural revolution" ended eleven years ago (p. 4).

Charges Against Population Policy Groundless

■ In an in-depth commentary on the recent US charges against China's population policy, the commentator points out that even noted American statesmen disagree with the accusations (p. 12).

Rare Relics Discovered in Xian

■ A large number of rare relics have been unearthed from a crypt underneath the Famen Temple, 100 km west of Xian. The most important since the discovery of terra cotta soldiers, they include pieces of 0.1-mm-thin gold thread brocade pieces and specially processed royal porcelain ware (p. 18).

China Sets Up Opinion Poll Organization

■ China Social Survey System, the first public opinion poll organization in the country, has been established. Its first two nationwide surveys show that most people support the government's economic policies and feel a need for political reform (p. 6).

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

General Editorial Office Tel: 893860
 English Dept. Tel: 831.5599 Ext. 546

Distributed by China **International Book Trading Corporation** (GUOJI SHUJIAN)
 P.O. Box 399, Beijing 100037 China

Subscription rates (1 year):
 Australia A.\$22.00
 New Zealand NZ.\$30.00
 UK £12.00

USA US\$22.00
 Canada Can.\$21.00

'Cultural Revolution' Not to Be Repeated

by An Zhiguo

Most foreigners who were in China during the "cultural revolution" (1966-76) find a different country when they visit today. In this once familiar place, they see prospering urban and rural economies, brisk markets and generally good social order, and people much more easily accessible and unreserved. They also see in these changes sure signs of China's promising future.

Time, the US weekly, however, tried to lead people to the opposite conclusion. While giving much space in this year's June 8 issue to an excerpt of Nien Cheng's *Life and Death in Shanghai*, the magazine claimed that many of those who had benefited from the "cultural revolution" and were responsible for its abuses "are still in positions of power and authority," they "not only have gone unpunished but are trying to make a comeback." (See "A Letter From the Publisher" and the introduction to Nien Cheng's book).

Here I am not about to comment on the book itself, because in some of the reviews carried in US newspapers, people have already noted certain blatant exaggerations and untruths in Cheng's book. I just wish to point out that the remark quoted above from *Time* flies in the face of facts.

The deliberate attempt to foster the idea that a tragedy similar to that of the "cultural revolution" might be repeated in China shows the lack of a serious attitude at *Time* magazine in dealing with a serious subject. Earlier, *Time* had given some objective coverage which helped people to understand China. But this time its approach is quite disappointing and puzzling.

It is well known that a special court was set up to publicly try and

sentence the arch-criminals of the Lin Biao and Jiang Qing counter-revolutionary cliques which had emerged during the "cultural revolution;" that the people's courts at various levels also punished their followers who had persecuted innocent people or seriously violated the law in other ways. Through several screenings conducted thereafter, followed by the Party consolidation which lasted three and a half years and ended this June, more of their

After the downfall of the "gang of four," particularly in recent years, the Party Central Committee has taken upon itself to expose and correct all types of "left" mistakes and has worked hard to set things to rights, redressed all unjust and unsubstantiated cases and restored the democratic rights and political status of people who had been wrongly accused, thus reestablishing normal democratic life in the nation.

followers have been ferreted out along with those who committed grave errors during the "cultural revolution." The former have been expelled from the Party and removed from their posts, with some having been legally prosecuted. Among the latter, some have been demoted and others disciplined. The exposure and

handling of the misdeeds of these people have made it impossible for them to stage a comeback.

The overwhelming majority of the Chinese, including many of today's leaders, were victims of the "cultural revolution." Having experienced the disaster it perpetrated on their country and families, they are determined to prevent a repetition of such a tragedy. Their wishes were reflected in a resolution adopted by the Communist Party of China (CPC) Central Committee in 1981. Called "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China," it analysed the causes of the 'cultural revolution' and summed up its bitter lessons.

In fact, after the downfall of the "gang of four," particularly since the Third Plenary Session of the 11th Party Central Committee in December 1978, the CPC has taken upon itself to expose and correct all types of "left" mistakes and has worked hard to set things to rights. China has redressed all unjust and unsubstantiated cases (including that of Nien Cheng) taken up during and before the "cultural revolution," and restored the democratic rights and political status of people who had been wrongly accused, thus re-establishing normal democratic life in the nation.

Moreover, the Party Central Committee has reassessed China's class relationships at the present stage, pointing out that class antagonism is no longer the principal internal contradiction. It has abandoned the slogan of "taking class struggle as the key link," and confirmed that intellectuals are part of the working class. The Central Committee has done a great deal of painstaking

work to unite all social strata and social circles and established the broadest patriotic front.

Having summed up past experience and drawn lessons from the "cultural revolution," China has shifted the focus of work onto socialist modernization. It has made the establishment of a high-level socialist democracy not only its basic policy but a fundamental goal in building socialism.

At present, China is working hard to perfect its democratic and legal systems. By incorporating laws defining the content, forms and procedures of the state's democratic life, it hopes to establish a stable and sound democratic system. As Deng Xiaoping has said, efforts should be made to ensure the stability of this system and of the law, so that they will not alter because of any change in leadership or because of changes in the leaders' views and concerns.

The people's congresses, as the fundamental political system under which the Chinese people exercise their democratic rights of administering state affairs, have improved their performance in the last few years. For example, the functions and powers of the Standing Committee of the National People's Congress have been expanded so that it will become a legislative organ worthy of its name. People's deputies will exercise greater supervision over the work of the government, people's courts and the procuratorates. In the restructuring of the economy, education, and science and technology, China has expanded people's democratic rights to participate in administration. With legal guarantees, the channels through which people participate in the administration of the state and social affairs are broadening.

The state's judicial, procuratorial and litigation systems are being improved. No matter who is implicated, the judicial organs will exercise their authority

independently. Among the economic felons sentenced last year, 151 were officials at or above the county level. A noteworthy case this year was that of Ni Xiance, former governor of Jiangxi Province, who was sentenced to a term of imprisonment because he abused his authority for selfish ends.

Last year China decided to spend five years giving all citizens a general knowledge of the legal system. In the past year 300 million people have received legal instruction with the result that urban and rural people's concept of law has become much stronger than before. They will no longer silently tolerate trampling on the law or infringing on the rights of

At present, China is working hard to perfect its democratic and legal systems. It hopes to establish a stable and sound democratic system. As Deng Xiaoping has said, efforts should be made to ensure the stability of this system and of the law, so that they will not alter because of any change in leadership or because of changes in the leaders' views and concerns.

citizens as they did during the "cultural revolution." To establish the authority of the Constitution and laws, the new Constitution passed in 1982 stipulates: "No organization or individual may enjoy the privilege of being above the Constitution and the law." The new Party Constitution adopted by the CPC the same year also stipulates: "The Party must conduct its activities within the limits permitted by the Constitution and the laws of the state."



In order to guarantee collective leadership and prevent arbitrary personal decisions, the CPC re-established the Secretariat of the Central Committee in 1980 to handle the Central Committee's day-to-day work. The CPC also decided to replace the system of leading cadres' life-long tenure of office with a set term of office.

In order to ensure the long-term stability and peace of the state and continue economic restructuring, the forthcoming 13th National Congress of the CPC will draw up a blueprint for the reform of the political structure. Through this reform, China will effectively deal with over-centralization of power, confusion of responsibility between Party and government and usurpation of government functions by the Party. In this way China will be in a better position to promote socialist democracy and stimulate the enthusiasm of the grass-roots units and people at large.

It is undeniable that China's legal system has yet to be perfected. In some places, violations of democratic principles and behaviour in contravention of laws are still frequent. The Chinese government and people realize that long-term efforts are required for the establishment of a high-level socialist democracy. Changes in the past few years show that China is advancing towards this goal. Pessimistic predictions about China's political future by certain foreign observers are unfounded. ■

China to Monitor Public Opinion

China's economic reforms have paved the way for the establishment of the country's first public opinion poll organization. And the new organization's two recent polls came out in favour of the reforms and other government policies.

On August 17, the China Social Survey System (CSSS) made public the results of nationwide surveys that show 64.4 percent of the people questioned are satisfied with the current economic reforms and 93.8 percent think it is necessary to carry out political reforms. These are expected to be introduced in October when the Communist Party of China holds its 13th congress.

The large-scale surveys were the first ever made by China's professional poll organization. In the past couple of years, many local polls about the reforms have been conducted by non-professional pollsters such as the mass media. Only five or six years ago, the public opinion poll was considered to be a "bourgeois" or "capitalist" method of social survey, which some people said couldn't be applied in socialist countries such as China. Now, the taboo has been swept away in the strong tide of reform, which is challenging all of China's traditions, stereotypes and prejudices.

"You can call us China's Gallup organization," said Yang Guan-san, one of the heads of CSSS. Gallup was an American who organized the earliest public opinion sample surveys. "We do social surveys almost the same way as Gallup companies do," Yang said. "But the content is different, and our organization is nonprofit." He said Western countries do not hold a patent on the opinion poll; it also practical in most socialist countries.

Yang explained how CSSS was born. At the end of 1984, the central government was going to

introduce a nationwide price reform. The reform was so sensitive that the government did not want to go ahead with it without knowing public opinion. The experts of the Fourth Research Office under the Reform Institute of China, out of which the CSSS grew, decided to try a Gallup style poll, although they knew that this was also a sensitive matter, and some officials who conducted similar polls in the past had been criticized. The survey, conducted in early 1985, was accepted by the majority those polled and so was the would-be price reform. Since then, the Gallup poll method has been used in China.

The Fourth Research Office conducted 14 polls in 1985 and 1986, including surveys of responses to labour reforms and of changes in values and behaviour norms, before CSSS was officially founded on May 2 this year.

"Our task is to help those responsible for reform policy-making and the democratization of political life," said Yang. CSSS consists of 12 people specializing in the fields of economics, sociology, psychology and computer analysis, and a nationwide survey network. Its first national survey—carried out in 40 of China's 324 cities from May 25 to June 10—focused on the current economic reforms. Completed questionnaires were obtained from all but four of the 2,580 people surveyed and many of those polled wrote letters to express their opinions in greater detail. The second survey, which centred on political reform, was conducted between July 12 and 22 on a sample of 2,415 people in eight metropolises including Beijing, Shanghai, Tianjin and Guangzhou.

Many people see the establishment of CSSS as a major step in China's democratization. "I have worked for dozens of years and

this is the first time that the government has solicited my opinion when it is going to make policies. I feel very honoured," said Tian Dehong, a retired cadre in Lianyungang City, Jiangsu Province.

In reply to questions in the first poll, 75.2 percent of those surveyed said they felt freedom of speech was satisfactory while 74.4 percent felt the same way about their political rights. Yang said people generally express their ideas without hesitation or reservation. "To my surprise," he said, "they are very frank. They say whatever they want to say, without caring whether their ideas are consistent with those of the government. It would have been absolutely impossible to do this ten years ago." Indeed, during the "cultural revolution" period (1966-76), people got into trouble and even went to jail just because they expressed ideas different from those of their leaders or the authorities. Today, it is easy to hear people grumbling, even if they are better-off.

To the question: "Has the living standard of your family improved compared with six months ago?" 59.8 percent of those polled said "yes," 11.6 percent "no," while 28.5 percent said it was "unchanged." People expressed the most dissatisfaction with the housing allotment, salary, job transfer and cadre selection systems in that order. To resolve the problems, many think that further reform is imperative, especially political reform, which they see as a cure for bureaucracy. However, 61.4 percent of those polled said they are not clear about how the political reform will be carried out.

Although people enjoy more democratic rights than before, Yang said, some said they do not know where and how to express their opinions. "Our social survey will provide a channel for the common people to speak and for the central authorities to know what people are thinking about." Yang added that from now on

CSSS will make regular, twice-yearly national opinion surveys; the countryside survey network will be set up soon. The Chinese organization would like to contact foreign Gallup organizations, he said.

by Li Haibo

Reform Alters Personnel System

Beijing's industrial enterprises are adopting a new way of selecting staff for top positions. Since the reform was introduced, 135 factory directors have been chosen from among people who responded to public calls for applications. And in Zhejiang Province, the principle of public examinations is creating opportunities for young people to become provincial cadres.

Chen Xitong, mayor of Beijing, was the force behind the reform in the personnel selection process at the city's factories. Late last year, a new director for the city's shoe-tree factory was selected from among applicants who were competing for the job. Li Maogui, a former technical worker, won the competition. Within three months of his taking over, the factory had made up its deficits and was reporting growing surpluses.

The success provoked repercussions in the entire industrial system of Beijing. The reform has been implemented in 135 factories, including some loss-making ones. And it seems to be bringing results. Statistics show that 41 enterprises under the Second Light Industry Corporation of Beijing completed the state plan so far this year, 15.5 percent more than in the corresponding period of last year, with profits increasing 25.5 percent.

The reform has broken down the system that tied people to their departments or units and has

resulted in the rational shifting of qualified personnel. Of the factory directors hired under the new system, 10 percent came from other units.

The reform is also a useful attempt to change the practice of choosing leaders once and for all. More than 100 former directors have been reduced to a lower rank or have become workers.

The personnel department of Zhejiang Province operates on the principle of public examinations, providing equal opportunities for young people to move up to leading positions. In the past three years, more than 13,900 people in the province passed the examinations and were selected as leaders, some at the department and bureau level. Most of them are young people. To ensure that all applicants are treated equally, Zhejiang has worked out strict selection and examination procedures. People cannot use their family background to win the competition or get in by the "back door."

Zhejiang's reform of the cadre selection system has opened up new sources of competent personnel. Of the 13,900 newly selected cadres, 75 percent did not originally belong to units served by the provincial personnel department. The reform helps rural young people become cadres. It has also facilitated a drop in the average age of cadres in the province. Xiaoshan County selected 163 urban and rural young people for leading positions from 463 applicants. The oldest of those selected was 31 and the youngest only 17. Thus, the average age of the county's cadres at village and town level dropped from 40 to 35.

The reform has also enhanced the quality of cadres. A 31-year-old man, who had been an economics teacher at Ningpo's Party school, has won wide praise as director of the city's price bureau. Just months after he took the position, average prices in the city had dropped by 5 percent. ■

Chinese Language Gains World Interest

The International Society for Chinese Language Teaching, which aims to promote Chinese language teaching worldwide, has been founded in Beijing. The announcement was made on August 14 at the closing ceremony of the Second International Symposium on Teaching Chinese as a Second Language. The symposium drew more than 300 participants from 20 countries and regions.

