

A CHINESE WEEKLY OF NEWS AND VIEWS

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## China Expands Its Share of World Technology Market



**SUCCESS STORY OF  
A JOINT VENTURE**





Two American visitors aged over 70 attend a traditional Chinese marriage ceremony in Weifang, Shandong Province.

*Photo by Fang Huaide*

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COVER: A section of the fully-automated production line at the China Otsuka Pharmaceutical Co., a Sino-Japanese joint venture in Tianjin.

Xue Chao

## HIGHLIGHTS OF THE WEEK

### Sino-Soviet Summit Is Likely Next Year

■ Sino-Soviet summit might take place next year—this was stated by China's senior leader Deng Xiaoping to visiting Romanian President Nicolae Ceausescu on October 17. Deng also said that he and Gorbachev would not argue over issues of the past when they meet (p. 5).

### Healthy Co-operation—A Medical Success Story

■ Since it was founded in 1984, the China Otsuka Pharmaceutical Co., a Sino-Japanese joint venture based in Tianjin, has operated in the black. Through dialogue and consultancy, problems arising from the differences in culture and business ethos have successfully been resolved, and thanks to high efficiency and Tianjin's much improved investment environment, production quotas have easily been surpassed. Bureaucratic delays, and price hikes, however, still worry the board of directors (p. 16).

### Premier Urges Economic Improvements

■ At a plenary meeting of the State Council, Premier Li Peng urged the cabinet and all ministries to take immediate action to implement the recent Party decision to improve the economic environment and rectify economic order (p. 5).

### China's Positions on World Issues

■ Chinese Foreign Minister Qian Qichen, speaking at the 43rd Session of the United Nations General Assembly on September 28, explained China's positions on a number of international issues. This article contains excerpts from his speech concerning the world situation, disarmament and the Kampuchean question (p. 14).

### Romania Wins Success in Urban Construction

■ The Communist Party and government of Romania have always attached great importance to constantly improving the living conditions of Romanian people. The last two decades have seen remarkable progress in modernizing and redeveloping the country's cities and towns, especially in housing construction (p. 10).

# Controlling the Diversification of Interests

by Jin Qi

The programme of reforms initiated at the end of 1978 has brought far-reaching changes to China. With the gradual delegation of power to the lower levels, group and individual interests have multiplied and diversified. Over the past decade, both China's remarkable progress and the many problems it currently faces are directly or indirectly related to these changes. Future reforms and developments will largely be determined by whether effective ways can be found to check the trend of diversification of interests and to overcome various related negative factors.

The "big pot" previously offered by the government to everyone for over 30 years has now truly been broken. At grass-roots units in regions, economic departments and enterprises have their own small treasuries. As people can see directly where some of their benefits come from, they are now more concerned and enthusiastic about the fruits of their labour and the growing "property" of their work units.

This has increased social wealth. Statistics show that China's gross national product in 1987 was 1,104.9 billion yuan, up 125 percent in real terms on 1978. In the same year, state revenue was 234.7 billion yuan, 110 percent up on 1978. Over the same period, however, its proportion to the national income dropped from 32 percent to 25 percent, revealing that the share of national income distributed directly has increased substantially. As new economic sectors and forms of distribution have emerged, the channels

through which people earn their income have increased. These include unearned income gained by hiring labourers, from the bonuses and dividends on shares, through contracting and leasing, by taking a second job, or by providing services in spare time. One survey revealed that extra income now accounts for 25 percent of all workers' earnings.

However, the diversification of interests has complicated the distribution and use of social wealth, simultaneously increasing the difficulties in coping with the problems that are thrown up. Chaos has emerged in various economic fields: over-extended capital construction has excessively expanded social demand causing inflation; consumption has been running at fever-pitch; group purchasing power has far outstripped budgeted targets; unauthorized price rises and indiscriminate charges have been arbitrarily imposed; confusion has arisen between government administration and enterprise management; business powers have been abused; trade in materials in short supply for exorbitant profits and other actions against the interests of the state and the public have become increasingly serious. In sum, many orders have been disobeyed and many prohibitions have been ignored. Behind these phenomena are local and group interests—in the final analysis, private interests.

It has to be noted that many of these violations of discipline and the law are not simply cases of personal dereliction of duty. Often they are instigated by or have the tacit consent of leaders, supported by the workers, they try to conceal maleasance in the name of

collective interests. Additionally, slack management practices and the indistinct demarcation line between the old centralized planning system and the new market-oriented one have left many loopholes open for exploitation and increased the difficulties in investigating and dealing with malpractices.

The recently held Third Plenum of the 13th CPC Central Committee decided to improve the economic environment, adjust the economic order and deepen the reforms. The State Council and local governments are now in the process of adopting concrete and effective measures to implement this decision. In the course of improving the economic environment, any breaches of Party or administrative discipline and illegal acts will be severely punished. At the same time, continued efforts will be made to improve management, close loopholes and adopt the appropriate economic, administrative and legal supervisory and regulatory measures. This not only meets the need of improving China's economic environment, but also constitutes an important part of the reforms themselves.

In the long run, controlling the diversification of interests depends on the establishment of a new series of market-oriented economic mechanisms. Above all, this calls for the completion of price and wage reforms.

From a historical point of view, the diversification of interests under way in China is not a regressive step. Being at the primary stage of socialism, the country is faced with the problem of having low and imbalanced productive forces. It also has to

cope with the problems associated with egalitarianism or everyone sharing from the same "big pot."

As Mao Zedong incisively pointed out in "On Correcting Mistaken Ideas in the Party" (1929), the notion of the "big pot" was "the product of the handicraft industry and small-scale peasant economy," which stemmed from "the illusions of propertied peasants." Unfortunately in Mao's later years, absolute egalitarianism dominated China's system of distribution.

This was not, however, a problem with Mao's theory, but a reflection of the objective fact that before 1956 China was still a small-scale peasant economy. Now, there still exists a large proportion of the population who believe they still have a right to an equal share of all profits regardless of their own personal contribution.

Another problem still faces China. With the development of a commodity economy, many people have developed a profit-before everything mentality, putting money above all else. Some "public servants" have forgotten that the task is to render wholehearted service to the people. Instead, they abuse their powers for personal gain at public expense. They become corrupt and degenerate, accept bribes—all of which have aroused the resentment of the people. Again strict discipline and laws must be upheld and malpractices severely punished. Furthermore, it is necessary to strengthen ideological education, establish the concept of putting the interests of the state and the people above all else, and subordinate local interests to overall interests. Professional ethics and social morals must be promoted. Overall, the development of socialist culture and ideology has to be accelerated. ■

## Sino-Soviet Summit Anticipated in 1989

Senior leader Deng Xiaoping told visiting Romanian President Nicolae Ceausescu October 17 that a Sino-Soviet summit might take place next year.

He said a message he had asked Ceausescu to convey to Soviet leader Mikhail Gorbachev three years ago seemed to have produced results.

Ceausescu said he paid a visit to Moscow last week. "I now convey to you greetings from Gorbachev," he said.

Deng asked Ceausescu to convey his regards to Gorbachev. He said he and Gorbachev would not argue over issues of the past when they meet.

On the development of socialism, Deng said it should be conducted according to each country's specific conditions.

Ceausescu said that the general situation in Romaina was good and the national economy was now being directed to stepping up science and technology.

Briefing Ceausescu on China's domestic situation, Deng said the country has made great advances over the past 10 years but had also run into some problems in the process. One of these, he said, had been that the development pace was too fast.

"That is why we have decided to improve the present economic order, reduce development speed, weed out corruption and upgrade management," Deng said.

He said that the principles laid down by the Third Plenary Session of the 11th Party Central Committee in the late 1978 have proved correct through the practices of the past 10 years.

China wants to gain a peaceful international environment so as to devote all its efforts to the modernization drive.

During a meeting with members of the Chief Executives Organiz-

ation delegation in Beijing on the same day, Li said China and the Soviet Union are neighbours and China hopes for relaxed relations with its neighbour. Li said China hopes for an early normalization of relations between China and the Soviet Union, but this is only possible when all obstacles to Sino-Soviet relations have been removed.

If the forthcoming talks between the Chinese and Soviet foreign ministers achieve positive results, he said, a Sino-Soviet summit meeting will be placed on the order of the day.

Sino-Soviet relations, even if normalized, will not return to what they were in the 1950s, an alliance, he added.

China will deal with its relations with other countries in view of the interests of world peace and development, namely, in accordance with the Five Principles of Peaceful Coexistence.

He stressed that the improvement of Sino-Soviet relations will not affect China's relations with other countries.

## Better Environment For Reforms — Li

Chinese Premier Li Peng urged the cabinet and all ministries to take immediate action to implement the recent decisions of the Third Plenary Session of the 13th Party Central Committee and to do their best the rest of this year to create a better environment for next year's reforms and construction.

Li said at a plenary meeting of the State Council that all the departments under it, he pointed out, must take the lead and set an example in cutting down the scale of capital



construction; reducing construction of office buildings, hotels, guest houses and meeting halls; cleaning up companies; controlling consumer funds; and keeping the government clean and honest.

The State Council and its departments must change their work style and establish a strict responsibility system. He said the State Planning Commission will be responsible for cutting down the scale of investment; the central banks will be responsible for controlling the expansion of credit and money supply; the Ministry of Finance for controlling financial deficits and reducing social group purchasing power; and the Ministry of Materials for punishing government-backed companies that profiteer from trade in means of production.

China's reform has not been impeded, he said, and its direction remains unchanged. However, the pace of price reform will be slowed to meet the changing conditions. The decision to improve the economic environment and rectify economic order during the next two years and the measures to implement that decision represent major reforms in themselves, he said.

Li said that reforming China's enterprises will assume central importance in the country's overall reforms next year. The shareholding system should be extended to state-owned enterprises.

Some people are exploiting differences between state-controlled prices and market prices.

"Governments at all levels must take concrete efforts to solve this problem," the premier urged, adding that local governments have the power to set ceilings on prices of daily necessities.

The main measures recently adopted by the State Council include:



## President of Romania Visits China

**F**rom October 14 to 18, Romanian leader Nicolae Ceausescu and Elena Ceausescu were in China on an official visit.

Ceausescu, now on his sixth visit to China, said relations between the two countries were advancing. He expressed his belief that his visit would contribute to the development of friendly ties between Romania and China.

Zhao Ziyang, General Secretary of the Chinese Communist Party, who visited Romania in 1986, said China and Romania had always shared mutual trust, understanding, respect and support whether in favourable days or hard times, adding that "our friendship has stood the test of time."

During the talks, Zhao briefed the Romanian guests on China's domestic situation, saying that the roads to socialism could not possibly be the same, but that the final goal was the same. The diverse ways of conducting socialism had revealed the vitality of the system, he said, adding that socialist countries should learn and benefit from each other.

On October 15, Chinese Premier Li Peng held talks with Ceausescu on furthering the development of bilateral relations.

Li said the two countries should not only maintain political ties but also economic, trade, scientific and technological and cultural exchanges.

—The State Council is streamlining fixed assets for capital construction, cutting back on investment, adjusting the investment structure and putting a halt to the excessive scale of construction, in order to slow down the speed of economic growth.

—The State Council is conducting a large-scale inspection to ascertain whether there is tax evasion, financial chicanery and unauthorized price hikes.

—The state Council is strengthening the management over the money supply. The People's Bank of China has opened value-guaranteed time deposits and has taken measures to control the issue of money.

—To maintain a clean and honest government, the State Council is cracking down hard on people guilty of corruption and embezzlement, encouraging thrift and diligence and have started to levy a surcharge on banquets.

—The central government is restructuring various kinds of companies, strengthening management over the sale of chemical fertilizers, pesticides and plastic films and of the cotton and grain markets.

"From now on, the State Council and related departments will take other measures in accordance with actual needs," Li Peng said. Under these regulations people can decide what and what not to do for themselves, he said. "This is not only convenient for implementation, but also convenient for examination and supervision."

Li noted that the newly formulated principles and measures are in conformity with the present situation and beneficial to the reform and open policy. He added that they are also in line with the wishes of the Chinese people. ■

## Shopping Rush Cools Down

**M**any Chinese were very impressed by the past summer's scorching heat and hot shopping rush that swept most big cities and many counties. Now, as the season turns cooler, the shopping weather has also lost its fever.

At the same time, the rush to withdraw bank savings, which accompanied the buying wave, is losing its impetus and savings deposits are picking up. Some economists take this as a sign that the central government's measures to overcome inflation and encourage deposits are workable.

One of the measures, according to Fu Jikun, an economist working in the Policy Research Department of the Industrial and Commercial Bank of China (ICB), is the introduction of value guarantee service for Renminbi (RMB) savings deposits. As prices are likely to keep rising, deposited money will certainly devalue if no subsidy is offered by a bank. "Obviously no one wants that kind of deposit. A depositor wants to earn some amount of interest or at least keep the capital. So, the government decided to introduce guarantee service," Fu said.

The ICB, a bank with the most clients in China, the Bank of China, and other banks began to offer subsidies for RMB saving term deposits of between three to eight years on September 10. The subsidy in the last quarter of this year for savings will be 7.28 percent.

Quite a number of people were attracted by the new guarantee service, and they helped the depressed deposit business overcome its slump. A survey showed that between September 28 and 30, the banks in Beijing had added 22.75 million yuan to their

deposit accounts. The tendency also can be seen in other provinces and cities such as Shaanxi, Hebei, Zhengzhou, Shenyang and Jinan.

"But it is impossible for us to keep the increased impetus of savings deposits this year, as we did in the past few years," said Wang Guoxiang, an official of Savings Deposit Department of ICB. According to Wang, during the past several years, each year's increasing rate of savings deposits is higher than the previous year's. In 1987, he said, the total savings deposits at ICB was 30.3 billion yuan more than in 1986. "But by the end of September of this year, we only got 17 billion yuan more than last year. Whether deposits will increase 25 billion yuan by the end of this year is unknown," Wang added.

To encourage people to deposit more, the bank will introduce so-called material award tickets for savings deposit service. For instance, a depositor may buy a colour TV set, one of the best sellers in the country. Colour TV sets always fall short of demand, and they are very hard for ordinary people to buy. Other tickets include ones that may lead people to buy refrigerators and gold and silver jewelry.

However, many people still take a wait-and-see attitude. "I didn't follow people in the panic buying of last summer, and now I don't want to follow people to deposit either," said a young bus driver in Beijing. For him, as well as others, to have money at hand is the safest. "To deposit at a bank earns me nothing, and nothing can be bought except food and other necessities of life. So, why not keep money at hand?" said an old housewife at Haidian District of the city.

Are people preparing for a new shopping rush? Both Fu and Wang said another rush is unlikely. "You know, it was people, the shoppers, who got hurt



## Beijing Marathon Contended

On October 16, 340 runners from the world joined together for the Beijing International Marathon '88. Abebe Nekonnen, 24, of Ethiopia won the competition in 2:07'35". Japan's Hiromi Taniguchi finished second in 2:07'40". And China's Liu Wenjun finished sixth in 2:13'17".

Picture on the right is Nekonnen dashing towards the tape.

**YANG LIMING**

in that shopping rush. Many of them were cheated, and now they have realized it," said Fu.

During the rush, many faulty goods were sold. Recalled a saleswoman at Xidan Department Store of Beijing, "These people were crazy, they had a lot of money at hand and grabbed up almost all the goods. They simply helped us to clean out our storehouse." In Shenyang, capital of northeastern Liaoning Province, many people snatched all the electric fans, whether they worked or not, said Fu. Here, people's philosophy is that a bad fan is better than an expensive one. If you don't buy right now, they say, you will pay double next year.

Asked why the people thought there would be a bigger price hike next year, Fu said that they were just being pessimistic. For

example, when Yuan Mu, a State Council's spokesman, said in July that there would be no more price reform (meaning price rise) the rest of this year, some said, "Aha, look, that implies there will be a terrible price hike next year." So they rushed to buy everything.

However, people can't buy all of life's necessities at one time, and even if they could, the goods bought today would be outdated in five years, Fu said. "Few people want outdated goods; people are pursuing the new." Many hoarders have regrets however. They stopped buying arbitrarily, which has contributed to a calm in the shopping rush, according to Fu.

But the shadow of the price panic still looms over the country. Many people are uneasy, worrying. They want to use money, but have nowhere to use it; they want

to keep the money, but it is vulnerable to devaluation. "The government said the price reform will bring about 'labour pains.' We've felt them. How long will they last? Until the inflation is curbed?" asked a reporter working for *China Commercial News*.

Wang said he is confident. "But, that (to curb the inflation) will be a very complicated and difficult task."