In a message of congratulations on behalf of the Chinese government, Premier Zhao Ziyang said the Chinese language has contributed throughout history to spreading China's splendid national culture and promoting contacts and friendship between China and other countries. Today, Zhao said, along with the implementation of China's open policy, the Chinese language is playing an increasingly important role as a medium in China's contacts with foreign countries.

Lu Bisong, president of the Beijing Institute of Linguistics, said, "China's open policy and achievements in economic reform and construction have drawn interest from more and more countries. As a result, more people now are eager to learn the Chinese language." According to incomplete statistics, Chinese is currently taught in more than 60 countries and regions.

In Japan, Chinese is taught as a major foreign language, second only to English. More than 100,000 students are studying Chinese in schools. At the Osaka Institute of Foreign Languages, the Chinese department demands higher entrance examination marks than the English department.

In West Germany, twice as many people were studying Chinese in 1986 as in 1984. In 1986, about 2,000 college students applied to study Chinese. Some

West Germans who apply to a Chinese language teaching centre for accelerated courses have to wait for a year before they can start. In the United States, at least 180 schools of higher learning offer Chinese language courses and enrolment has reached 10,000.

China began to accept foreign students wishing to learn Chinese in 1950. Today, an increasing number of countries and regions are sending students to learn Chinese in China. Since 1973, China has received more than 10,000 such students from 130 countries and regions. In addition, more than 40,000 foreign students have attended short-term Chinese language training courses in China in the past 10 years.

The Beijing Institute of Linguistics used to be the only school that taught Chinese to foreigners, now foreigners are studying in more than 80 universities and institutes. Teaching Chinese as a second language has become a new branch of learning in China. The country has some 700 or 800 qualified teachers in this field, including some well-known scholars and professors.

China has also developed radio and television Chinese courses to give instruction to English-, Japanese- and Thai-speaking people.

The headquarters of the new International Society for Chinese Language Teaching is in Beijing. The 36-member committee of the society is headed by Zhu Dexi, a professor at Beijing University. The committee members are well-known scholars and teachers of the Chinese language from 15 countries, including China, the United States, Japan and the Soviet Union.

According to the society's constitution, various academic activities and exchanges will be sponsored to accelerate the development of Chinese language teaching and research work in the

field. International co-operation in training teachers and compiling teaching materials will also be

conducted. The society will issue its own publications and provide information. ■

Sino-US Lawyers Meet to Promote Trade

Chinese State Councilor Zhang Jingfu has called on American businessmen to seize the opportunity to invest in China "before it is too late."

Zhang, addressing 650 American and 450 Chinese lawyers at a three-day conference on trade, investment and economic law in Beijing August 17, said the Chinese government has done much to improve investment conditions in the past few years and has issued more than 50 laws and regulations to protect the interests of foreign investors.

Since 1979, China's efforts to attract foreign capital have resulted in almost 8,000 joint ventures, 304 of them with American firms.

However, although most joint ventures have begun earning profits, foreign investors have continued to register complaints about China's investment environment.

US Attorney General Edwin Meese told the meeting that

American companies have reported "frustration at high costs, arbitrary pricing, tight foreign exchange controls, limited access to Chinese markets, complicated bureaucratic procedures, shortages of qualified personnel, and unpredictable commercial practices."

Meese pointed out that it is crucial that China develop laws to protect the profits of foreign investors. He said, "Law is the indispensable precondition of development, growth, commerce, and prosperity."

But he admitted that "over the course of the last eight years, with a notable acceleration in just the last year or so, China has engaged in an exciting process of inquiry aimed at shaping a modern legal order."

To show its commitment to the "open policy," China adopted a new set of regulations governing foreign investment, popularly known as the "22 articles," in October 1986. The regulations

Premier Zhao Ziyang meets Edwin Meese and other participants at the meeting.



LI PING

give foreign investors preferential terms regarding costs of leasing land, taxes, autonomy of management, and access to foreign exchange.

Because of China's improved investment climate, some foreign businessmen now assert that "the golden age" of China's open policy has arrived. A recent example is American Express Co. which undertook to construct a new building in Beijing with a joint investment of US\$150 million.

Chinese Criticisms

Chinese speakers were critical of US protectionism and called for the removal of unfair restrictions and other obstacles. Their major criticisms and concerns include:

—The upsurge in US protectionism has meant that China's traditional export products, such as textiles and apparel, are subject to more and more restrictions. China's cumulative trade deficit with the US since 1972 has reached US\$18.1 billion. Sino-US economic and trade relations will become difficult unless unfair restrictions are quickly removed by the United States.

—Some US laws relevant to China and certain discriminative provisions against China were enacted in the 1950s and 1960s. China hopes they will be revised as soon as possible in the light of the new world situation.

—US controls over technology transfers to China are still too restricted and constitute another barrier to trade.

The conference devoted a whole day to group discussions of special topics such as laws relating to investment and trade in their respective countries. They also exchanged views on legal practices in China concerning arbitration, patents and other matters.

Most participants seemed pleased with the results of the conference despite their differences. Sally Harpole, an American lawyer who has worked

in Beijing for seven years, said, "Many of the American participants were not familiar with the situation here. This conference helped them a great deal in knowing how to do business with China. This is significant from a long-term point of view."

by Yang Xiaobing/Xiao Ma

Energy Shortage: Big Headache

The development of modern industry in China is conditioned by the shortage of energy. At least 20 percent of China's industrial production capacity has not been fully tapped owing to lack of power, while generating units throughout the country are usually operating at an overload.

According to official statistics, China's electricity output in July was 1.5 billion kilowatt-hours more than in June. In the first seven months of this year electricity output rose an average of 9.8 percent from the corresponding period a year earlier. But it still cannot keep pace with the growing demand.

China's mining and raw material industries have grown steadily since the beginning of the year, although they are still behind the processing sector. In the first six months of 1987, mining output rose by 6.6 percent, raw material output, by 13.4 percent and that of the processing sector by 16.8 percent. In the first seven months, there were increases of 5 to 10 percent in production of iron, steel, cement, soda ash and caustic soda, compared with a 15.2 percent rise in overall industrial output.

How to concentrate energy and raw materials on the production of readily marketable goods is one of biggest problems confronting China's industrial production. Leading Chinese economists say

"a little cold water" should be applied to industrial departments and enterprises to wake them up and turn their attention to the solution of current problems.

Although China has improved its product mix, the contradictions between supply and demand remain sharp. Pure cotton cloth, paper, colour TV sets and small domestic commodities are still in short supply, while the output of wrist watches, radios and tape recorders, which is already too high, is still rising. The surpluses of tires, machine tools, washing machines, electric fans, bicycles and liquor have increased.

Changes in the industrial structure and product mix have resulted in energy savings, and all factories and enterprises have applied some measures to conserve energy. In the first half of this year, industrial enterprises at and above the county level saved energy equivalent to 8.2 million tons of coal. ■

Ancient Kingdom To Be Exhibited

About 760 years after it vanished, the Western Xia Kingdom (1038-1227) has reappeared in an exhibition currently being held at the Museum of Chinese History in Beijing. The exhibition will be shown in Japan from January 15 to September 4, 1988.

"To many people, the Western Xia regime is legendary and mysterious, with its quick rise and fast disappearance," said Han Kongle, head of the Guyuan Museum of the Ningxia Hui Autonomous Region, which is co-sponsoring the exhibition with the Museum of Chinese History.

Unlike most other nomadic peoples, the Dangxiangs (a branch of the ancient Qiang nationality in west China) pledged allegiance to the Tang Dynasty (618-907) as early as 623. And their request to

migrate to the interior of China was granted.

"Tang Emperor Li Shimin even allowed one strong clan of the Dangxiangs to adopt his family name," said He Jiying, a researcher from the Ningxia Museum. "And that is the reason why Li Yuanhao, the founder of the Western Xia Kingdom, has a surname commonly used by the Han nationality."

Over a period of about 400 years, spanning the Tang Dynasty and into the Song Dynasty (960-1279), the Dangxiangs absorbed Han culture and learned agricultural and handicraft skills, which helped them to complete the transformation from primitive nomadism to feudal society.

While serving the court, the Dangxiang bureaucrats and landowners expanded their forces and clashed with the imperial armies.

"The complete destruction of the Xia Kingdom was accomplished by the Mongols in 1227," she said.

Not much archaeological work was done in the Ningxia area before 1970, and the glory of the Western Xia regime was shrouded in mystery.

Between 1972 and 1976, archaeologists excavated one of its nine imperial tombs and four satellite tombs out of a total of about 140. But they had to stop the work, because of inadequate funding and lack of techniques to protect the unearthed relics.

Both Han and He expressed concern over the continuing damage done to the 40-square-kilometre Xia tomb area by tourists and local people who used the place as a graveyard and dug clay to make bricks.

"We feel a strong responsibility to uncover the cultural tradition of the region and to show to the world, through the relics on display, the achievements of ethnic groups other than the Hans in China which had historical connections with the Chinese mainstream culture," Han Kongle said. ■

**Weekly Chronicle
(August 17-23)**

POLITICAL

August 17

■ A Chinese Foreign Ministry spokesman says: "We noted Japanese Prime Minister Yasuhiro Nakasone did not visit the Yasukuni shrine this year." The shrine is devoted to Japanese soldiers who died in battle.

But he adds: "Some Japanese government ministers made official visits to the shrine in the capacity of cabinet members, which has objectively blurred the character of the war, hurt the feelings of victims in some countries, and encouraged the arrogance of a few who are attempting to revive militarism, so we are expressing regret at the matter."

August 19

■ Chinese Premier Zhao Ziyang tells US Attorney General Edwin Meese III that China will reinforce and gradually perfect its legal system and judicial work to better serve its modernization drive, Xinhua reports.

This will be an important aspect of the political structure, Zhao says. As China is still a developing country which is economically and culturally backward, a gradual process is needed to complete its legal system.

ECONOMIC

August 17

■ Chen Muhua, state councillor and president of the People's Bank of China, says China received foreign loans totalling US\$28.9 billion between 1979 and 1986, Xinhua reports.

The loans account for up to 65 percent of the total foreign funds used in the past few years, Chen says.

August 19

■ Bai Baohua, general president of China's International Iron and Steel Investment Corporation, announces in Beijing that China

will spend several billion US dollars expanding four iron and steel enterprises in a bid to raise output.

He also says China will invite bids to supply equipment and start soliciting capital from abroad during the first half of next year. When the expansion projects are finished in 1993, the annual output of sheet and pipe will increase by 5 million tons.

SOCIAL

August 19

■ Scientists have no explanation for a "mysterious land" in Hengren County, in the eastern part of Liaoning Province, Xinhua reports.

Covering an area of 16,000 square metres, it is used by local people as a natural refrigerator in summer and a hot-cellar in winter. It is 12 degrees below zero Centigrade in summer and 17 degrees above in winter.

CULTURAL

August 18

■ China is building its first coastal earth satellite station in the northwest suburb of Beijing.

The station, which will assist in sea salvage operations and help modernize the communication system for China's vessels, is expected to open for business from both Chinese and foreign clients in early 1989.

FOREIGN RELATIONS

August 21

The second round of Sino-Soviet boundary talks concludes in Beijing. The two sides agree to continue the talks and to set up working groups of experts to discuss specific matters concerning the alignment of the entire eastern sector of the boundary.

ARMS TALKS

Hopes Rise for Missiles Pact

The recent suggestion by Bonn that Federal Germany might give up its Pershing-1As in exchange for the removal of Soviet Scud missiles stationed in Eastern Europe could be a solution to the deadlock in US-Soviet talks on medium-range missiles.

Hopes rose for a deal that would eliminate the last remaining stumbling block to a US-Soviet arms deal when the Federal German Parliamentary leader, Alfred Dregger, said recently that he has no objection to the removal of 72 Pershing-1A shorter-range missiles from Federal Germany on the condition that Moscow withdraws its short-range SS-1B Scud missiles from Eastern Europe. The Bonn government has reportedly been discussing with the United States and its European allies the possibility of removing the Pershing-1As in exchange for the Soviet Union's withdrawal of short-range missiles stationed in Democratic Germany and Czechoslovakia. The 160 Soviet missiles, with a range of 300 kilometres, are directed at Federal Germany.

Bonn is facing increasing pressure because its Pershing-1As are the only remaining obstacle to a US-Soviet agreement on the elimination of global medium-range missiles. Soviet Foreign Minister Eduard Shevardnadze accused Federal Germany of trying to become a nuclear power by maintaining the missiles and interfering with the arms negotiations. Moscow maintains that Bonn has no right to possess nuclear arms.

The Pershing-1As in Federal Germany belong to Bonn, but their nuclear warheads are under the control of the United States. The Soviets are adamant that the missiles must be included in the arms talks; otherwise, the Soviets have said, they will insist on keeping 100 medium-range missiles in Asia. The United States

maintains that the Pershing-1As belong to a third country and will not be included in the Geneva superpower disarmament talks. US Secretary of State George Shultz has informed Bonn that the Pershing-1As will not be sacrificed in the negotiations.

Deployed in the 1970s the Pershing-1As are scheduled to be phased out by 1989. Washington insists that retaining them is for the benefit of its West European allies, especially Federal Germany. Bonn believes the Pershing-1As would offset Moscow's advantage in short-range missiles and conventional weapons.

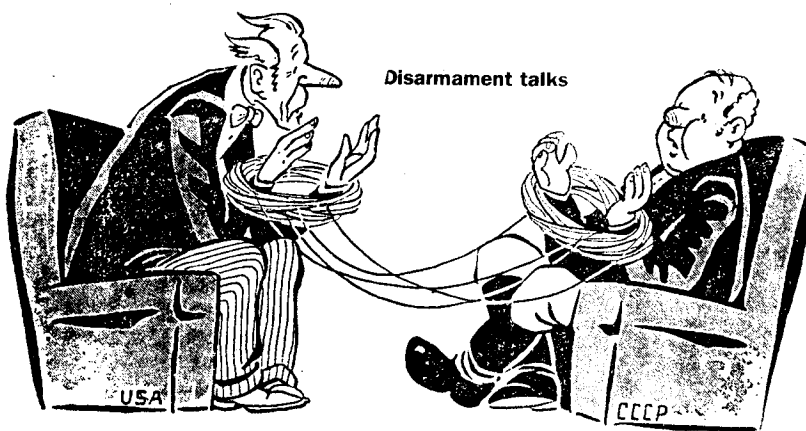
On August 19, the Soviet official news agency TASS charged that Washington, by retaining its nuclear warheads for 72 Pershing-1A missiles, intends to remain the sole possessor of shorter-range nuclear weapons after the two superpowers sign an agreement on removing their medium- and shorter-range missiles on a global basis. A Soviet spokesman said recently that if the West does not abandon the

Pershing-1As in Federal Germany, the Soviet Union will deploy the same number of a similar type of missiles in the German Democratic Republic.

Jurgen Todenhofer, disarmament policy spokesman for the Christian Democratic Union-Christian Social Union Party coalition in Federal Germany, said that the Soviet insistence on including Federal Germany's Pershing-1As in the Geneva arms talks is motivated by its strategic goals in Europe—to force the Americans out of Europe, eliminate nuclear weapons from the region, prevent its political unity and establish a so-called collective security system under Moscow's control. The spokesman added that the Pershing missiles, fitted with nuclear warheads controlled by Washington, symbolize non-nuclear Federal Germany's close military ties with the United States. With the elimination of these missiles, the Soviets would be one step closer to their goal of total nuclear disarmament in Western Europe.

While it is not yet clear whether Bonn's latest proposal will be accepted, it will have to be considered by the United States and the Soviet Union if they are determined to reach an agreement on medium-range missiles this year. A deal would probably be possible as long as Federal Germany's security is assured. ■

by Xia Ren



Its' hard to untangle snarled wool.

UNITED STATES

Birth Control Allegations Absurd

The recent US charges against China's population policy represent a gross interference in China's internal affairs.

The US government has decided to withhold a scheduled contribution of US\$25 million from the United Nations' Fund for Population Activities (UNFPA), charging that the agency supports a national policy of coercive abortion in China, according to a statement by the US Agency for International Development on August 13.

It marks the third straight year that the United States has withheld funds from the UN agency to protest against China's alleged abortion policy.

The latest US move came just four weeks after UN Secretary-General Javier Perez de Cuellar called on the international community to do its utmost to curb any further population explosion. That call came on July 11—the day the earth's population reached the 5-billion mark.

Based on a distortion of China's population policy, the US decision represents a wanton interference in China's internal affairs. It also involves an absurd charge against the UNFPA's activities and is a blow against UN efforts to control excessive population growth.

The UNFPA's programme in China consists of support for demographic training and research, maternal and child health care, family planning, contraceptive production, communications and education.

Following the US announcement, Nafis Sadik, UNFPA executive director, told reporters that the United States has offered no evidence to support its allegations, first made in 1985. In September 1985, the United States lodged its first complaint that the UNFPA in China supports coercive abortion or involuntary sterilization and deducted US\$10

million from its pledged US\$46 million contribution. In 1986, it held back a scheduled contribution of US\$25 million, citing the same allegations.

US Senator Daniel Inouye, a Democrat from Hawaii, called the US accusations against the UNFPA "absurd" and "nonsense." Inouye was one of the sponsors of a 1985 US amendment that prohibits assistance to any organizations supporting forced abortion and sterilization. Even US Secretary of State George Shultz said in 1986 that the United States has realized that the Chinese government does not follow a coercive abortion policy.

China, whose population accounts for 21 percent of the world's total, plays a key role in controlling global population growth. China's birth rate has dropped from more than 30 per thousand before 1971 to 20 per thousand today. This achievement has won the country's population policy worldwide appreciation. According to World Bank estimates, the world's population could have reached 5 billion two years ago and would now be more than 5.13 billion if China had not controlled its population growth over the past decade.

China's birth control programme has always been conducted on a voluntary basis. How could the programme make such remarkable strides if it did not enjoy popular support? Of course, in a country the size of China, problems are bound to occur somewhere. These should not be interpreted as part of government policy. In New York, there are about 150,000 illegal abortions a year. Can we say that these are part of US government policy?

At a 1984 international conference on population in Mexico City, all the participants, including a US delegation, voted in favour of the principle that every country has the right to formulate and implement its own population policy. The recent US move is a gross violation of that principle and a wanton interference in China's internal affairs.

The US decision has created difficulties for the UNFPA's work. Sadik said the absence of the US contribution "means that we will not be able to expand our programmes to respond to the increased demand for assistance from countries of the developing world, where 90 percent of the world's population growth occurs."

It is hoped that the US government will reverse its incorrect policy and throw its full support behind the UNFPA's efforts.

by Qian Wenrong

NEW ZEALAND

Labour Party Wins Parliamentary Election

In the recent general election, the Labour Party of New Zealand retained its 15-seat majority in parliament. Elected to his second consecutive term, David Lange will pursue his anti-nuclear and reform policies.

The ruling Labour Party has won the country's 32nd general election. Led by Prime Minister

David Lange, the party obtained 56 seats in the 97-seat parliament, while the opposition National

Party gained 41. Lange has become the first Labour Party leader since World War II to win two consecutive three-year terms.

After the results were in on the August 15 election, Lange said his government will not return to a military relationship with the United States. He also reiterated his commitment to economic reforms. "What is going to happen in the next three years is that we will use a dynamic economy to make New Zealand a fitter place to live in," he declared.



David Lange and his supporters celebrate their election victory.

The South Pacific country has a developed economic and welfare system. Its main revenue comes from exporting agricultural and animal products, with animal product exports accounting for 53 percent of the aggregate export value. In recent years, sharp international competition and falling prices for animal products have caused an imbalance in New Zealand's international trade. To maintain its huge welfare expenditures, the government had to borrow abroad and this caused problems in the economy. After the first Lange government took office in 1984, it adopted a series of measures to reform the national

economy. It floated the New Zealand dollar, lifted import limitations, cancelled price controls on consumer goods, imposed taxes on commercial goods and services and halted state subsidies to the agriculture, forestry, mining and manufacturing sectors. The government transformed nine administrative departments into state corporations that are responsible for their profits or losses. Forestry, electricity, coal, land surveys, post and telecommunications and railways fall into this category. At the same time, the government privatized some state property, wooed foreign capital and gave priority to the acquisition of new technology and the development of exports.

The economic reforms have produced results. In Lange's first year in office, the country's gross national product increased by 7 percent. In the past two years, the financial and foreign trade deficits have been reduced and trade surplus is expected in the current financial year. The reforms have been well received not only in industrial and commercial circles but also by majority of farmers, who have been hard hit by the reforms.

Lange's independent foreign policy is based on opposition to nuclear weapons. This policy, which has made the prime minister a focus of world attention, was the topic of much debate during the election campaign. During his first term in office, Lange proclaimed the South Pacific a nuclear-free zone and said New Zealand would not allow ship armed with nuclear weapons or nuclear-powered ships to call at its ports. The New Zealand parliament passed an anti-nuclear bill on June 4, thus enshrining the government's anti-nuclear policy in legislation.

The United States has reacted strongly to Lange's stand. It forced New Zealand to withdraw from the Australia-New Zealand-United States Security Pact (ANZUS), ending its responsi-

bility for New Zealand's defence. Washington also refused to extend the memorandum of understanding on logistic assistance between the United States and New Zealand, which expired in June. And it lowered the status of New Zealand from an ally to one of a friendly country, which means it will not sell arms and ammunition to the latter at a preferential price. Lange remains flexible while upholding the non-nuclear principle. He said that despite the unfriendly stance of the United States, his country will continue to play the role of a Western ally and will protect flights from the US naval support base in Christchurch, New Zealand, to Antarctica.

Moreover, the Lange government has worked out a large independent defence strategy and is determined to contribute to the peace and security of the South Pacific. A recent public opinion poll showed that 80 percent of New Zealanders support the anti-nuclear bill. Thus, Lange's foreign policy basically conforms to the desire of the New Zealand people.

Lange lives simply and maintains close contact with the men in the street in an effort to understand public opinion. This helped him win the election. But the road ahead is difficult. Headaches such as inflation, unemployment and foreign debt remain. After election Lange said his government would pay special attention to the improvement of education and social welfare and would make a major effort to reduce the unemployment rate of 6.2 percent.

by Chang Qing



JAPAN

Minister Woos South Asian Nations

Japanese Foreign Minister Tadashi Kuranari's trip to India, Sri Lanka and Bangladesh reflects an attempt by Japan to fill a 10-year gap in its diplomacy.

Japan's Foreign Minister Tadashi Kuranari held talks with the leaders of India, Sri Lanka and Bangladesh during a seven-day visit to South Asia that ended on August 16. The leaders are reported to have discussed the international situation and bilateral relations. But observers say the main objective of the visit was to improve Japan's relations with the three nations and boost its political and economic influence in the increasingly important region.

Japan's interest in the Asian and Pacific area has grown in recent years, especially since Prime Minister Yasuhiro Nakasone took office. Japan has long had close political, economic and diplomatic relations with countries in East and Southeast Asia and the Middle East. And January, Kuranari toured five nations in the South Pacific to put forward Japan's new five-point policy aimed at extending its influence in that region.

But South Asia has been relatively neglected in Japanese diplomacy. Except for a 1984 visit to India by Prime Minister Nakasone, no ranking Japanese government official has been to any of the South Asian countries in the past 10 years. In economic matters, there has been a clear contrast between Japan's relations with the countries of the South Asian Association for Regional Co-operation (SAARC) and those in the Association of Southeast Asian Nations (ASEAN). Only 1 percent of Japan's investments in Asia are in the seven SAARC member nations, which have a combined population of 1 billion, compared with 66 percent in the six ASEAN countries.

The neglect of South Asia

reflects a defect in Japanese diplomacy. In an effort to remedy the situation, Kuranari chose Dacca, the birthplace of SAARC, for the announcement of Japan's three-point policy for South Asia. The policy calls for political dialogue, friendly exchanges and economic co-operation between Japan and the countries in the region.

During his trip, Kuranari told his hosts that Japan is ready to advance its relations with SAARC countries through political dialogue and visits. It will also increase loans to South Asia. Prior to this, the Japanese government decided to provide 64 billion yen (about US\$427 million) in official development assistance to India.

VIET NAM

Sincerity Lacking on Kampuchean Issue

Viet Nam has rejected a new settlement proposal of the Association of Southeast Asian Nations. This exposes Hanoi's insincerity about 'resolving the Kampuchean question.'

The Vietnamese foreign ministry on August 20 refuted the latest proposal for a political settlement in Kampuchea.

A foreign ministry spokesman dismissed the proposal made at the one-day meeting by the foreign ministers of the Association of Southeast Asian Nations (ASEAN) in Bangkok on August 16. The spokesman said the ASEAN proposal, which calls for an informal dialogue between Viet Nam and Kampuchea, is an attempt to turn what should be a dialogue between the Coalition Government of Democratic Kampuchea and the opposition, into one between the Vietnamese and Kampuchean.

The loan is the largest supplied so far, surpassing a 48.4-billion yen loan in fiscal 1986. It will finance development projects including the construction of a hydroelectric power plant.

Before Kuranari's trip, the Japanese government also extended US\$150,000 in emergency aid to Sri Lanka to help combat a malaria epidemic ravaging some areas of the country. During his visit to Sri Lanka, three protocols were signed on commodity aid and Japanese loans for hydroelectric projects and extensions of Colombo's port. Kuranari said Sri Lanka will get more loans and technological co-operation.

Bangladesh has received some 448 billion yen (about US\$3 billion) in Japanese aid since it gained independence in 1971. During his visit, Kuranari promised emergency relief for people in flood-stricken parts of the country.

by Gui Tongchang/Zheng Hu

By opposing the ASEAN proposal, Viet Nam has showed to the world that it is insincere about a political settlement of the Kampuchean issue.

Some 200,000 Vietnamese troops invaded Kampuchea in 1978, Viet Nam is necessarily key to a political settlement of the issue. But the spokesman said talks should be divided into two stages. The first stage, he said, "is a meeting between the two sides of Kampuchea, among Kampuchean exclusively, to discuss internal affairs... Viet Nam and other countries concerned would only participate in the meeting at a later stage to discuss the international aspect."

by Cai Ximei

Towards a Better World

The following is the main text of a speech given on August 25 by Qian Qichen, China's vice-foreign minister and head of the Chinese delegation at the International Conference on the Relationship Between Disarmament and Development.

In today's world, peace and development represent two fundamental issues on which hinge the development and evolution of the overall world situation and international relations. All major international questions invariably involve peace and development. Peace is for the purpose of development and of building a better world. To seek development in peace is the common aspiration and the primary task of the people throughout the world.

The realities confronting today's world are the superpowers' over-saturation of nuclear weapons, their huge stockpile of conventional weapons, and the ever-escalating arms race and its extension from the surface of the earth, the sea and the air into outer space. Moreover, regional conflicts persist and "hot spots" remain as critical as ever. Acts of interference and aggression, and the occupation of other countries' territories by force continue. The poverty and backwardness of the majority of third world countries remain shocking and the gap between the North and the South continues to widen. All these negative factors pose a military or non-military threat to world peace and security. The world has yet to free itself from the danger of a world war. Nevertheless, owing to the concerted efforts of the peace-loving countries and the peoples of all countries, the tense international situation has relaxed somewhat, and the forces for peace have grown stronger than those for war. Popular desire for peace has become an irresistible trend of the world. So long as people in all countries work

persistently towards developing and strengthening these positive factors, world peace can be maintained.

To safeguard world peace, it is imperative to stop the arms race and realize genuine disarmament. The superpowers, which possess the largest nuclear arsenals and conventional armaments, should take the lead in drastically reducing their weapons. However, disarmament alone, notwith-

necessary to solve the development problems facing the developing countries, improve North-South relations and narrow the North-South gap for the common prosperity and development of the world economy.

Peace and development are inseparable. Peace is the precondition for development; only in peace can countries attain development. By the same token, there can hardly be peace without development. So long as poverty and backwardness exist on earth, turbulence and insecurity in the world are inevitable. In a world where three quarters of the population suffer from underdevelopment, peace can be neither stable nor durable. The third world countries, longing for peace and striving for development, constitute the main force for the maintenance of world peace. The more developed their economies are, the greater their role in international affairs will be, and the more world peace will benefit.