**by Li Haibo**

## Rural Energy Given Priority

**C**hina has listed the comprehensive development of rural energy as a top-priority research project during its Seventh Five-Year Plan period (1986-90) to ease



growing energy shortages in the countryside.

The project is being undertaken by Qinghua University, China's leading polytechnic college, and the Energy Institute of the Chinese Academy of Sciences.

Twelve counties with different geographical conditions have been chosen as test sites for developing rural energy in various ways, such as the construction of small hydroelectric power stations, small coal mines and methane gas pits, the planting of firewood trees and use of solar energy.

The Chinese government has earmarked 10 million yuan (about US\$2.7 million) for energy development in these counties.

Rural China, where 80 percent of the 1 billion Chinese live, is short of 30 billion kwh of electricity a year, according to some of China's leading energy scientists.

Consequently, some rural factories have to stop operation three or even five days a week.

Energy shortages also force farmers in some areas to use nearly 70 percent of crop stalks as firewood, making it impossible to return the stalks to the fields. This means a big loss in the soil's content of organic elements such as nitrogen and phosphorus.

For example, the content of organic substances in once-fertile soil in the Northeast China Plain has dropped from 5 percent to 9 percent and now, 2 percent.

Energy shortages have also led to indiscriminate tree felling in rural areas, forestry experts say. As a result, China's forest coverage has been reduced to 12 percent, in 1987, and recent satellite data show it is 8 percent, compared with the world of 22 percent.

## Weekly Chronicle (October 10-16)

### POLITICAL

October 13

■ Meeting with the visiting Finnish President Mauno Koivisto, Chinese senior leader Deng Xiaoping tells his guest that political and economic relations between China and the Soviet Union will never be a repeat of those in the 1950s, even after the normalization of Sino-Soviet relations, but must be of a new type.

Deng says new relations should be based on the Five Principles of Peaceful Co-existence and should be developed on the basis of equality and mutual benefit. Furthermore, the normalization of Sino-Soviet relations will not harm the interests of any other country.

■ Chinese top Party leader Zhao Ziyang meets with Abdul Aziz, special envoy of the Saudi Arabian King Fahd in Beijing.

Party General Secretary Zhao says China is willing to develop friendly and co-operative relations with Saudi Arabia in all spheres under the Five Principles of Peaceful Co-existence.

October 14

■ The Central Committee of the Communist Party of China calls a second discussion to solicit opinions and suggestions from some of the leaders of China's non-communist parties, who are now attending the 3rd session of the Standing Committee of the 7th Chinese People's Political Consultative Conference in Beijing, on some vital issues of reform and the state policy.

### ECONOMIC

October 10

■ At a reception celebrating the successful completion of the transfer of Du Pont's technology and equipment to three Chinese

chemical factories, Dr. Nicholas Pappas says that he has been very impressed by the results of China's open-door policy and has no doubts about its rapid development in the future.

October 11

■ China's first centre for the transaction of foreign bonds and currencies, set up 10 years ago, now has become one of the major sources of the country's valuable foreign exchange reserves, *China Youth News* reports.

During first three years, the centre suffered losses, but in 1986 it made a profit of US\$100 million dollars, almost 10,000 times the figure in the previous year.

### CULTURAL

October 12

■ More than 30 archaeologists, historians and other scholars have participated in the workshop held to mark the 60th anniversary of the scientific discovery of the Yin Dynasty ruins at Anyang City, Henan Province.

The discovery and excavation of the ruins is a landmark for the founding of China's modern archaeology. China has applied for recognition of the ruins as a part of the world's cultural relics.

### SOCIAL

October 10

■ More than 200 Chinese Party and state leaders and friends of the deceased pay their last respects to Dr. George Hatem (Ma Haide) who died of cancer in Beijing on October 3 at the age of 78.

Dr. Hatem, son of Lebanese immigrants, and born in the United States, was a noted international fighter for communism and world-renowned medical expert. He came to China in 1933, joined the Chinese Communist Party in 1937 and became a Chinese citizen in 1950.

## ROMANIA

**More Buildings, Better Living**

*In recent years Romania, seeking to improve the living conditions of its citizens, has made great and successful efforts to modernize and redevelop its cities and towns.*

For years Romania's developmental policies have stressed the individual and the increasing fulfilment of material and spiritual demands. Romania has made great efforts, among other things, to modernize and redevelop cities and towns and achieved notable results.

Housing construction has always been a priority. Official statistics of the Romanian government show that more than 3.3 million flats have been erected in municipalities and towns and about 2.2 million dwellings in rural localities in the last two decades. All that was for a population of 23 million. Now more than two-thirds of Romania's urban population have moved into new apartments.

In Bucharest, Romania's capital city, 44,000 new apartments will be commissioned this year. A plan envisages the completion of 150,000 flats by the year 1990.

According to the provisions of the 13th Congress of the Romanian Communist Party, in the period of the present Five-Year Plan (1986-90) 750,000 apartments will be built all over the country. By the year 2000, Romania has planned to settle the housing problem completely. Every citizen will be ensured a floor space of 14 square metres and, together with the annexes, 18 to 20 square metres.

Besides housing construction, most towns have seen the building of new central complexes, such as civic centres and various shops

and service units. Public works, such as transportation networks and recreational areas, have also been developed and enhanced.

The "Unification Square" in downtown Bucharest used to be a place crisscrossed by dusty roads and crowded with old, small shops and noisy farm produce markets. Today, after having been completely reconstructed, it has taken on an entirely new look. Surrounded by tall, modern buildings, the square is dotted with fountains, flowerbeds and lawns. Everything looks neat, bright and cheerful.

A new heavy traffic road was also commissioned recently for the southwestern section of Bucharest. It is one of the city's most modern and is about 3.6 km. long. It runs two ways in every direction and has lateral tram lines—a

modern formula most appreciated by motorists. The tram tracks do not disturb traffic in any way. The new highway is part of a loop that surrounds the centre of Bucharest, the biggest city of Romania, with a population of 2 million.

The process of urbanization in Romania has quickened in the past two decades. The number of towns has increased since 1965 from 183 to 237. During the same period, the urban population increased from 6.1 million to 11.9 million, accounting today for 51.5 percent of the total population.

However, according to the Romanian outlook on development, urban growth means better living conditions, not more people. That is why the Romanian Party and government have continually stressed an urban modernization and redevelopment plan designed to ensure the inhabitants increasing comfort at home and on the job through more and better facilities.

Looking beyond 1990, attention is now beginning to focus on the modernization of small and medium-sized towns and on the development of rural agro-industrial centres.

by Liu Shui

## CHILE

**Pinochet's Bid Rejected**

*The result of Chile's referendum on October 5 has shown that most of the voters do not support Augusto Pinochet to rule the country for another eight years.*

Widely diverging from the official estimate, Chile's opposition won the referendum on October 5 with a majority of 54.68 percent of the votes, and thus rejected Augusto Pinochet's bid to retain power for eight more years.

The referendum was held to determine whether President Pinochet should remain in power

until 1997. There had been several favourable conditions for Pinochet. Chile's booming economy in recent years had been taken by the government as a trump card that could win the people's support. The United States, who had been urging Chile to change to a democratic system through the quickest and most effective way,

had lessened its pressure on Pinochet. This was because of White House preoccupation with the coming general election and the ongoing contention between the Republicans and Democrats. President Pinochet had also engaged himself in campaigning one year earlier.

The pro-government opinion had been maintaining that most people in the medium-sized cities and small towns, farming and pastoral areas, army and in the business circles would vote for Pinochet. According to an early estimate, "yes" votes would reach 60 percent. However, the result of the voting was surprising. Except in one district, where the "yes" votes accounted for 52.7 percent and "no" votes 44.83 percent, the opposition won a majority of votes in the remaining 11 districts. "No" votes reached 57.74 percent in the capital area and "yes" votes only 40.25 percent.

Several factors led to the failure of the government:

First, the present military junta has ruled Chile for 15 years. The Chileans, who have a long tradition of democracy, are fed up with the high-handed policies of the junta. The exile and repression following the coup still remain fresh in their memory. A public opinion poll not long ago showed that in Santiago alone 63 percent of the citizens demanded a new president. In the recent referendum, 3 million Chilean youths took part in the voting for their first time. They are more pressing in regard to demanding changes.