In a world where three-quarters of the population suffer from underdevelopment, peace can be neither stable nor durable.

standing its utmost urgency, is by no means sufficient for the maintenance of world peace. It is also imperative to oppose all forms of hegemonism, acts of interference in other countries' internal affairs and aggression against other countries' territories, and the use and threat of use of force in international relations. Meanwhile, it is necessary to advocate the peaceful solution of all international disputes and the elimination of "hot spots" and regional conflicts. All countries, irrespective of their social systems and ideological differences, must strictly abide by the Five Principles of Peaceful Coexistence and coexist in peace. To maintain world peace, it is also

The development issue boils down to the development of the third world. Owing to various internal and external factors, most third world countries are currently confronting problems of underdevelopment or development difficulties. Such adverse factors as the abnormality of lopsided single-product economies, a legacy of prolonged colonial rule; inadequate development financing and technology; the drastic fall in the prices of primary products; rampant trade protectionism; heavy debt burdens; and frequent natural calamities, have all hindered, in one way or another, the economic development of the

third world countries. The situation is extremely inimical to peace and development in the world.

The world economy is an integrated whole. All countries, industrialized or raw material suppliers, developed or developing, are economically interrelated and in need of each other. In today's world characterized by limited resources, fierce market competition and unsatisfied investment needs, the developing countries cannot raise their export earnings and therefore can hardly purchase more commodities from the developed countries, unless and until the vast regions of the third world overcome their prolonged underdevelopment. If the current situation is to continue, it would be like travelling on a road that is always getting narrower, and would eventually affect the economic stability and prosperity of the developed countries. We advocate the establishment of a just and rational North-South economic relationship through the joint efforts of the developed and developing countries. The developed countries should adopt more flexible and preferential policies vis-a-vis the developing countries in such areas as opening up markets, financing, transfer of technology and increase in the volume of aid. Parallel to the development of new industries, they should consider corresponding measures to readjust or transform the structure of their traditional industries, so that certain labour-intensive industries can be developed. As their economies steadily develop, the developing countries will surely expand their exports, raise their payment capacity and absorb more commodities, thus creating a sizeable market for the developed countries. This would greatly facilitate sustained economic growth in developed countries. Should poverty in the South continue, development in the North would also be difficult. The

world cannot prosper without the common progress of the North and the South. In the long-run the achievement of prosperity and development of mankind depends on that of the third world which makes up three-fourths of the world's population.

Once armaments become a burden that can no longer be borne by a nation's economy, economic development is bound to be seriously affected.

The relationship between disarmament and development is an important subject, which calls for in-depth discussions. In recent years, there have been extensive deliberations in this connection and many countries have contributed their valuable opinions. Under the aegis of the United Nations, the preparatory committee of this conference has already produced a draft for the final document on the basis of repeated discussions. Now please allow me to take this opportunity to set forth the basic approach and views of the Chinese government on this relationship.

Disarmament and development are interrelated, when viewed from the overall world situation and the long-term perspective of human development. At present, the annual military expenditures in the world—which total approximately US\$1,000 billion or US\$1.9 million a minute, amount to the total volume of debt incurred by the developing countries. Resources are limited in any given country and in the world as a whole. The arms race has engulfed enormous human, material, financial and natural

resources and fruits of scientific and technological development that could otherwise be used for development, while hundreds of millions of people are in dire misery, suffering from want, poverty and disease. At a time when mankind urgently needs more schools, hospitals, housing, factories and roads, why should resources be wasted limitlessly on increasing the number of tanks, warships and nuclear bombs? Mankind should dedicate itself to the elimination of poverty, rather than engaging in an arms race that threatens its very survival. Disarmament would undoubtedly contribute to the development of all countries and the growth of the world economy.

The reality today shows that the superpowers possess the greatest economic and technological strength and the largest nuclear and conventional arsenals. As opponents in the arms race, they account for the lion's share of the world's military expenditures and are the major suppliers of weapons. Their interference and acts of aggression in some regions have given rise to regional and international tension and created one "hot spot" after another, thus seriously threatening the peace, security and development of the world. It goes without saying that, in connection with disarmament, security and development assistance, the superpowers should bear, ahead of others, a special responsibility greater than that of other countries. They should take the lead in drastically reducing their nuclear and conventional armaments, put an end to the use and threat of force and increase their development assistance to the developing countries. Obviously, such assistance should be free of any strings detrimental to the sovereignty and independence to the recipient countries.

For the developed countries, disarmament and development are equally necessary and desirable. The world economy is unbalanced. The same is true of

the economic development of various countries. Even in highly developed industrialized countries, there are areas that are less developed or have development difficulties to varying degrees, in addition to mass unemployment and large numbers of people living below subsistence level. Even the militarily strong countries still need further economic and technological development and improvement in the living standard of their people. If the developed countries save resources by lowering their military expenditures and reducing the quantity of their weapons and the size of their armed forces, it would first and foremost benefit their own economic growth.

As for the developing countries, they should all the more take advantage of the peaceful environment and devote their limited material, financial and human resources to economic development. The main task facing the newly independent countries in the third world after casting off the yoke of colonialism is to consolidate their national independence and develop their national economy. This will require an appropriate handling of the relationship between national defence and economic development. Although security is the necessary guarantee for development, it is undesirable to raise defence spendings to the point of hindering economic development. In the final analysis, the maintenance of national independence and state security depends on economic development, increased national strength and active involvement in the struggle to safeguard regional and world peace, and by no means on a mere expansion of one's armament. Once armaments become a burden that can no longer be borne by national economy, economic development is bound to be seriously affected as a result. It is therefore necessary to handle the relationship between national defence and economic construc-

tion in a proper and rational way.

As disarmament and development concern the security and interests of every country, joint efforts of all countries are called for. All countries, big or small, strong or weak, have the duty to safeguard world peace and security and the right to participate in the discussion and settlement of the issues of disarmament and development. Last year, Romania decided to reduce unilaterally by 5 percent its armaments, military personnel and military spending. Recently, the Democratic People's Republic of Korea put forward a proposal for joint disarmament by both the North and the South of Korea and decided to reduce unilaterally the size of its armed

***C*hina's experience shows that to handle rationally and appropriately the relationship between national defence and economic construction is not only necessary but also possible.**

forces by 100,000 people. These actions should be commended and supported. We hope that all countries, big powers in particular, will limit their military expenditures as far as possible and carry out effective disarmament, so as to use the human and material resources thus released for their own economic development and contribute their share to world development.

China is a developing socialist country and its people are wholeheartedly dedicated to the socialist modernization drive. It needs to develop in peace and hopes that the world will develop in peace. It

pursues an independent foreign policy of peace in international relations and policies of reform, opening up to the outside world and invigorating the economy at home with the aim of safeguarding peace and seeking development. We are opposed to hegemonism, interference in other countries' internal affairs and violation of other countries' independence and sovereignty. In the interests of world peace and development, we stand for the equality of all countries, big or small; peaceful coexistence among all states; peaceful settlement of all international disputes; improvement of North-South relations; and enhanced South-South co-operation. China opposes the arms race and stands for disarmament. While maintaining the necessary defence capabilities, the Chinese government has taken a series of arms reduction measures to promote economic development.

In 1985, the Chinese government made a major decision to reduce the size of its armed forces by 1 million people. This task has already been completed smoothly. This represents a reduction by approximately one fourth in the size of China's armed forces.

Against the background of continued sharp rises in the world military expenditures, the percentage of China's military spending in its state budget has decreased yearly, from 17.5 percent in 1979 to less than 10 percent in 1986. China's military expenditures in 1986 totalled 20 billion yuan, or less than US\$5.5 billion, accounting for only 0.5 percent of the world's total.

In recent years, some of China's military facilities, including airfields and ports, have been turned over to civilian or shared use so as to improve transportation and to promote the development of the national economy.

We have also adopted a series of measures to train members of the armed services in both military

and civilian occupations, so that they can easily take up new posts once they are demobilized by using skills they acquired during active service. At the same time, the industrial, agricultural and commercial sectors get a constant inflow of people with professional knowledge and expertise.

Part of China's military industry has been turned to civilian production, manufacturing large numbers of articles for daily use to meet the growing material and cultural requirements of the people.

China's armed forces are also engaged in agricultural and sideline production on a big scale and have set up numerous small factories, mines and enterprises. By engaging in production, the armed forces have helped lighten the burden on the state and increase commodity output for the society.

The armed forces have also taken an active part in various social and public activities, rescue operations and battles against natural calamities. From 1981 until today, the Chinese armed forces have put in several million person-hours rescuing people trapped by floods or forest fires, thus making an important contribution to the protection of state property and people's lives.

Our experience shows that to handle rationally and appropriately the relationship between national defence and economic construction is not only necessary but also possible.

The Chinese people love peace, long for development, and are ready to join the people of other countries in a common effort for world peace and development. At present, with the development and strengthening of the forces for peace, factors against war have also grown. Meanwhile, reforms and readjustments in the economic sphere have become the order of the day and the demand for and momentum of improving North-South relations and bridging the gap between the rich and

the poor are irresistible. The overall international situation is developing in a direction favourable to efforts towards disarmament and development. People throughout the world should take this good opportunity to step up their efforts towards maintaining world peace and promoting

development. The current conference on the relationship between disarmament and development has provided another opportunity in this regard. We sincerely hope that the United Nations will play a more important role in the noble cause of disarmament and development in the future. ■

ARCHAEOLOGY

Relics Unearthed in Xian

by Wang Zhaolin and Wang Huangyan

Four bones from the fingers of Sakyamuni, founder of Buddhism, and many related precious Tang Dynasty (618-907) artifacts were unearthed from the crypt of Famen Temple, Xian, by the end of last May. This, plus the primitive New Stone Age village at Banpo 100 kilometres away from the temple, the 2,000-year-old life-size terra-cotta warriors and horses at the Qin emperor mausoleum and other relics unearthed in Xian the ancient capital, make the whole area a veritable historical museum.

Ancient Temple

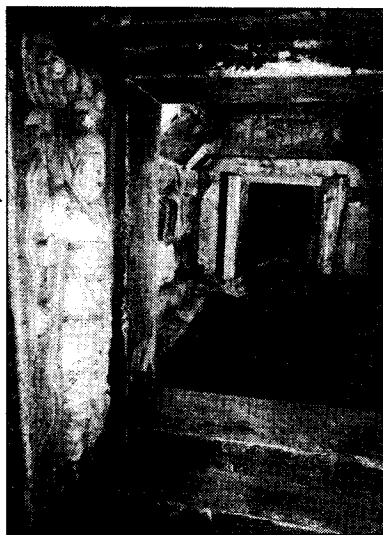
Legend has it that after the Nirvana (death) of Sakyamuni, the devout Buddhist King Asoka of ancient India, in order to spread Buddhism to the world, built 84,000 stupas in which to keep Sakyamuni's relics (*sarira* in Sanskrit). Xian's Famen Temple is one of them, and here was kept the finger bones of the Buddha. Hence the stupa was named "Mound of the Sage," and was considered the most holy of all the stupas in Guanzhong (present-day Shaanxi Province).

Historical records say that Famen Temple was built some 1,700 years ago over an area of nearly 100 *mu* (15 *mu* equals a hectare) and housed several hundred monks. Destruction and rebuilding later left the present temple at little more than 16 *mu*, including the Hall of the Bronze Buddha in front of the stupa, the main hall of worship and its two wings at the back.

Records say that since the Famen Temple was built, it gained the support and favour of royalty, high-ranking officials and celebrities. It was famous either because the Buddha's relics were buried there or because it was sort of a royal temple. A stone tablet in the temple says that from the fifth

The crypt of the Famen Temple.

AN KEREN



century onwards, not a few emperors and empresses came to worship the Buddha, and that many of the emperors of the Tang Dynasty went there to bring the Buddha's remains back to the royal palaces. Tang empresses and imperial concubines offered their hair and clothes to the Buddha there. Princes, officials, scholars and even ordinary citizens of various dynasties vied with one another to donate large amounts of money to the temple, making it very prominent for a considerable time. Only after the 10th century did the temple begin to fade into obscurity.

A rich legacy of cultural and historical items are preserved in this ancient temple. The ancient stupa was originally a wooden four-storey structure. It was rebuilt in 1579 as an exquisite, brick octagon with 13 levels discernible from the outside. It stood 47 metres high. Horizontal inscribed stone tablets were hung on four walls of the ground floor. From the second floor to the 12th, there were altogether 88 niches housing 104 bronze statues of Buddha or Bodhisattva. The biggest is life-size and the smallest only 20 centimetres high. Inscriptions at the back of these statues show that they were donated by high-ranking officials or other prominent people. These statues make the stupa a rare treasure house of Buddhist art.

The stupa, which had weathered the elements for four centuries, half collapsed on August 24, 1981 because of an earthquake and incessant rain afterwards. When the stupa's foundation were being cleared during the rebuilding last April, a large crypt was discovered. It is 21.2 metres long and covers an area of 31.48 square metres. It includes an approach, a landing, a tunnel, and then front, centre and rear chambers, and a niche. The entire crypt is of stone slabs. When it was opened, the first thing found on the floor were the coins and treasures from the heyday of the



AN KEREN

Coloured relief of a deity on the door to the back chamber of the crypt.

Tang Dynasty. Fortunately, ever since the crypt was sealed on the fourth day of the first lunar month of 874, it was never disturbed. That is why all the rare cultural relics are kept intact till today.

Buddha's Relics

Four well-preserved pieces of bone from the fingers of the Buddha were discovered in the crypt, for the first time in world history. After checking related historical documents and the inscriptions on the tablet found there, it was decided these were the Buddha's relics which many Tang emperors welcomed to the royal palaces for worshipping.

Most of the Tang emperors were Buddhists. Emperor Taizong (627-650) and five succeeding emperors and one empress had the Buddha's relics in Famen Temple brought to the royal palaces to be worshipped.

Emperor Gaozong (son of Taizong) had the relics in his palace in Luoyang for four years. His wife Wu Zetian, who later became China's first empress, also had the relics brought to the Luoyang palace after she ascended the throne.

The biggest ceremony welcoming the relics to the royal palace took place during the reign of Emperor Yizong, which began at 860. After two years of preparation, he went to the Famen Temple in 873 to initiate the ceremony. A procession of horses and chariots wound their way hundreds of kilometres from the temple to the palace. When the relics finally reached the capital in April, a curfew was imposed on the city. The emperor went personally to the city gate to pay homage to the relics, and the prime minister and other high officials donated a great deal of money and silk. Emperor Yizong died in July that year, and the task of sending back the relics to the temple rested with his successor Emperor Xizong.

The four pieces of finger bone were discovered in May 1987. The first finger bone was discovered in a sculptured casket covered by seven bigger gilded ones. The casket was offered by the Tang Emperor Yizong to the temple. The discovery was made at one o'clock in the morning of May 5 (eighth of the fourth lunar month), the birthday of Sakyamuni. It was found cupping on a tiny silver column in the centre of the casket. The finger bone was 40.3 mm long, its inside diameter 13.75-16.5 mm, hollowed inside, weighing 16.2 grams.

The second was found in a white marble double-eared alcove on the morning of May 9.

The third was in a small iron casket placed in the niche in the rear chamber, wrapped in gold colour silk. The bone was placed inside four boxes. The outer most casket with 45 gilded images of Buddha is engraved with the words: "This precious casket which contains the genuine finger bone of Sakyamuni is presented by the Tang Emperor." When the casket was opened, a smaller sandalwood box was revealed inside. Further in, there was a crystal box inlaid with a yellow gem at one end, and a blue gem at

the other, each surrounded by pearls. The bone itself was in a jade box. When the jade box was opened on May 10 archaeologists found in it a bone of yellowish-white colour stained with mildew.

On the night of May 12, archaeologists extracted the fourth piece from a painted *sarira* stupa in the front chamber of the crypt. They found that all four pieces of bone except the third were similar in size and appearance. After checking these relics, Zhao Puchu, director of the Chinese Buddhists' Association, and Zhou Shaoliang, vice-director of the association, reckon that the third piece is the finger bone of Sakyamuni, the remaining three are "reflection bones" (modelled ones). Zhao explained that real bones of Sakyamuni "are often likened to the moon in the sky, while other bones are the reflections of the moon in the rivers." These "reflection bones" are also considered Buddha's real *sarira* by Buddhists.

Gold and Silver Articles

Along with the relics of Buddha, the archaeologists found a number of other rare items of great value. They include 121 gold and silver articles, all in good condition.

While clearing the crypt, the archaeologists found a tablet engraved with a list of articles presented to the temple by emperors, high-ranking Buddhists and court officials of the Tang Dynasty.

Among the gold and silver articles was a 1.96-metre-long hollowed staff, made of 58 taels of silver and 2 taels of gold. It is decorated with 12 images of high-ranking monks up and down the shaft and has 12 metal rings at the top. This is the longest monk's staff found in China so far, believed to be used by a monk of a very high rank. It was recorded that it took nine months to make on the order of Emperor Yizong in 873.

Other rare articles include a two-handled silver tub, 54 cm in diameter, weighing 6.2 kilogrammes. In the bottom is a gilded pattern of the interlocking mandarin ducks. Lovely patterns have also been forged on the rim of the tub. According to Buddhist custom, Sakyamuni's birthday is washing festival during which Buddhists, chanting their prayers, wash statues of the Buddha in a bath tub with water mixed with various perfumes.

The largest of the precious metal articles is a silver five-foot incense burner. The silver burner is put in the middle of a special burner table, and altogether they weigh 380 taels. On the upper part of the burner there are five gilded turtles each lying on a lotus flower. Legend says that only 1,000-year-old turtles can rest peacefully on lotus flowers or leaves. It symbolizes good fortune and longevity.

There are two round gilded silver censers found in the crypt. The largest found so far, one is 12.8 mm in diameter. The round censer is composed of two hemispheres, tied together by a long metal chain. Inside is an incense-burning basin that has a special gyroscopic mechanism which allows it to stay upright all the time even if the censer is turned completely.

Among these gold and silver articles are some exciting discoveries that shed new light on aristocratic life and society of the

Tang Dynasty. There is a cage woven with braids of fine gold and silver strands. It compares well with a crown decorated with a similar technique found in the Ting Ling underground palace of the Ming Dynasty (1368-1644). The cage confirms that this technique dates back even further than was originally believed.

In addition, the first complete gilded tea service was found. The tea service includes a gilded tea holder with a swan goose pattern, a gilded tea kettle with a flying *Apsaras* and crane pattern and a tea sifter. Archaeologist Ma Dezhi, who specializes in the study of Tang Dynasty artifacts at the Archaeology Research Institute under the Chinese Academy of Social Sciences, said that in the past no one could explain why people of the Tang Dynasty called "drinking tea" "eating tea." After reading inscriptions engraved on a tablet in the temple and on the tea service it appears the Tang Dynasty people did eat tea. The leaves were first ground into dust, then sifted into a tea dipper. To eat tea: take a spoonful of fine tea dust out of the tea dipper, then add boiling water. The Japanese tea ceremony still retain some of the elements of the tea eating of ancient China, including the use of tea-grinding tools and a tea sifter, and drinking tea with its dust. This proves that China is the home of tea and tea-drinking and that the Japanese tea ceremony originated in Tang Dynasty China.

Silk Fabrics

Xian is the starting point of the "Silk Road." In the crypt archaeologists discovered rare Tang Dynasty silks in great variety. The crypt is an imperial treasure house of silk.

Shi Xingbang, director of the Shaanxi Archaeological Institute and leading member of the Famen Temple archaeological team, said a tablet found in the tunnel to the crypt lists 700 silk kasayas, coats,

An archaeologist drawing a picture of a stone carving of a golden-haired lion. Traditionally, lions on which Sakyamuni is pictured sitting, are sacred animals guarding the Buddha's ashes.



shoes, hats, dresses and hassocks presented by emperors, empresses and nobles' wives. Among them is a dress embroidered with gold thread presented by Empress Wu Zetian. Experts say these pieces are of higher quality in terms of texture and weaving techniques than those discovered in Dunhuang in Gansu Province and Turpan in Xinjiang Uygur Autonomous Region on the "Silk Road" since the founding of New China.

A preliminary study shows that these fabrics include brocade, twill, leno, gauze, pongee, embroidered and printed silk. This is the first time fabrics woven with the combined silk and gold thread have been found. The finest thread measures only 0.1 mm in diameter. The silk thread is twined with gold thread which is as thin as a hair. A one-metre length of silk thread must be twisted with the gold thread 3,000 times, no mean feat. At present China can only produce silk-gold thread of 0.3 mm in diameter, abroad 0.2 mm threads can be made.

An embroidered coat, a golden flower kasaya, a hassock and other silk pieces presented by Emperor Yizong are in good condition. In exquisite designs of flowers and clouds, these pieces are the products of an astonishing weaving technique.

The discovery of the silk fabrics has provided physical data for the study of the history of ancient costume, textile and weaving technique.

Shen Congwen, a well-known writer and a Chinese costume expert, said that this is the most important Tang find in the last 50 years. The silk from the Famen Temple crypt, especially the silk-gold pieces, are of great importance. They are the masterpieces of the crafts of the Tang Dynasty and are better than those kept in the Shosoin treasure house in Japan and all provide important data for the study of the Tang Dynasty's culture and dresses.

Glass and Porcelain

Also discovered were 17 pieces of glass including plates, saucers, bowls and vases in blue, yellow, green and white. This is the biggest find since liberation, both in terms of quantity and variety. It includes a circular dish with the maple leaf pattern, a large blue circular dish with curved rim and maple leaf posy design and a yellow vase with a dish-shaped mouth. All exhibit strong west Asian influences, demonstrating there was already close contact between China and west Asia in the late Tang Dynasty.

Found together with the glass pieces were 16 pieces of so-called "secret" porcelain including plates, bowls and dishes. The inscription on the tablet says they were presented by the Tang Emperor Xizong. Mostly green and blue, they show excellent workmanship, fine design and advanced glazing technique.

The secret porcelain was fired in special kilns for imperial families and the tints and techniques used were secret. They have been the subject of much controversy, and no unanimity was achieved because no one has seen any real "secret" porcelain pieces. This find furnishes the experts with a great deal more information about these secrets.

The archaeologists also found the packing paper for the porcelain. Although the paper too is over 1,000 years old, some sheets are intact and painted with beautiful ladies, telling the experts more about Tang Dynasty paper-making and art than they knew.

Experts' Acclaim

Soon after these relics were discovered, more than 10 experts from the Buddhist, historical and relics circles in Beijing were invited for an on-the-spot inspection. All of them believe this find is a great event in the world of cultural history.

Well-known Buddhist Zhao Puchu said finding the finger bones of Sakyamuni would cause a stir in the Buddhist world.

Ji Xianlin, an oriental languages professor from the Beijing University and member of the General Assembly of the Chinese Academy of Social Sciences, said many of these relics reflected the cultural and economic exchanges and improved the understanding and friendship between China and other countries. This wealth of material presents an enormous amount of research work which will need 10 to 20 years to finish. He believes the study of the Famen Temple will become a new international research subject.

Shi Shuqing, a research fellow of the Museum of the Chinese History and deputy director of the China National Relics Appraisal Committee, said that religious relics are always exquisite and of high value because their presenters and manufacturers were pious religious believers and did their best, financially and physically, to produce them.

The Shaanxi provincial government has adopted special measures to protect these precious relics and announced the site closed to visitors for the time being. The temple is expected to be opened to the public on the eighth day of the fourth lunar month next year — the birthday of Sakyamuni and the first anniversary of the discovery of his first finger bone. ■



FACTS & FIGURES

Collective and Private Services in China

by the State Statistical Bureau

Since the policy of opening to the outside world and invigorating the domestic economy was implemented in 1979, China's collective (not including supply and marketing co-operatives) and

finding a hotel, a barbershop, a laundry or a repair shop, now the problem has been solved to some extent. In the countryside, however, especially in remote areas, the problems persist.

individuals but to groups of people, to collectives or enterprises. The share system is also being tried in some collectively owned businesses in order to open up more sources of funds. Pooling idle funds from society for production is a way to ease the shortage of money for the service trade.



HUANG JIANQIU

People shopping in the biggest farm produce market building constructed in Guangzhou City last year.

private service sectors have been developing rapidly.

By the end of 1986, China had more than 1.6 million service centres employing about 3.7 million people, an increase of 4.9 and 4.5 percent respectively in that year. There were 138,000 collectives, employing 1.07 million people, up 0.7 and 0.6 percent, and 1.4 million private businesses employing 1.89 million people, 5.3 and 5.5 percent rises over 1985. Employment in these two sectors accounted for 80.2 percent of the nation's total service workforce.

A service network has already taken shape in China's cities and their distribution has gradually become more rational. In the past, people in the cities had difficulty

In 1986, vigorous transformations took place in the service trade, particularly in the collective and private sectors. By the end of last year, 8,612 state-owned centres with 149,000 staff members became collectively managed businesses. This is 5.3 percent more centres and 14.6 percent more people than in 1985. Some 2,369 shops involving 18,000 people were leased to individuals, a rise of 10.9 and 12.5 percent respectively. Meanwhile a total of 1,386 service businesses with 14,000 employees changed from state-owned status to collectives, an increase of 12.9 and 1.2 percent respectively. Leasing has been carried out in various forms, and businesses were leased not only to

Last year inter-departmental and trans-regional co-operative service organizations were developing apace. By the end of the year over 430 such economic associations, with 12,948 employees, had registered with the State Administration for Industry and Commerce. A full 190 of them (employing 5,311 people) were established in 1986, accounting for 44 and 41 percent of the respective totals. Collectively owned businesses joining such economic associations took up a large proportion. Apart from these economic alliances, jointly managed businesses have become increasingly common.

The fastest growth has been seen in the private sector. In the first half of 1986, the number of private service businesses fell due to shortages of raw materials and operating space. However, with the state policy of encouraging private services, the number grew again in the latter half of the year. By the end of last year, the proportion of people employed in the private sector rose from 50.6 percent in the previous year to 51.1 percent of the service trade's total employment.

The development of the private sector in the rural areas lags behind. Each private service outlet caters to twice as many customers as an urban outlet does. ■

Shareholders, Directors and Managers

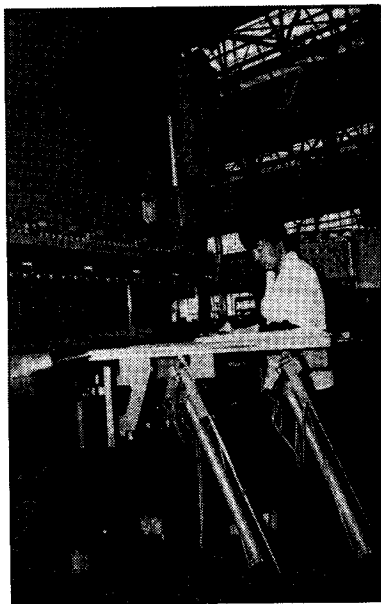
by Yue Haitao

Unlike public companies in the West who sell their shares on the open market, Sino-foreign joint ventures in China have no shareholders' meetings, and the board of directors is the supreme organ of power. But China's joint ventures do have shareholders; generally each investor has one representative and sometimes two.

A joint venture's property is owned by its shareholders and is at the disposal of the enterprise. No shareholder is allowed to transfer or sell his or her share unless this is approved by the other shareholders and ratified by the Chinese government. All shareholders enjoy rights and bear losses commensurate with their registered share in the project.

The China Orient Leasing Co., founded in 1981, is one of the first Sino-foreign joint ventures in the country. Funded jointly by the China International Trust and Investment Corp. (CITIC), the Beijing Machinery and Electrical Equipment Corp., and the Orient Leasing Co. of Japan, the joint venture has a registered capital of US\$3 million, to which the Japanese side contributed half. Accordingly half of the eight-member board of directors are Japanese. Chinese law stipulates a minimum of three members on a Sino-foreign joint venture's board of directors. The actual number ranges from five to 11 people. Larger joint ventures with more directors also have a standing committee of the board of directors. The number of shareholders' representatives on the board is decided by the parties involved in line with their share of investment in the business.

The Law on Sino-Foreign Joint



XUE CHAO

Workshop at the Tianjin Otis Elevator Co.

Ventures stipulates that the foreign investment in a joint venture must be no less than 25 percent. In some existing joint ventures the foreign investment has already exceeded that of the Chinese. For example, the share of Japanese investment in the China Nantong Rikio Co. in Jiangsu Province is 60 percent. Even though in most joint ventures the Chinese share is greater than the foreign share, the Chinese side has never imposed its will on the foreign partner.

The Chinese government stipulates that the board of directors is a joint venture's highest power and all important issues must be discussed and approved unanimously by the board of directors. The principle of subordinating the minority to the majority does not apply, and any board member has the power of veto.