Second, Chile has not been able to resume enjoying the best economic situation in its history. This failure is most blatant in view of the distinctive achievements made in curbing inflation and increasing exports and the country's economic growth in recent years. Moreover, the strict adjustment measures have yielded

high prices. The low-income stratum, part of the middle class and professionals have not benefited from the economic boom. Their living standards have even dropped. The voting result reflects the dissatisfaction of the majority toward the country's economic status quo.

Third, the government was facing a strong rival. The opposition parties overcame their disagreements and formed a coalition to oppose Pinochet. Their grass-roots campaign rallied hundreds of thousands of people in the capital on the eve of the referendum and contributed greatly to the opposition's victory. The government's attempt to break up the opposition produced no results.

Finally, the international community's support for Chile's opposition has also played an important part. West European and northern American countries have imposed pressure on the Chilean authorities, calling for openness and democracy. The demands from the neighbouring Latin American countries are even stronger. Many world-reknown cultural and artistic personalities came to Chile many times to show their support for the opposition.

Chile has made great progress

toward democratization, as shown by the result of the referendum. But this is only the first round victory. Many signs show that the military junta is gathering forces to have a final showdown with the opposition in the general election of December 1989, three months before Pinochet finishes his term in office. He has refused to accept the resignation en masse of the cabinet. He still controls the army and holds the political power. Chile's minister of national defence said that the armed forces will continue to support the present constitutional system. So the opposition, though having won the referendum, still confronts a strong rival.

The opposition coalition has exercised great restraint since its triumph. They are prudently trying to reconcile with the military through negotiations and achieve national unity. The opposition insists on amending the 1980 Constitution, while the government opposes. This has been the major contradiction between the two sides. And the most crucial point is whether Pinochet will retire from power on time and return the government to the people.

by Li Zhiming and  
Shun Guowei

## FINLAND

### High-tech Industry Flourishes

*The Finnish government has adopted policies for domestic growth and survival on the international market. These have led to a rapid development of the country's high-tech industries.*

**T**hough starting a bit late, Finland's new high-tech industries have developed rapidly in the last decade. They now account for more than 9 percent of the national economy.

The relatively sound economic

situation of the last decade in Finland provides a solid foundation for the speedy growth of high-tech industries. Faced with a challenge from the increasingly brisk expansion of the worldwide technological revolution, Finland



needs to develop its high-tech industries so as to maintain its status as an industrial nation. However, it is not simply following the path of others, but rather exploring its own distinctive road.

The Finnish government and business community believe that their country is limited in financial power and technological level. Of the estimated 100,000 Finnish companies, more than 90 percent are enterprises of medium and small sizes that employ fewer than 100 workers. Therefore, Finland is unable to conduct widespread scientific research and production, much less to compete fully with powerful big enterprises on the international market.

In view of these limitations, government and business leaders maintain that Finland should concentrate its money and human resources on some key fields. Proceeding from its own economic might and export needs, Finland can then take advantage of its superiority and turn out competitive products. The key fields are mainly information technology, applied electronics industry, communications, medicine and technologies related to biology and meteorology. Efforts are being made in three major areas:

First, the competitiveness of products is being increased by technologically renovating traditional industries. This is being done by strengthening co-ordination or incorporation among the various industrial departments.

Traditional industries, such as ship-building, paper-making and metallurgy, have been reinvigorated with aid from advanced industries such as electronics and chemical manufacturing. Some departments have been reorganized in order to meet subsequent needs. Specialization has been applied to raise quality and economic efficiency. For example,

when ship-building industries in other European countries were faltering, Finland's industry prospered thanks to the application of high-technology, such as nuclear power. At present Finland's icebreaker turnout accounts for about 60 percent of the world's total and that of deluxe passenger liners, one-third.

Second, small- and medium-sized enterprises have been playing an active role in developing new industries. Over the last decade, thousands of such businesses have emerged in Finland. They, along with many established, similar-sized enterprises, are providing high-tech products and services needed by Finnish large-scale enterprises for technological growth. Furthermore, taking advantage of their flexibility in quickly fulfilling market demands, they even export goods onto the international market. The government provides necessary funds and credits for these enterprises and grants tax

preference to them.

Finally, the state and enterprises are encouraging the training of scientific researchers and technicians. Active measures are being taken to enhance technological training for workers and senior researchers.

Funds allocated for development and research of high technologies are being constantly increased. In 1981 such funds accounted for only 0.1 percent of the gross national product, but at present the figure has risen to 1.7 percent, a growth rate that exceeds that of any other European country.

The government is planning to increase funds for scientific research by 9 to 10 percent on a yearly basis so that by the end of the century the proportion in gross national product will reach 2.7 percent. Besides, the scientific research system is going to be readjusted so as to promote the internationalization of higher education.

by Gu Yaoming

## HAITI

### Military Coup: People's Voice

*Atrocities led to the recent Haitian coup. This may have reflected a renewal of the people's struggle toward democracy.*

Haiti's military leader Lieutenant General Henri Namphy was ousted on September 17 in a military coup, and General Prosper Avril became the new government leader. Details indicate that the Haitian people, once again, may be demanding less tolerance for atrocities and more voice in the government.

The high tide of opposing autocracy and striving for democracy in Haiti ended the 28-year autocratic rule of the Duvalier family in 1986. However, the democratic system expected by Haitian people was not es-

tablished, and Haiti's social situation continued to be turbulent and unstable.

After taking power, the military junta headed by Namphy did not remove the base of Duvalier's autocratic power. Although the junta dissolved Tonton Macoute, Duvalier's secret police organization, under pressure from the people, Tonton Macoute still kept close contacts with the military's upper stratum. Many core members were protected and hidden temporarily, forming scattered groups. In November 1987, under the instigation and acquiescence

of the Namphy authorities. Tonton Macoute members constantly created acts of bloody violence, bringing a premature end to the general election. This seriously sabotaged Haiti's democratic process. In June of this year, Namphy launched a coup and overthrew the civilian government of President Leslie Manigat, who had taken office for a short time. Unbridled activities by Tonton Macoute members increased.

Many Haitians believe the coup on September 17 resulted from continuous atrocities committed by Tonton Macoute members. The massive bloody incident at the Church of Saint John Bosco especially roused the Haitian people's indignation. On September 11, 13 members of opposition factions were killed and more than 70 wounded at the church.

Many who suffered in the incident were relatives or friends of middle-and-lower officers and soldiers. Some soldiers asked for planners of the atrocity to be punished. Namphy didn't punish the planners, but arrested two soldiers. This, at last, touched off the mutiny. Soldiers arrested arbitrary commanding officers, and the citizens of Port-au-Prince also came forward to punish Tonton Macoute members.

Facing pressures from the military and people, new President Avril dismissed and replaced many officials of former government and state enterprises. High-ranking military officers believed to be Duvalier elements also were forced to retire.

Of course, people still have misgivings about Avril, who previously had close ties with Duvalier. However, unidentified sources report that Avril now consults on all issues with Joseph Hebreux, leader of the non-commissioned officers who staged the recent coup. Other sources say

it is not clear to what extent Hebreux and middle- and lower-class officers and soldiers can influence Avril.

Although it is too early to

conclude that Haiti will become more democratic, the event in September seems a heavy blow to Haiti's autocratic forces.

**by Zhu Manting**

## UNITED KINGDOM

### Labour Party Readjusts Policies

*The annual meeting of the British Labour Party held recently has largely readjusted its policies on such important matters as the economy and defence.*

**T**he annual conference of the British Labour Party, lasting from October 2 to October 7, was a turning point in the attempts of the party to re-enter No.10 Downing Street. The Labour Party has been out of power for nearly 10 years. In the opening evening of the annual meeting, Party leader Neil Kinnock and deputy leader Roy Hattersley were re-elected with majority support. Consequently, challenges since this spring to the party's leadership have been cleared up, providing favourable conditions for implementation of their policies. The following day, after intense debates, the meeting passed two policy papers on democratic socialism and on social justice and economic efficiency. The re-established leadership and the confirmed policy documents were first steps toward rectifying failures of the previous three elections.

In the last general election, just as British critics predicted, the Conservative Party's economic policies ran well, and the Labour Party's "unilateral nuclear disarmament" defence policy lost the critical 5 percent support needed. Having learned from that lesson, the Labour Party focused on those key problems and made some policy readjustments for this annual meeting.

In his speech, Kinnock clearly stated that the Labour Party should change its old economic policy of nationalization and let the economy be readjusted by market forces, accepting the pattern of a mixed economy. His speech drew support from most of the representatives. In the debates, many representatives discounted the idea of public ownership long advocated by the Labour Party. In fact, the party has already begun to accept the idea of privately owned stocks comprising a minority share in enterprises.