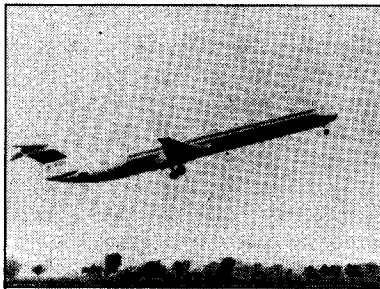
This rule has not been easy to apply. In 1985, the Chinese authorities in charge of the Sino-US Hubei Parker Seal Co. dismissed the Chinese general manager and assistant general manager without even notifying the board of directors. When the Chinese government learnt of this, it asked the local authorities to correct the wrongdoing, and the general manager returned to his post.

Similar problems also occurred recently in a joint Beijing-Hong Kong food company. The board of directors has five members (three local and two Hong Kong). In two years the Beijing side reshuffled its managers three times, changed the prices of its products several times and accepted a number of loans without informing the Hong Kong representatives on the board. The company lost money due to poor management. Blaming the unreliable management, the Hong Kong party asked to withdraw its investment. The problem of this small, 2 million-yuan business is taken very seriously by the Chinese authorities who are dealing with the case.

Last year when the China Tianjin Otis Elevator Co. drafted plans for this year's production, the foreign party, out of consideration of profits, objected to putting money, time and manpower into experimenting with new techniques. The Chinese side felt that although profits were important, importing advanced technology to upgrade the products was more so. Through repeated discussions, the two sides did reach agreement.

Directors of a joint venture must be loyal to the investing party they represent but must also have management skills. Members of the board are shareholders, senior staff at the enterprise, and specialists invited by the enterprise.

The chairperson of the board of any Sino-foreign joint venture must be appointed by the Chinese side according to Chinese law for the following reasons: Having been registered in China, joint ventures are considered China's legal persons and it is logical that they should be Chinese. China practises the commodity economy under the guidance of the state plan which is quite different from the economic systems in Western countries. Furthermore, having to interact mostly with organizations and people where they are located it is best for the chairpersons of joint ventures in China to be local.



First MD-82 aeroplane made jointly by the Shanghai Aircraft Manufacturing Plant and the US McDonnell Douglas Co. on a test flight.

YANG PUTAO

The board must follow the principle of collective decision making and the chairperson cannot make final decisions on important issues. Most of the Sino-foreign joint ventures' chairpersons are senior administrative officials appointed by the Chinese authorities or the Chinese party of the joint venture. They are well educated and experienced.

Members of the board of directors must meet at least once a year and valid decisions are only those made when each investing party has at least one representative in attendance. To ensure efficiency, it is stipulated that if

directors cannot attend a meeting they can appoint proxies to participate and vote on their behalf.

The general manager of a joint venture takes charge of the enterprise's day-to-day business. The position of chairperson and general manager must be decided before the venture's management body is established. The two names must be submitted to the foreign investment management department for approval, together with the venture's contract and articles of association.

The Chinese government has no rigid stipulation on the general manager. If one party appoints the general manager the other side will appoint the assistant general manager. A person not directly in one of the sides is also permissible. In the Guilin Osmanthus Hotel financed jointly by China and the United States, the chairman was appointed by the Chinese side, the general manager is from the US business, and the assistant general manager is Chinese.

Like the Osmanthus Hotel, the first general manager of many a joint venture is recommended by foreign investors and appointed by the board of directors. Many of these arrangements, for example, those in the China Hotel in Guangzhou, the Beijing Jeep Corp., and the Jianguo Hotel in Beijing, are quite successful. Both sides feel satisfied with the general manager being a foreign representative. The Chinese side often feels that experienced foreign specialists as general managers help the Chinese learn advanced management expertise.

In some joint ventures, such as the Beijing Jeep Corp., the Jianguo Hotel, the Great Wall Hotel and the Lido Holiday Inn in Beijing, the managers of all the important departments are also appointed by the foreign party. These experienced foreign managers, energetic and hardworking, are hoping to further their careers based on success in China. The Chinese managers have learnt

much from them, and so far the co-operation between the two sides in these ventures has been satisfactory.

Regardless of the nationality of the general manager and assistant general manager, decisions on all important issues of a joint venture are made jointly by the two of them, and only documents which they have both signed are valid. This helps prevent the general manager from making unfair or arbitrary decisions. The problem is that this procedure complicates and sometimes delays decision making.

General managers have the power to handle major issues. In the day-to-day management, they are subordinate to the chairpersons and vice-chairpersons, and other members of the board should not interfere in the implementation of the general manager's directives. General managers have the power to appoint and remove any of their subordinates except the chief engineer, the chief accountant and the auditor. They also have the right to stop any of their subordinates from pursuing a course they deem harmful. All members of a joint venture must unconditionally fulfil the directives on the enterprise's day-to-day work issued by the general manager.

There are two major departments that are to be found in joint ventures in China which probably will not exist in the parent companies in Western countries. One is the ubiquitous gigantic materials supply department which is responsible for the purchasing of all items needed by the business. This is a result of China's prolonged centralized planning system in which changes have only recently taken place. The other is that most of the joint ventures in China have to establish a department to take care of services to oversee such things as canteens, kindergartens, clinics, clubs and schools. ■

Bank of China Regulations on Providing Loans to Foreign Investment Enterprises

Approved by the State Council on April 7, 1987 and Promulgated
By the Bank of China on April 24, 1987

Article 1 These regulations are hereby issued with a view to supporting the production and operation of foreign investment enterprises, expanding international economic and technical co-operation and promoting the development of China's national economy.

Article 2 In light of state policy and under the principles of safety, benefit and service, the Bank of China will grant loans to foreign investment enterprises to finance their construction and operation, with priority going to those that can generate good economic efficiency with export-oriented products and advanced technology.

Article 3 Foreign investment enterprises, i.e. Sino-foreign joint ventures, Chinese-foreign co-operative enterprises and wholly-foreign-owned enterprises registered in China (hereinafter called "enterprise/enterprises"), are eligible to apply to the Bank of China for loans, provided that they meet the conditions specified in Article 7 of these regulations.

Article 4 In granting loans, the Bank of China must sign loan agreements with the borrowing enterprises and enhance its management of the loans.

Article 5 The Bank of China grants the following kinds of loan to enterprises:

1. Fixed Assets Loans, to finance the construction costs, purchase of technology and equipment, and installation costs in connection with capital construction and technological transformation projects. It takes the following forms:

- a. medium and short-term loan;
- b. buyer's credit;
- c. syndicated loan, and
- d. project financing.

2. Working Capital Loan to meet the requirement of enterprises in the process of manufacturing and marketing and normal operation. It takes the following forms:

- a. production reserves and revolving funds;
- b. temporary credit, and
- c. overdraft on current account.

3. Renminbi Loan Against Mortgage, to be handled by the Bank of China, according to the Provisional Measures for the Borrowing of Renminbi Loans Mortgaged with Foreign Currencies by Foreign Investment Enterprises promulgated by the People's Bank of China.

4. Stand-by Credit, to be given by the Bank of China after its review and approval of the application by enterprises for their special purposes.

Article 6 Loans can be provided in local and foreign currencies. Local currency refers to

Renminbi and foreign currencies to US dollar, Pound sterling, Japanese yen, Hong Kong dollar, Deutsche mark and other convertible currencies acceptable to the Bank of China.

Article 7 An enterprise is qualified to apply to the Bank of China for a loan, provided that,

1. it has obtained a business licence issued by the Administration for Industry and Commerce of the PRC and opened account(s) with the Bank of China;

2. it has fully paid up its registered capital at the specified time and had it certified according to relevant regulations;

3. it has presented the resolution on and power of attorney for the borrowing by its board of directors;

4. its capital construction project has been approved by the planning authorities, and

5. it has the ability to repay the loan and can provide reliable securities for repayment of the principal and interest.

Article 8 The term of loan shall start from the date the loan agreement becomes effective and end on the date specified in the loan agreement whereby the principal, interest and charges are to be fully repaid.

Article 9 The term of a fixed assets loan shall not exceed 7 years. However, it can be extended appropriately for some special projects, subject to the approval of the Bank of China, provided that such an extension shall end one year before the expiration of the business licence of the enterprise.

Article 10 The term of a working capital loan shall not exceed 12 months.

Article 11 For Renminbi loans, the interest rate for state-owned enterprises regulated by the People's Bank of China shall be applicable. For foreign currency loans, the interest rate shall be either the consolidated interest rate set by the Bank of China or the rate agreed upon between the lender and borrower in line with international market conditions. In case foreign buyer's credit or other credit facilities are involved, the interest rate shall be that as specified in the related agreement plus a margin.

Article 12 For Renminbi loans, the interest period shall be set and interest calculated according to the regulations of the People's Bank of China. For foreign currency loans, the same shall be effected in accordance with the relevant provisions of the loan agreement.

Article 13 A loan shall be provided to the enterprise by the Bank of China through the following procedures:

1. The enterprise shall file an application to

the Bank of China with relevant certificates and documents as the case may require, and

2. The Bank of China shall review and examine the application, certificates and documents provided by the applicant. Upon its approval, the Bank of China shall negotiate and sign a loan agreement with the borrower.

Article 14 The enterprise shall use the loan at the time, in the amount and for the purposes stipulated in the loan agreement.

Article 15 Applying to the Bank of China for a loan, the enterprise must provide security(ies) acceptable to the Bank of China, if so required.

Article 16 The enterprise shall provide the Bank of China with securities in the following forms:

1. Guarantee

The enterprise shall submit to the Bank of China an irrevocable letter of guarantee, issued by a financial institution, enterprise and/or unit with good credit standing and debt-service capability, for repayment of the principal and interest of the loan.

2. Mortgage

The enterprise may mortgage its properties, rights and interests to the Bank of China as securities for repayment of the principal and interest of the loan. The following items are acceptable as collaterals:

- a. buildings, machinery and equipment;
- b. marketable goods in stock;
- c. deposits or certificates of deposit in terms of foreign currencies;
- d. negotiable securities and bills, and
- e. equity shares and other transferable rights and interests.

Article 17 When a loan is made with mortgage the enterprise shall sign a mortgage agreement with the Bank of China, to be duly notarized by a Chinese public notary office. Insurance on the full value of the mortgaged properties shall be taken out with the People's Insurance Company of China.

Both guarantee and mortgage may be required of the enterprise when the Bank of China deems it necessary.

Article 18 The enterprise must preform its obligations under the loan agreement to repay the principal, the interest and other relevant monies in good time and full amount.

Article 19 The enterprise's net cash income after tax must be first applied to the repayment of fixed assets loan.

Article 20 The Bank of China is entitled to take the following actions against an enterprise which violates the loan agreement, according to the provisions thereof and seriousness of the case in order to protect its own interests:

- a. demanding the enterprise rectify the default within a required period;
- b. suspending disbursement of the loan;
- c. recalling the loan before its maturity, and/or
- d. calling the guarantor to perform its

obligations.

Article 21 In the event that the enterprise fails to repay the principal and interest when due, the guarantor is responsible for the full repayment. In case of a loan against mortgage, the Bank of China shall be entitled, according to laws and regulations, to the priority to recover the principal, interest and other monies outstanding by disposing of the collaterals at discount value or selling them by auction.

Default interest shall be charged on overdue loans at a rate of 20 to 50 percent over the interest rate of the loan agreement as from the due date.

Article 22 The Bank of China has the right to supervise the utilization of the loan by the enterprise. Before the loan is fully repaid, the enterprise must periodically submit the Bank of China reports, statements and other materials on the plans and implementations in connection with the construction progress, production, sales and financial status. If any owner of the enterprise is a separate legal entity it shall provide its annual financial statements to the Bank of China when the bank deems it necessary.

When the Bank of China effects its credit supervisions and examinations, the enterprise must provide correct information and necessary facilities.

Article 23 Before the loan is fully repaid, all payments and receipts of the enterprise in its operation must be settled through its account(s) maintained with the Bank of China unless the Bank of China otherwise agrees, and the funds thereon must not be transferred to any other bank or financial institution. The Bank of China has the right to require the enterprise open a "Retention Account" with it when it deems necessary.

Article 24 Any important resolution and decision on financial matters made by the board of directors or the owners of the enterprise, and any personnel change of the board of directors shall be notified to the Bank of China in time. Any material change, amendment and/or supplement to the joint venture contract or co-operative contract as well as articles of association of the enterprise must be submitted to the Bank of China for comments in advance, if the bank's interests may be affected thereby.

Article 25 Unless the Bank of China otherwise agrees, Chinese shall be the prevailing language used in the loan agreement, its appendices and other legal documents related thereto, and the governing law shall be the law of the People's Republic of China.

Article 26 The detailed rules for the implementation of these regulations shall be formulated by the Head Office of the Bank of China. The branches of the Bank of China located in the special economic zones may work out and execute detailed rules of their own according to their own business conditions, subject to the approval of the Head Office.

(Continued on Page 28)

Opinions on China's Car Industry

"LIAOWANG"

(Outlook Weekly)

Should China expand her production of cars when there are obvious problems in regard to energy supplies, highway construction and comparatively low living standards?

Opinions vary. Some say China should never develop a motor culture like that in the West, while others regard such a development as the coming trend.

Whether to develop its car industry is a question China should no longer ignore. Although China has put a strict limit on car production over the past three decades, the demand for cars has been insatiable. China has spent 26 billion yuan (about US\$6.9 billion) on motor vehicle imports, with a large proportion of cars. In fact, the amount spent on vehicle imports is 4.3 times as much as China has invested in her automobile industry for the last 30 years.

In 1985, China imported 200,000 cars, minibuses and vans to meet the needs of business and taxi companies. No matter how reluctant China is to import more such vehicles in the near future, she must face the fact that she is unable to manufacture cars or vans in sufficient amount, for which her need keeps growing.

Setting up joint ventures to manufacture car components is not a solution. On the one hand, the potential market for cars has gradually changed into a real market. On the other, China is hardly ready to face a predictable car shortage crisis.

For a long time, China has taken pride in its description by some Western news media as "a kingdom of bicycles." We are also glad to hear that cycling to work is good for one's health and saves energy. But statistics show there are 565 bicycles for every 1,000

in Federal Germany, 437 for every 1,000 Japanese and 445 per 1,000 Americans. In China, there are only 200 bicycles for every 1,000 people.

The figures for cars are even more surprising: There are 416 cars for every 1,000 people in Federal Germany, 227 for every 1,000 Japanese, and 553 for every 1,000 Americans. In China, however, there is only one car to about 4,000 people.

China, with only 270,000 cars and 230,000 jeeps used mainly for business and trade, ranks the lowest of 140 countries around the world. In Ethiopia, the rate is 1.3 cars per 1,000 people, and in India, which has roughly the same level of national income as China, the rate is 2 cars per 1,000.

People in developed countries attach great attention to their health just as the Chinese do. The difference is that while they regard cycling as a leisure pursuit or sport, the Chinese rely on it mainly for transport.

The most conservative estimate of cars needed each year in the Chinese market is 100,000. This may increase as cars become less a status symbol than an efficient means of transportation as the rural economy further flourishes and as taxi services and tourism grow.

A joint survey by Chinese and Japanese specialists predicts that by the turn of the century China will have 3.8-4.6 million cars, or an average of 3.1-3.8 cars per 1,000 Chinese citizens. This means China has to raise the number of cars (including jeeps) by six to seven times the present figure to meet the estimated demand.

Early in the 1950s, Japan went through heated discussions on whether it should develop its auto industry. Amid pros and cons, the Japanese government showed great audacity in investing in car production. Within less than 10

years, Japanese cars had made it into the world market.

If China undergoes a similar discussion, the central argument will be whether China's economy will be capable of supporting her car production. It might not be difficult to find an answer:

Oil: In 1983, China's 2.6 million automobiles consumed 13 million tons of petrol and diesel oil, about 40 percent of all the oil produced that year. If we are going to have 12 million motor vehicles by the year 2000—including 4 million cars—oil consumption will come to 34-35 million tons, or about half of that year's expected production. Of course, this is based on the premise that Chinese cars will be as energy-saving as those at the most advanced world levels now.

Steel: China's motor industry consumes, at present, only 4 percent of the country's steel output. If China builds 1.2 million trucks and 800,000 cars by the year 2000, only 6.9 percent of that year's expected steel production will be needed—lower than Japan's present steel consumption of 11.5 percent for automobiles.

Roads: In 1983, every motor vehicle had access to an average of 220 metres of road in China. In Japan, the United States and Italy, the figure is 26.2, 39 and 19 metres respectively. Even when the motor industry greatly develops by the turn of the century, there will be 87-125 metres of road for each vehicle. In addition, if all the 2.47 million tractors now used to transport goods are replaced by trucks and vans, traffic will not necessarily get more congested.

Funds: The motor industry, although it requires huge outlays of money, is a profitable business. If 40 billion yuan (more than US\$10 billion) is needed to expand the industry by the turn of the century, it is possible that, apart from state investment and domestic contributions, China can rely on foreign loans and on earnings from exporting technology and capital to third world countries.

It is possible that the growth of the motor industry will stimulate the development of such industries as rubber, electronics, glass, nonferrous metals and synthetic materials.

When the world trend is such that only large-scale auto plants capable of mass production can survive amidst increasingly stiff competition, China must set her aim high enough to compete with others. Instead of building hundreds of small factories, as she has done in producing household electric appliances, she must, first of all, set up one or two special plants big enough to mass-produce cars with the help of China's No.1 and No. 2 Auto Groups. Only then can China's plans to turn out about 800,000 cars a year by the turn of the century be realized.

(No. 24, 1987)

Female Graduates Left on the Shelf

"JIEFANG RIBAO"

(Liberation Daily)

A recent survey of female graduate students in more than 10 Shanghai universities and colleges shows that about one-third of the students, aged 25 to 35, are not in love. The reasons are the following:

They let opportunities slip by because they are buried in their books. When the students are in their 20s they are unsettled and are immersed in their studies. By the time they begin to consider marriage, they are 30 or older. But by then, most young men in their age bracket are married or have a girl friend. Those men who are looking for a marriage partner want a woman who is younger. Moreover, the women graduate students have little time for socializing because they bear a heavy study load. As a result, they are forgotten by love.

They have no time to attend to their appearance. Today's young men lay stress on good looks and clothing when they choose girl friends. But the graduate students don't pay attention to dressing up because they are too busy studying.

They set their standards for a partner unrealistically high. Women graduate students want partners with a high level of education and a lot of potential. Their excessive demands are obstacles to love.

Social prejudice is a barrier. The graduate students' difficulties in finding a mate are partly a result of widely held prejudices in society. For example, young men often politely decline an offer when they hear that a woman is a graduate student. They are afraid it would be too hard to live with such a wife.

In fact, women graduate students are warm people with a keen interest in family life. Many of them are good at cooking and housekeeping.

(March 14, 1987)

China — Land of the Dragon

"ZUOJIA SHENGHUO BAO"

(Life of Writers)

China is known as the home of the dragon's descendants. People the world over identify China with the image of the dragon. But what is this dragon, and where can we find it?

The dragon in common peoples' minds and the dragon in archaeologists and biologists' minds are two entirely different things. During the Mesozoic era, there were "dragons" in what is now China. Since the founding of New China in 1949, complete fossil dinosaurs have been excavated in the provinces of Shandong, Yunnan and Heilongjiang. China is one of the few countries in the world where a

substantial number of fossil dinosaurs have been preserved intact.

When Yiduo (1899-1946), a famous Chinese scholar and poet, addressed the question in his work *Dragon and Phoenix*. In his writings, Wen explained how the image of dragon came into being, why the dragon had so much power in ancient peoples' minds, and why the dragon symbolized emperors.

Today the dragon has become an emblem of the Chinese people, both at home and abroad. In the past fairy tales controlled mankind; now people enjoy them. People used to prostrate themselves before the image of the dragon; today the image adds colour to the modern world.

(May 28, 1987)

(Continued from Page 26)

Bank of China Regulations

Article 27 These regulations shall become effective on the date of promulgation, and the previous "Provisional Regulations for Providing Loans to Joint Ventures of Chinese and Foreign Ownership by the Bank of China" approved by the State Council and issued by the Bank of China on March 13, 1981 shall be nullified at the same time.

Loan agreements signed between the Bank of China and enterprises before the promulgation of these regulations shall continue to be performed according to their original provisions. ■

World Co-operation In Nuclear Energy

With the further implementation of its open policy in recent years, China has been conducting various forms of international co-operation in the peaceful use of nuclear energy.

—Co-operation Agreements.

In the past five years, China has signed agreements on co-operation in the peaceful use of nuclear energy with governmental or non-governmental departments of 13 countries, including Italy, France, the Federal Republic of Germany, Japan, Britain and the United States.

—**Search for Uranium.** Since 1983, China has co-operated with Japan in the joint investigation of uranium resources in Tengchong County, Yunnan Province and initial results have been achieved.

—**Building Nuclear Power Stations.** The Qinshan Nuclear Power Plant in Zhejiang Province, which is now under construction, was designed and built by China herself, but China also brought in foreign experts for consultations and imported some of the equipment for the plant. Another nuclear power plant being built in Daya Bay, Guangdong Province is a joint venture. All the plant's equipment is imported, while Chinese engineers and technicians participate in management, civil engineering, equipment installation and trial operation. China is now undertaking a feasibility study on two prospective 600,000-kw pressurized-water nuclear power plants as a second stage in the construction of the Qinshan Plant. The project will be jointly designed by Chinese and foreign experts. Meanwhile, international co-operation will be promoted in the field of nuclear safety.

—**Academic Exchanges.** In the past five years, China has hosted more than 400 academic

delegations involving more than 2,000 nuclear experts or scholars from over 30 countries. It has also sent some 200 scientists to attend various academic meetings sponsored by the International Atomic Energy Agency (IAEA) on such subjects as nuclear power plans, radiation protection and radioisotope technology. Chinese scientists have also conducted academic exchanges in the field of circulatory system of nuclear fuel and nuclear waste disposal with their colleagues in Japan, France and the Federal Republic of Germany.

—**Training Courses.** Since joining the IAEA, China has not only sent people to attend training courses sponsored by IAEA, but at the same time, on behalf of the organization, has also opened several training courses on nuclear technology for more than 100 technicians from developing countries, particularly from those of the Asia-Pacific Region. ■

China Exports More Aircraft

China is soon to export its Yun-8 medium-range, multi-purpose transport planes. Only a short time ago, last year, a light-weight, multi-purpose plane, the Yun-12 became available on the world market and six of them were sold. This was announced by Sun Zhaoqing, president of the China National Aerotechnology Import and Export Corp. on August 10.

Since 1949, Sun said, China has produced more than 10,000 aircraft ranging from fighter planes, bombers, attackers, trainer aircraft, transport planes, aircraft used for agricultural purposes, helicopters and pilotless planes. China has so far exported 10 types of aircraft to more than 10 countries.

Besides various types of planes, China has also turned out and

exported such aeronautical products as airplane engines, airborne equipment and parachutes. Tail surfaces and hatches are produced for Britain, the United States, Canada, the Federal Republic of Germany and Italy with an average annual volume of business amounting to a dozen million US dollars. This year China has won an increased number of orders running from one to 10 per month to produce check hatches for Boeing 737s from the United States, accounting for 71 percent of Boeing 737's total check hatches.

China is known to have established trade and scientific co-operation with more than 50 countries and regions so far, with contracts for exporting aeronautical products worth US\$3 billion.

France to Renovate Shanghai Houses

China is exploring possibilities of co-operation with foreign countries to repair old houses in cities. Not long ago, the Shanghai Home Maintenance Science and Technology Research Institute and the French Building Research Institute reached an agreement for revamping a residential quarter in Shanghai proper in the next two years.

On one side of Huihai Avenue, a busy shopping centre, the residential quarter covers an area of nine hectares. There are 143,000 square metres of floorspace with accommodations for 3,500 households. The agreement stipulates that these houses will be rebuilt, repaired or restored in keeping with concrete circumstances, in order to improve the living conditions of the local residents and retain the characteristic features of that area.

According to the agreement, the French side will send experts and technicians on planning, building and construction and provide the relevant equipment and data. It

will also train technicians for China.

Shanghai, the biggest industrial city in China, has 18 million square metres of old houses to be revamped. Most of them are more than 60 years old with outdated, outworn facilities. At present, 3 million people are living in these dilapidated buildings. The member in charge from the Chinese side said that the purpose of co-operation with foreign countries is to improve the living conditions of the local residents and explore good methods of re-building old cities.

Shanghai has discussed the programme with Holland also. ■

China, Japan Swap Food Technology

China and Japan will hold a conference for the exchange of food-processing technology on September 11 at the Cultural Palace of Nationalities in Beijing. This is one of a series of activities sponsored and supported by the Sino-Japanese Food Exchange and Development Committee.

Established in 1984, the committee aims to develop governmental and non-governmental exchanges between the two countries. Through it, in the last few years, the two countries have exchanged dozens of delegations and studied technology on grain processing, refrigeration, manufacture of drinks and food production from each other. During this period more than 40 Japanese food companies and enterprises have tasted and collected samples of more than 300 famous and local foods including traditional tea, cakes, non-staple foods and newly developed kiwi products from 14 provinces, municipalities and autonomous regions in China and discussed the related technical patents and imports. From Japan China has imported refrigerating

units, bakery equipment, bottling installations and potato-chip production lines. These machines have helped China raise its food production and processing technology.

Jiang Xi, chairman of the committee from the Chinese side and Minister of Commerce, said technical exchange and co-operation in food production between the two countries has a bright future. The emphasis now is on technical exchanges. China abounds in food resources and has a long history of food production.

Also it has a huge market. Japan has advanced processing technology and equipment. Each side can learn from other's strong points to offset its own weaknesses on a basis of equality and mutual benefit. This is bound to speed up the development of the food industry of both sides and promote the export of Chinese foods.

To strengthen exchange and co-operation, the two countries are preparing to establish a technical exchange and training centre in Tianjin.

by Liu Jianjun

Xiyuan Hotel Pays Back Loans

Since its new building went into operation in August 1984, Xiyuan Hotel has been paying back loans amounting to US\$30 million and is expected to finish paying all loans this year.

The Xiyuan, which is completely under Chinese management, is one of China's large, elegant hotels. It is located in the western outskirts of Beijing, and has 1,383 rooms and suites with 2,695 beds, 12 restaurants and all kinds of facilities for recreation and amusement. Also it is one of the two hotels in the city with a rotating restaurant on the roof.

In the last three years, the hotel has shown exceptionally good economic results. From August 1984 to June this year, its business volume topped 258.64 million yuan, with total profits up to 140.83 million yuan. The taxes handed over to the state totalled 19.42 million yuan. In 1986, its business volume reached 108 million yuan and profits rose to 62.33 million yuan. Capabilities for earning foreign exchange have also increased. Compared with previous years, foreign exchange earned in 1985 increased by 62.25 percent, in 1986 by 69.09 percent and in the first half of this year by 75.96 percent.

During its three-year operation,



WANG XINJIAN

A view of the Xiyuan Hotel.

the hotel has received 353,473 guests and 520 big visiting groups from more than 70 countries and regions and hosted 60 large exhibitions. The hotel also hosted visits and inspection tours by Chinese and foreign state leaders and famous figures, and arranged banquets on behalf of such outstanding personages as Zhao Ziyang, Kim Il Sung, Samdech Norodom Sihanouk, Julius K. Nyerere, Lee Kuan Yew, R.M. Kawawa, Hoang Van Hoan, and Richard Nixon.

by Li Rongxia

Bainqen Lama's Journey To the East

In the solemn hall of a monastery, lit by a butter lamp, a Tibetan Buddhist chieftain bows with his hands folded in front. The Sixth Bainqen Lama, wearing a red kasaya (a patchwork outer vestment worn by a Buddhist monk) is praying to Sakyamuni, the founder of Buddhism, for a safe voyage to the east to congratulate Emperor Qianlong on his 70th birthday. The scene is from *Bainqen Lama's Journey to the East*. The five-act modern drama, which was recently staged in Beijing, deals with a historical event that took place 200 years ago.

Tibet had established friendly relations with the inland nationalities centuries before. Early in the seventh century, the great Tibetan politician and military

scientist Songtsan Gambo not only unified Tibet, but also strengthened relations with the Tang Dynasty in inland China. The political, cultural and other ties promoted China's formation and development as a country embracing many nationalities. In the 13th century, the Yuan Dynasty ended the long-term separation within the Tibetan area, and realized national unification including the Tibetan nationality. From then on, Tibet became part of China's territory. In 1652 the imperial court of the Qing Dynasty granted the title Dalai Lama to the leader of Tibet and in 1713 the title of Bainqen Lama was granted. The two titles have existed from that time.