Changes in their defence policy have also begun to take shape. Kinnock suggested that the Labour Party encourage new steps toward disarmament, congratulate any successes of disarmament and participate in world talks aimed at banning the use of nuclear weapons. The National Executive of the Labour Party passed a proposal to eliminate British nuclear weapons, but avoided making any concrete promises on the matter of unilateral nuclear disarmament.

As opposition leader, Kinnock now has majority support. With a theoretical agreement for nuclear disarmament and concrete economic policies based on the existing market, the Labour Party hopes to defeat Margaret Thatcher in the next political bout.

**by Chen Tean**

# Foreign Minister Qian Views World Affairs

**Chinese Foreign Minister Qian Qichen, speaking at the 43rd Session of the United Nations General Assembly on September 28, explained China's positions on a number of world issues. The following are excerpts from his speech concerning the world situation, disarmament and the Kampuchean question.**

**W**hen the 42nd Session of the UN General Assembly opened here a year ago, people already saw signs of relaxation in the prolonged international tension. Now a year later, when we look at the world situation again, the trend towards relaxation is definitely gaining greater momentum. Some long worrying problems are heading towards solution. The Soviet-US INF treaty signed last December after many years of negotiations is being implemented. Agreement was finally reached in April this year on the Afghan question which was a grave concern to the international community for more than eight years, and the Soviet troop-withdrawal is now under way. Another issue of grave international concern is the eight years of war between Iran and Iraq, but the situation has at last taken a favourable turn thanks to acceptance of Security Council Resolution 598 by the two sides. The two countries have agreed to a cease-fire and are on the way to a negotiated peace. In southwest Africa, after long years of war and upheaval, the parties concerned have reached an agreement in principle on the withdrawal of foreign troops from Angola and on the initial steps to implement Security Council Resolution 435 regarding the independence of Namibia. There have also been positive developments in the Horn of Africa, West Sahara and the

east Mediterranean. Efforts towards a settlement of the Middle East and the Central American questions are also going on.

## Dialogue: a Trend

Dialogue is playing an increasingly prominent role in improving the international situation. There has been frequent dialogue between the United States and the Soviet Union, and also fairly active dialogue between the parties concerned on questions of regional conflicts. Facts show fully that in today's world, dialogue is taking the place of confrontation, and the tendency to seek peaceful settlement of international disputes is growing. This is a striking feature of the present international situation. Obviously, it is the outcome of the common efforts of all countries and is deeply rooted in the events of the times.

In the past 40 years or more since World War II, history has made giant strides forward. The colonial system is now a thing of the past. Former colonies and dependencies have become sovereign states one after another and stand on their own feet in the family of nations. Respect for each others' independence and sovereignty and opposition to foreign aggression and oppression have become a main stream in the international politics of the day.

Power politics that prevailed in former days is becoming less and less operative. Facts have shown time and again that even the superpowers which possess strength unmatched anywhere in the world cannot conquer weaker and smaller nations by force and impose their will on others. All their attempts have inevitably failed because of the resolute resistance of the peoples subjected to aggression and the widespread condemnation by the international community. This is thought-provoking.

While the danger of war still exists, the forces of peace are steadily growing. The people all over the world have voiced an increasingly strong demand for peace and against war. None of the third world countries, East European countries or West European countries and other developed countries wants to go through the holocaust of another world war. Even the superpowers which possess nuclear armaments enough to destroy the earth several times over do not believe that they could win a nuclear war. All these factors have helped to check the outbreak of another world war.

Problems among developing countries ought to be settled through negotiation. Unfortunately, some differences have given rise to armed conflicts. There is a growing trend in developing countries towards



seeking peaceful settlement of disputes through dialogues. This indicates that they are more and more aware that their historic task is to develop their national economies and improve the quality of people's life and that armed conflicts among themselves could only deplete their national strength to the detriment of their fundamental interests. War means mutual disaster while peace brings mutual benefit. If the third world countries handle their relations in this spirit, it will greatly hasten their development and enable them to play a more effective role in the cause of maintaining regional and global peace.

The rapidly developing science and technology, being translated into unprecedentedly great productive forces, spurs the development of the economy and is changing the face of human society. This is a salient feature of the present era. The aggregate strength of a country depends more and more on its economic, scientific and technological level. A review of the post-war history clearly indicates that countries which practise hegemonism and engage in the arms race, foreign expansion and military conflicts have found their national strength seriously weakened, while those countries which devote themselves to the development of science, technology, the economy and education have grown strong rapidly. Some have even risen in the world as great economic powers with advanced science and technology. Meanwhile, the third world is very active on the international arena as a growing political force. Many regional political and economic organizations are also playing an ever more important part in international affairs. With the combination of these elements, the world is moving from bipolarization to multipolarization, which, in our view, is conducive to peace.

## **Disarmament: a Need**

However, is the present world free from troubles? Obviously not. The root-cause of turbulence in the world is not yet removed. The people of all countries must make unremitting efforts to safeguard world peace.

The world's people are faced with the common task of halting the arms race and striving for disarmament in order to preserve peace. On the question of disarmament, the Chinese Delegation deems it necessary to expound the following three points at the general assembly:

1. It is a welcome development that the United States and the Soviet Union have taken a step forward on the road to disarmament. However, we cannot but note that the huge nuclear arsenals they possess still pose a threat to world peace. The arms race between them is still going on. They are trying to greatly improve and upgrade the quality and function of their respective nuclear weapons, vying with each other to develop hi-tech weaponry and extending the arms race to outer space. Hence, the task for disarmament remains arduous and formidable.

2. Countries across the world have repeatedly reaffirmed the important principle that the superpowers which possess the largest and most sophisticated arsenals bear a special responsibility for disarmament and should take the lead in drastically cutting their arms. This is a correct direction and an effective approach for the realization of disarmament. We hope that the superpowers will, in conformity to the trend of the times, quicken their pace on the road to disarmament and reach agreement on a drastic reduction of nuclear weapons at an early date, starting with a 50 percent cut in strategic nuclear weapons. Their talks on

conventional disarmament should also be speeded up and the arms race of all forms halted in outer space.

3. The question of disarmament concerns the security interests of all countries. Countries, big or small, strong or weak, all have the right to participate in the discussion and settlement of the disarmament question on an equal footing and can each play a positive role. The superpowers should respect and take into serious consideration the reasonable demands and propositions set forth by the small and medium-sized countries. The United Nations and other multilateral disarmament agencies are important venues for discussion and solution of this question by all parties on an equal basis. Their role should be strengthened. Multilateral and bilateral disarmament negotiations should complement and promote each other.

## **Kampuchea: a Question**

Following the decision of the Soviet Union to pull out its troops from Afghanistan, the international community has voiced an even stronger demand for Vietnamese troop withdrawal from Kampuchea and for an end to the war of aggression. Regrettably, however, what the Vietnamese authorities have been doing runs counter to the desire and demand of the international community. While professing their readiness to withdraw their troops, they have put forward unreasonable demands in an attempt to delay their troop withdrawal and legalize the results of their aggression, so as to get what they have failed to achieve in their ten-year war of aggression. It should be stressed that, on the Kampuchean question, Viet Nam is the aggressor and the Vietnamese troops are the only foreign troops on the

Kampuchean territory. It is explicitly and solemnly stated in the very first article of the UN Charter that to maintain international peace and security, it is essential to take effective measures for the suppression of acts of aggression. Since the Vietnamese invasion of Kampuchea, the General Assembly has for nine successive years adopted resolutions calling for withdrawal of foreign troops from Kampuchea so as to facilitate the settlement of the Kampuchean problem by the Kampuchean people themselves free from outside interference. All this shows that the international community brooks no legalization of the results of aggression. The Chinese government considers it necessary for the current session to reiterate these just demands and uphold the sanctity of the purposes and principles of the UN Charter.

The Chinese government has for the past decade worked hard towards a fair and reasonable settlement of the Kampuchean question. Recently, it has further elaborated its position on the question, which can be summed

up in the following five points:

1. A complete withdrawal by Viet Nam of its troops from Kampuchea is the key to a settlement of the Kampuchean question. The Vietnamese side should produce as soon as possible a timetable for its troop withdrawal from Kampuchea within a short period of time.