Because relations with the imperial court were strengthened continuously, the politics, economy and culture of Tibet progressed. In the latter half of the 18th century, the East India

Company, the main instrument of British imperialist aggression against the East, sought to enter Tibet, its economic aggression cloaked in the guise of trading. To safeguard the unification of the motherland, the Sixth Bainqen Lama (1738-80) refused the East India Company's request. And in 1779 he set out from the Trashilhunpo Monastery in Xigaze, west of Lhasa, on a journey to visit the emperor. The Bainqen travelled through what is today's Qinghai and Gansu provinces and the Inner Mongolian Autonomous Region. After covering 10,000 kilometres in 13 months, he finally arrived at the famous summer resort in Chengde, 250 kilometres north-east of Beijing, to congratulate Emperor Qianlong on his 70th birthday. The emperor had made elaborate preparations for the Bainqen's visit. He studied the Tibetan language and gave orders to build a new Tibetan-style palace in Chengde in honour of the visit.

Bainqen Lama's Journey to the East is based on this story. The



The Sixth Bainqen Lama presenting a golden Buddha as a birthday gift to Emperor Qianlong.

The Bainqen Lama pleading for the life of Emperor Qianlong's favourite concubine, who secretly exchanged the emperor's gift to the Bainqen.



Sixth Bainqen is famous for his great contributions to China's unification and the promotion of national unity. But the drama is the first in China in which he is given a central role. The play focuses on the characterization of both the Bainqen and the emperor. Although the account is fictionalized, a real sense of the characters comes through. For example, in one scene, the Bainqen, although ill, lectures on Buddhist scriptures to local monks and laymen on the Inner Mongolian grasslands. He explains the importance of avoiding wars and chaos and of maintaining state unification. In another scene, Emperor Qianlong presents the Bainqen with Buddhist beads. Although there is no historical record of these two events, they are convincing because they coincide with the mentality of the historical figures.

Another attractive feature of the play is the blending of religious language, the language of the imperial court and ethnic language into a single entity. As well, the drama is interwoven with dancing. There is a Tibetan dance in the prologue, a Buddhist dance in act one and a court dance (Manchu Saman dance) in act five. The dances are varied and graceful, and they capture both religious and national characteristics. They are accompanied by music that was traditionally played at special festivals or celebrations when the living Buddha appeared. Thus the audience is led into a solemn and a bit mysterious environment.

The drama appeared first in the city of Chengde — terminal of the Sixth Bainqen Lama's journey. Magnificent imperial palaces were built there in the 17th century, where the Qing emperors lived and worked during the summer. The city has in recent years successfully created a number of works on the life of the Qing emperors. *Bainqen Lama's Journey to the East* is a variation on that historical theme.

by Cui Lili

Ancient Drums Beat Again

Beautiful and extraordinary drum music of the Tang Dynasty (618-907) was recently performed in Beijing by folk artists from Xian. Drums, big cymbals, gongs, wooden fish* and bells beat the rhythms for melodies played on flutes, reed pipes, Chinese gong chimes and other wind instruments. The music delighted both foreigners and Chinese, and shattered the illusion that Tang Dynasty music was dead.

The performance was the fifth "Voice of China" concert. The concert, which aims to promote traditional Chinese music, is jointly sponsored by the Chinese Musicians' Association, the Music Research Institute of the Academy of Chinese Arts, the Chinese Conservatory of Music and the Shaanxi Provincial Cultural Bureau.

Xian, where drum music is popular, was the ancient capital and cultural centre of many a dynasties. Its music reached its zenith during the Tang Dynasty, exerting a great impact on the development of music in China.

Drum music, which was indispensable to social activities in Xian, incorporates melodies from different historical periods, localities, ethnic groups and social strata. It is invaluable in the study of the evolution of Chinese music and the exchange of music between China and other countries.

Drum music was originally performed mostly in temples in slack farming seasons or breaks during the hot summer. Large crowds would gather to listen when drum music was rehearsed

and performed. But the music began to wither early this century. Today only four troupes play the music and their audience is limited. This put many Tang music researchers off the track and made them believe that they could only trace the music from Japan's ancient culture.

Drum music can be divided into two schools according to its lineage—the Daoist school and the Buddhist school. Rural troupes trace their origin to the Buddhist school, but their music has been influenced by folk music through their farmer-performers. Today's drum melodies can be traced to three sources—Daoism, Buddhism and folk music. There are also two styles of performance: the urban style, which is delicate, elegant and charming; and the rural style—simple, straightforward and mood-setting.

Drum music can be divided into two types—one performed while standing or walking and the other while sitting. When the performers are standing or in a procession, the instruments used, the melodies played and the musical forms are simple. The rhythm is regular and distinct. The processions follow flags with dragon patterns and coloured streamers. When performers sit while playing, the pieces have several movements and the instruments used are more varied. With certain musical forms, they play melodies in four keys.

All the musical scores of traditional drum music are hand-copied. About 100 volumes of scores of some 1,000 melodies from different schools have been discovered. All of them have their own notations for pause, rest, etc. Scores for rhythm instruments are rarely seen, because the music is usually handed down orally.

As early as 1951, specialists in Shaanxi Province, where Xian is situated, began to compile, collate

*A percussion instrument made of a hollow wooden block in the shape of the head of a fish, originally used by Buddhist monks to beat the rhythm while they chanted scriptures.

and study drum music. A research centre and a drum music society were set up in recent years. To date, nine volumes of drum musical scores and five volumes of musical notes with annotations have been published. There are also tape recordings and videotapes of drum music performances. Research papers have been published, providing valuable information about the music's development and opening up a new field for musical composition. Compositions based on ancient tunes have been acclaimed by music lovers at home and abroad.

In Hejiaying Village, around 10 kilometres south of Xian, there is a drum music exhibition hall run by local people. On display are scores said to be 1,270 years old, along with piles of scores used by various troupes, instruments and photos of veteran artists and groups.

Three troupes participated in the Beijing concert: the Xianghui Troupe from Zhouzhi County, the Hejiaying Troupe from Changan County and the Dajichang Troupe from Xian City.

The Xianghui Troupe was originally a Buddhist musical society. Its main activities are playing funeral music for its

members and their relatives, and taking part in the annual arts competition during the Lantern Festival, which occurs on the 15th day of the first lunar month. To prepare for the competition, the troupe members practise every evening during the three months of winter. Apart from musical skills, the troupe stresses the virtues of discipline, friendliness and respect for elders and instructors. This encourages parents to send their children to the troupe and thus contributes to its continuity.

The Hejiaying Troupe has a long history. Its members fell victim to a battle in 1862, and although the troupe was later reorganized, it never regained its sitting-type drum music. It retained its own playing style, traditions and sound of the walking type, however. The troupe now boasts more than 20 members, the oldest 82 and the youngest 15. It takes part in varied activities.

The Dajichang Troupe, formed in 1918, is of the Buddhist school. Its style is ancient and fresh, elegant and sincere. The troupe is popular in Xian. It usually acts as a guard of honour at festivals. The troupe, which is good at inheriting

and carrying forward drum music tradition and can play the ancient melodies in all four keys, has wide appeal. In recent years, its members have composed string quartets and solo music for the ancient zither, based on the troupe's drum music repertoire. The compositions won acclaim both in China and abroad.

by Hong Lanxing

PLA Publishes Winning Works

Published by the People's Liberation Army (PLA) Publishing House, the first volume of *Profiles of PLA Marshals and Generals*, has been recognized as one of China's best sellers this year. The three-volume work provides brief histories of the 10 PLA marshals and all those who have attained the rank of major general and above in the PLA when the ranking system operated between 1955 and 1965.

Among the reminiscences and biographies of commanders of the People's Liberation Army, *Memoirs of Nie Rongzhen* was awarded the best seller in 1986.

The *National Defence and Future* series published by the publishing house discusses contemporary military doctrines.

The seven-volume *Annotated Ancient Military Techniques*, published following *Popular Readings on China's Ancient Art of War* book series, is a selection of seven ancient military books compiled during the Song Dynasty (960-1279). It is part of the *Collection of Chinese Military Readings*, a major PLA Publishing House project that will cover China's history of more than 2,000 years.

The publishing house also produces the *Famous Foreign Military Writings* series, a collection of translations into Chinese that includes *On War* by Karl von Clausewitz and Giulio Douhet's *The Command of the Air*.

by Hong Lanxing

Folk artists from Xian playing with reed pipes.

YANG LIMING



More Tourists Come To See China

According to the State Statistical Bureau, in the first half of this year, 12.593 million travellers visited China. This is an increase of 14.5 percent over the same period last year. Of these, 776,300 were foreigners (an increase of 16.6 percent); 34,000 were overseas Chinese (an increase of 0.5 percent); 11.782 million were compatriots from Hong Kong, Macao and Taiwan (an increase of 14.4 percent). Proceeds to the state amounted to US\$790 million (17.9 percent more than in the same period last year).

Several characteristics of Chinese tourism in the first six months of 1987 were revealed:

The number of tourists from Japan, Europe, Southeast Asia and the United States increased.

Among foreign tourists, the Japanese made up the greatest number. In 1985 the increase of Japanese travellers was 27.8 percent, in 1986, 2.8 percent, while in the first half of this year, 248,200 Japanese came to China—an increase of 17.8 percent over the same period last year.

In China, the number of tourists from Europe and Southeast Asia jumped by a big margin in the first half of this year. The increase, more than 20 percent, represented travellers from France, Federal Germany, Italy, Switzerland, Sweden, Belgium, Austria, Thailand, Singapore and India.

American travellers reached 142,000 (an increase of 12 percent over the same period last year), Canadian, 23,000 (an increase of 33.5 percent).

In the first six months of 1987, the number of Soviet tourists came to 12,000 (an increase of 18.6 percent over the same period last year).

On the other hand, the number of Australian travellers has shown a steady decrease. In the first six months, 27,000 Australian tou-

rists came to China, 10,000 fewer than in the corresponding period of 1986 (a decrease of 27.4 percent).

In total, more foreign travellers came, but the number of days they stayed in China were fewer.

In the first half of this year, the China International Travel Service received 199,800 foreign travellers (up 3.4 percent over the same period last year), the China Travel Service received 423,600 (an increase of 39.2 percent), and the Youth Travel Service received 53,400 tourists (an increase of 68 percent). In Shanghai, Beijing,

Foreign tourists in Lhasa, Tibet, visit the Potala Palace.

JIANG ENYU



Guilin and Xian, the number of foreign guests increased very fast.

Hotels and transport have expanded and improved their services.

Beginning this year, the Civil Aviation Administration of China has increased its scheduled flights and chartered planes. At the same time, hotels have increased in number. Since the service trades improved their work last year, the CAAC and hotels have received more letters of praise, and less criticism, than before. ■

Strict Ban on Tips and Commissions

The State Tourism Administration on August 17 issued a regulation strictly forbidding its employees to accept tips for tourist services and commissions from tourist shops and restaurants.

Under the regulation, which comprises 13 articles, tourist service workers are not allowed to seek or accept tips or commissions (including cash, gifts and favours). Shops, restaurants and other units involved in the tourist industry are also forbidden to offer commissions to tour guides. Offenders will be fined and disciplined. In serious cases, they can be put on probation, fired or prosecuted according to law.

In implementation of this regulation, the State Tourism Administration hopes foreign tourists and friends will not offer tips or gifts to their Chinese guides. ■

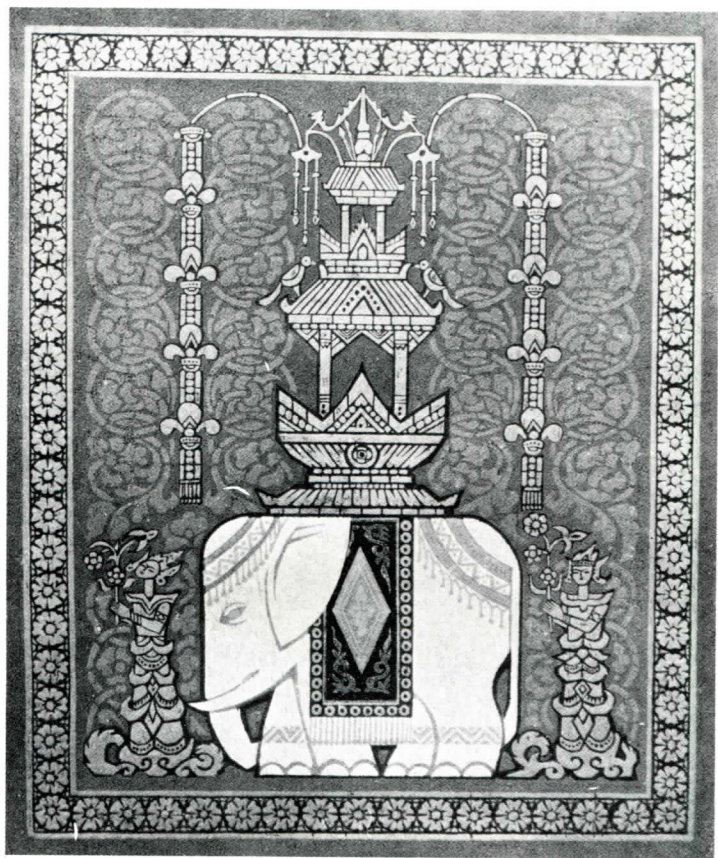
News in Brief

■ From the beginning of next year, it will be possible to book rooms in advance through the China International Travel Service. Sixty-eight hotels (a total of 7,600 rooms) scattered among 12 cities of Beijing, Shanghai, Xian, Guilin, Chengdu, Hangzhou, Nanjing, Suzhou, Guangzhou, Chongqing, Wuhan and Lhasa will be open to this convenience.

■ China's first desert park, Wuwei Desert Park, has been opened to Chinese and foreign tourists. The development covering an area of 800 hectares, is located 19 kilometres to the east of Wuwei City, Gansu Province, and linked to Tengeli Desert. It features a swimming pool, a race-course, a sightseeing tower and facilities for sand-baths.

ART PAGE

Jia Guozhong, born in 1940 in Wuhan, now works at the Yunnan Art Academy. Most of his works depict the lives of minority people in Yunnan Province. They are a blend of his modern consciousness and local decorative art.



Elephant.

Prints by Jia Guozhong



A Warrior.



Minority Women in Costume.

Toilet articles & detergents



CHINA NATIONAL LIGHT INDUSTRIAL
PRODUCTS 1/E CORP., TIANJIN BRANCH

164 Liaoning Road, Tianjin, China
Cable: INDUSTRY TIANJIN
Telex: 23142 TJLIP CN