2. We favour the establishment, with Prince Norodom Sihanouk in charge, of a provisional quadripartite coalition government in Kampuchea as Viet Nam withdraws its troops from the country. Each faction's candidates for the provisional government should be proposed by the faction itself but should be acceptable to the other factions concerned. We stand for a quadripartite coalition in Kampuchea. We are against the exclusion of any of the four factions from it or the exercise of power by any one faction alone.

3. Upon the establishment of the provisional quadripartite coalition government of Kampuchea, a freeze should be imposed on the activities of the Kampuchean armed forces of all factions. They should refrain from getting

involved in politics and interfering in the general election so that the Kampuchean people may conduct a free election in the absence of outside interference and threat of force. To prevent a civil war in Kampuchea, the existing armed forces of all factions may be disbanded to facilitate the creation of a unified national defence force composed of an equal number of officers and men from each of the four factions under a unified command.

4. Practical and effective international supervision should be instituted over Viet Nam's troops withdrawal, the maintenance of peace in Kampuchea and the conduct of a free election there. To this end, the Chinese government supports the proposition for sending to Kampuchea an international peace-keeping force and an international control committee.

5. When the parties concerned reach agreement on a political settlement of the Kampuchean question, China will be ready to join other countries in an international guarantee for an independent, neutral and non-aligned Kampuchea. ■

## Healthy Co-operation

**China Otsuka was selected as one of the country's top ten joint ventures in April this year. But this Sino-Japanese company has not simply achieved remarkable economic results—profits of 9.82 million yuan on a turnover of 41.3 million yuan—it has also successfully integrated Japanese and Chinese styles of work through dialogue and consultation.**

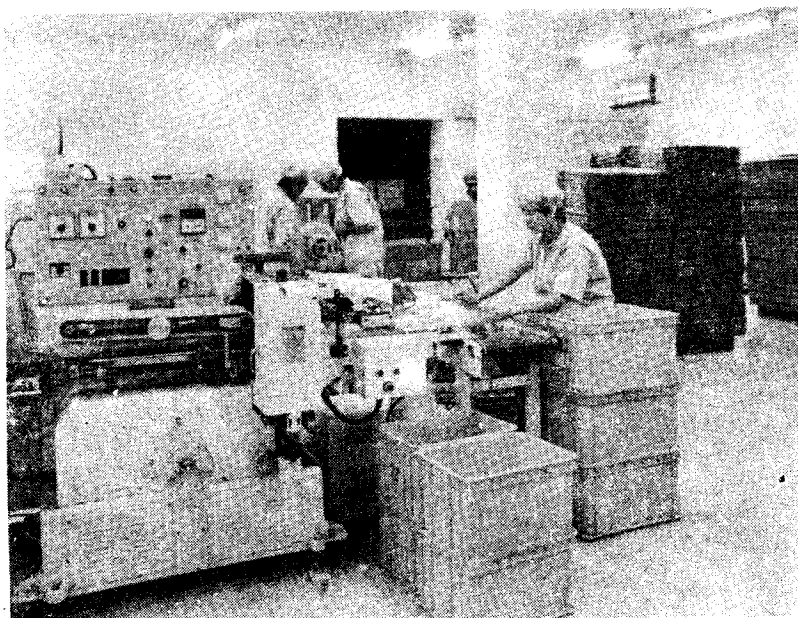
by Our Correspondent Zhang Zhiping

**O**n the lawn before the China Otsuka Pharmaceutical Co. in Tianjin stands a large sign: "Quality Is Life." It encapsulates

the ethos of the company, according to former General Manager Nie Yuhe.

"Here, life has a double

meaning. There is the life of our customers and the life of our enterprise. Our goal is to produce quality medicines, and from top to



**China Otsuka's quality testing workshop.**

bottom everyone strives to realize this aim."

And in its four years of existence, China Otsuka has lived up to its aspirations. A Sino-Japanese joint venture founded by the China National Medical Industrial Corp. and the Otsuka Pharmaceutical Co., it has operated in the black since it started in 1984. High quality and sound exports have also ensured a foreign exchange surplus for the company.

By the end of June, its profits had totalled 9.82 million yuan on a turnover of 41.3 million yuan. Recently the two partners have each ploughed 4 million yuan into a pill workshop, bringing total investment to 30 million yuan.

## **Foundations for Success**

The Japanese Otsuka Co. is an economically and technically powerful group with more than 70 percent of the Japanese medicine market, where it enjoys a high reputation. The Chinese side helped instigate the joint venture

to benefit from its technology and managerial expertise so as to raise China's medicine production to a high level. Together, the two parties have strived to remove all barriers to co-operation.

This has meant more than importing an ampoule production

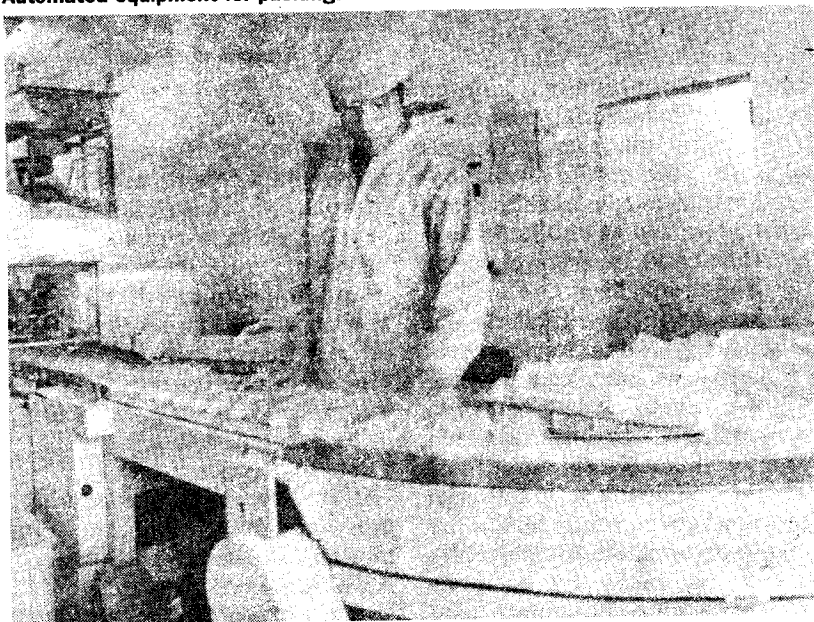
line from Japan. When disputes arise because of differences in social systems, ethos or habits, they seek common ground through discussion. "We solve our problems through dialogue and consultancy," said the current General Manager Qu Jiapeng, "because our basic principles are identical."

For example, the Chinese side wanted to follow the common Chinese practice of hiring some doctors and security guards. The Japanese side refused, on the grounds that medical treatment is the business of hospitals and security is the duty of police. "After debating the matter we resolved the problem by posting a man with two duties," said Qu.

Similarly, the Japanese side had initially resisted the construction of a company bathroom. They said the workers would prefer to take a shower at home after a day at work. But they subsequently agreed to the scheme after discovering most Chinese families have no bathroom because of the country's housing shortage.

Another problem centred on

**Automated equipment for packing.**





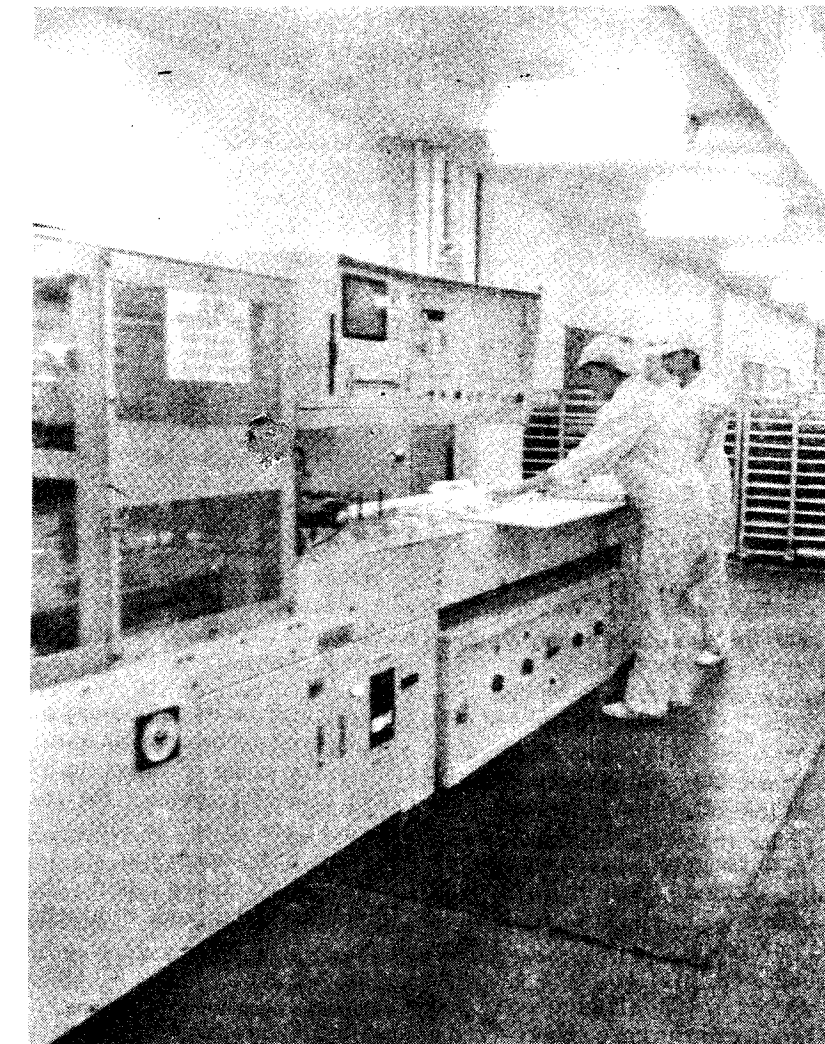
fringe benefits. In Chinese factories, workers get material benefits in addition to their regular wages and bonuses. When festivals come, for example, they are given gifts. The Japanese side refused to adopt this practice, arousing the dissatisfaction of the workforce. One man complained: "We have no extra benefits here. I make less than I did before in a state-owned factory."

In fact, although China Otsuka fails to distribute fringe benefits directly to its workers, it offers better conditions in compensation. There are toilet paper and towels in the washroom, tea and other drinks in the restroom, and uniforms are provided free of charge. This represents a break with the traditional practices of Chinese factories, and it has taken some time to be accepted by the China Otsuka workers.

The company's ampoule production line, believed to be the most sophisticated of its kind, has entirely automated production—from processing, sterilization and checking through to sealing and packing. And with it has arrived a new brand of management.

The equipment requires just a skeleton staff of competent professionals to be operated. So the company has a staff of 338 employees, of whom only a dozen or so are managerial personnel. The general manager is responsible for the entire company. Section leaders or workshop heads must be trained engineers or their equivalent and are accountable to the general manager.

To maintain high efficiency and productivity, China Otsuka strives to keep the smallest possible staffing levels and gives each worker free rein to fully exploit her or his abilities. To this end, most of the company's managerial personnel concurrently hold more than one post. For example, Wang Ruxian is both the factory's deputy director and deputy head



The sterilization workshop.

Photos by XUE CHAO

of its general affairs office. The major Japanese representative, Motoaki Nakai, is simultaneously deputy general manager and president of the company's research institute. All the managerial personnel work in the same office so that they can oversee each other. No one is seen chattering away, drinking tea or reading newspapers, as is the case in many Chinese factories.

The company encourages everyone to work hard. Promotion is decided by performance. A worker can be promoted to shift leader and a university graduate

may be assigned to watch the gate, depending on how well he or she performs.

Yuan Dashan, for example, was assigned to the company upon graduation from Nanjing Medicine College in 1986. He worked hard and was quickly promoted to head of the company's representative office in Beijing. "I like my job here," he said, "because at the China Otsuka there is ample scope for my ability." His office is responsible for promoting sales and gathering information for the company.

The company has instituted a

series of reward and punishment measures. In October or November every year, shift and section leaders examine and rate the performance of each of their fellow workers. Work quality, output and ability are all graded. A worker's attitude is scored according to his loyalty to the company, enthusiasm, responsibility and co-operation with others. The score is then forwarded to the general manager for a final decision. Wages will be raised or lowered, and bonuses determined.

### Expansion of Production

According to the joint venture contract, the company has to produce 6 million injections a year, 3.5 million for sale in China and 2.5 million for Japan. Thanks to the expansion of investment last year, annual output has risen to 12 million injections, of which 1.5 million are destined for countries or regions other than Japan.

Initially, sales in China were poor because customers were unfamiliar with the company's products. But with the help of the Chinese government and the company's own promotional

drive, they have increased quickly. "However," said General Manager Qu, "in the future we must rely on ourselves for sales promotion. We have set up a 10-person marketing section, nine of whom are college graduates. They pass information about our products to hospitals. If possible, we intend to open a clinic and develop new medicines. In short, we want to establish a more direct producer-consumer relationship, from which our company will benefit."

### Official Aid

During its first year of operation, the Chinese government offered China Otsuka a 50 percent reduction in tax rates. It has also received preferential treatment for being an "export-oriented enterprise" and a "technically advanced enterprise." But even without these incentives, the company would almost certainly have emerged successful. China's health authorities have ratified that its medicines are produced according to the standards laid down in the World Health Organization's Good Manufac-

turing Practice. It has won fine product prizes from both Tianjin and China's central authorities, and in April was selected as one of the ten best joint ventures in the country.

As well as encouraging China Otsuka, these laurels are a tribute to the great strides Tianjin has made in improving its investment environment. In June 1987, the city established a consultancy bureau for foreign-funded enterprises. The bureau co-ordinates the work of 14 organizations and eight government departments involved in managing and overseeing overseas investment. As a result, bureaucratic inefficiency has decreased.

Work, of course, remains to be done. Motoaki Nakai said that China should concentrate its efforts on stemming the ever-increasing number of administrative offices, simplifying procedures to set up joint ventures, and develop feasible counter-measures for hikes in the prices of raw and semi-finished materials. He added that China's vast market and natural resources should prove extremely attractive to foreign capital once the remaining problems in its investment environment were ironed out. ■

## Crossroads City Eyes World Market

by Our Correspondent Li Rongxia

Located at the confluence of the Grand Canal and the lower reaches of the Changjiang (Yangtze) River, Zhenjiang has a recorded history of more than 3,000 years. In the 19th century it became one of China's foreign trade centres. Now it stands between Shanghai and Nanjing on the main railway to Beijing.

Already an important communications hub and trade port, the

city received a further shot in the arm last March when it was made a coastal open economic zone. With three counties, a city and almost 4,000 square kilometres under its jurisdiction, Zhenjiang's 2.5 million population (430,000 of them urban dwellers) face the task of attracting foreign investment and developing an export-oriented economy.

Recently the city has en-

deavoured to become a production base for electrical machinery, chemicals, textiles and light industrial goods and to strengthen its role as an import-export distribution centre.

### Investment Environment

To expand foreign trade, the city has expedited harbour

construction. Zhenjiang's wide, deep and silt-free navigation channels enable ocean-going ships to dock. Its four deep-water berths for 25,000-ton vessels and 2,000-ton floating dock can handle 3 million tons of cargo a year. Another four 10,000-ton berths and two 5,000-ton rivership berths should be completed by 1990, adding an extra 2.64 million tons to the port's handling capacity.

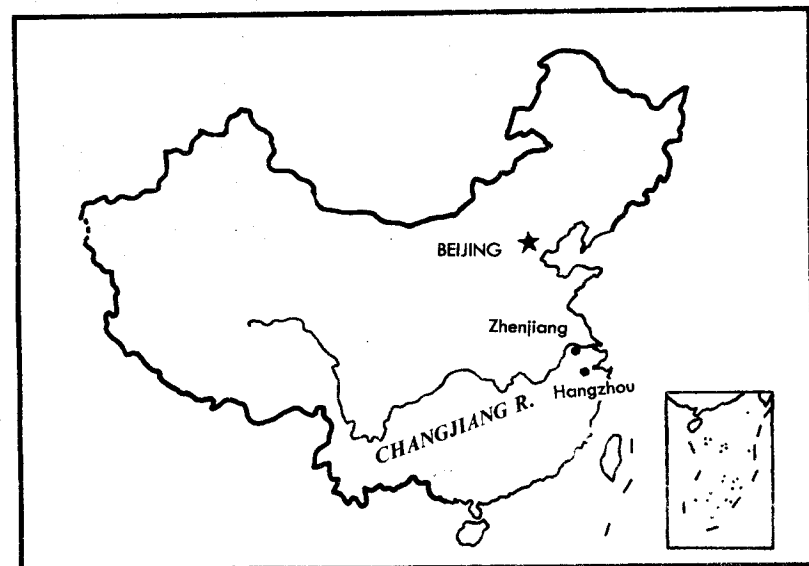
Along the Changjiang River are three other ports—Laogang, Gaozi and Jianbi—boasting 252 docks and berths. These include four 25,000-ton berths and three capable of docking vessels above 10,000 tons. Last year they handled 15 million tons of goods.

Ships now sail from the city to Japan, Hong Kong, the United States, Spain, Italy, the Soviet Union and 17 other countries and regions. Zhenjiang's railway station can handle 4.5 million tons of freight annually. Currently preparatory work is under way for a feeder railway directly linking the main port.

Zhenjiang has a wide range of industry: machine building, electricity generating, textiles, paper making, chemicals, building materials, metallurgy, ship-building, motor vehicles and electronics. It is also a centre for light industrial goods and food-stuff production.

In recent years, the city has built over 200 advanced production lines and imported 130 items of technologically advanced equipment to upgrade its industrial enterprises. Today, the city's threshers, machine tools, diesel engines, refrigerated vans, forklift trucks and tipper lorries are exported to Southeast Asia, Europe and the United States. Its textile mills manufacture more than 1,000 different products, selling them to 50 countries and regions throughout the world.

Zhenjiang is China's major manufacturer of several light



industrial products. It exports more paper than any other place in China. Dantu County manufactures 800,000 pairs of leather shoes each year for export, 80 percent of Jiangsu Province's total. The city is also China's top producer of titanium dioxide, and switches and connection boxes for colour televisions and computers.

In 1987, the area had more than 3,700 industrial enterprises above township level. Their combined industrial output value hit 8.5 billion yuan and is expected to reach 10 billion yuan this year.

Zhenjiang has strived to improve its infrastructure. The Jianbi Power Plant in the city's eastern suburbs is the largest thermal power plant in China. With its 1.625 million kw capacity, it can generate 10 billion kwh annually. The city has blueprints for a 120,000-200,000 kw storage power station in Jurong County and a 2.4 million kw power plant in Gaozi.

A waterworks with a designed capacity of 200,000 cubic metres a day will be built at the main port to supplement the three already existing in the city proper.

The city's post and telecommunications facilities have

already been re-equipped, making express international postal services and direct-dial telephoning available to over 150 countries and regions throughout the world.

## Export Capacity

There are 394 factories manufacturing export commodities in the city. Last year, 338 varieties of goods valued at US\$100 million were shipped overseas.

One successful product is Zhenjiang's anchor chains: The only flash-butt welded chains made in China, they have satisfied registers of shipping in China, the Federal Republic of Germany, Britain and Norway. Among its high-quality foodstuffs are the city's fine sesame oil, winner of two international gold medals, and Dantu County's glucoside which has been awarded a Brussels Eureka prize.

The Zhenjiang Arts and Crafts Factory has turned its business around by concentrating solely on developing export trade. Formerly a poorly equipped workshop with an annual output value under 2.5 million yuan, in 1986 it changed its product mix and began to produce

toys for the world market. In 1987 its output value totalled 10 million yuan and export value over US\$3 million. Today, all its products are exported, to 48 other countries and regions. To hold its ground in international markets by constantly developing new products, the company has concentrated on flare and design. Its most notable creations have been crawling dogs and centipedes which have proved highly popular abroad.

The Jiangsu Mar Vista Plastics Co. Ltd., funded jointly by the Zhenjiang Resin Factory, Mar Vista International Corp. of the United States, and the Chung Ling Investment Ltd. of Hong Kong, began trial production of various

PVC building materials in February 1987. Using imported production lines incorporating an advanced hot pressing technique, the venture's PVC floor bricks immediately enjoy brisk sales in China. In November 1987, the venture began production for export. Currently, it sells 38 percent of its output abroad.

The Zhenjiang Machine Tool Plant has successfully developed a strong partnership with the American company Summit Machine Tools. In December 1986, the US business' deputy president Mike Tepper inspected the Zhenjiang factory and signed an agreement to co-operate on designing machine tools, to be

produced in China and sold in the United States.

In February 1987, the factory sent its designers to Oklahoma. Working with the Americans, they quickly designed three new machine tools. Trial production followed and five high-quality samples were turned out in six months. Highly satisfied, the US side has extended the terms of the agreement from five to 10 years. The machine tools should be put into batch production next year for sale on the US market.

Zhenjiang's other major exports include clothing, dyed cloth, silk, fur and leather products, as well as various foodstuffs such as eels, poultry and mushrooms. ■

## Technological Exports on the Rise

**Global trade in technology is now expanding faster than any other areas. Although China has a small proportion of the market, its prospects in fields such as selling agricultural technology to developing countries and producing computer software are great.**

by Our Correspondent Wei Liming

**T**he last few years have seen a dramatic increase in China's exports of technology. Between 1979 and 1985, China exported 40 technological items, which earned US\$46.5 million in foreign exchange. However, in 1986 China exported 20 technological items, earning US\$20.4 million; by 1987, the figure reached 40 and earnings were US\$85 million.

These increases have reversed the earlier situation in which China was only an importer of technology. Although China still accounts for only a small proportion of the world market in technology, it shows considerable

potential for development in this area.

### World Interest

China began introducing its technology to the world market in April 1986, when Hoffmann-La Roche Inc. of Switzerland purchased a new two-step fermentation process for manufacturing vitamin C. The process had been developed jointly by the Chinese Academy of Sciences' Microbe Research Institute, the Beijing Pharmaceutical Factory and

the Northeast Pharmaceutical Factory.

The new process had been adopted by all the vitamin C manufacturers in China by the end of the 1970s, but pharmaceutical factories in other countries were still using an expensive and complex procedure developed in the 1930s. In view of the potential international market demand, China announced the availability of the process in 1982, and later negotiated the technology-transfer contract with Roche.

Chinese-developed technology has also fared well at technology-trade exhibitions. In October



1985, 21 agreements and letters of intent for Chinese technology were signed at the Second Barclays Technology Trade Exhibition in Birmingham, England. China also won prizes for 57 technological items at the Brussels Eureka World Fair for Invention in 1986, and 51 agreements and letters of intent were signed there.

All this indicates that a batch of advanced technological items developed by China are competitive on the international market. The country is now inventing 10,000 major scientific and technological products each year, and more than 1,000 meet international standards.

Since China implemented its patent law in 1985, patent applications have been submitted for 30,000 scientific and technological products, many of them in great demand on the international market. It is therefore quite possible for China to begin exporting some of these.

## Trends in Exports

In the past, China mainly exported agricultural technology. This has changed, and now exports of traditional technologies are giving way to advanced technologies. Among the technologies now being exported are not only small inventions such as disco equipment for physical fitness and magnetic therapeutic devices, but also complex industrial technologies including metal-and-ceramic protective pipes used to measure high temperatures and equipment for spraying and blowing coal dust into blast furnaces. China's satellite-launching technology and its computer software have also edged into the international market. China has held trade talks on its satellite-launching business with 40 companies belonging to

four international organizations that represent 21 countries; agreements have been signed to launch eight satellites and to provide post-launch services for two satellites.

China has adopted the following ways of exporting its technology: selling patents or special technical licences; exporting individual pieces of equip-

ment; or complete sets of advanced technological equipment; contracting to design projects for foreign clients; undertaking to build production lines, with or without factory buildings, for foreign clients; providing technical services and information to foreign clients; and setting up joint ventures abroad in which the Chinese partners contribute technology and share scientific result, thus co-operating with foreign companies to develop new products.

Compared to developed countries, China still lags behind in



LU QUANCHENG

**Li Zumo, director of the Orthopedics Department at the Beijing Guanganmen Hospital, lectures on massotherapy in France.**

ment; or complete sets of advanced technological equipment; contracting to design projects for foreign clients; undertaking to build production lines, with or without factory buildings, for foreign clients; providing technical services and information to foreign clients; and setting up joint ventures abroad in which the Chinese partners contribute technology and share scientific result, thus co-operating with foreign companies to develop new products.

## The Future

The worldwide trade in technology appears to be developing

scientific development, but it has been surpassing some nations in certain fields. What potential for technological exports can China expect to tap? Specialists believe the following fields are most promising:

1. Its great number of mature industrial and agricultural technologies, which meet the needs of developing countries.

For example, in December 1986, China signed a US\$598,600 contract with Burundi to export a production line and technology capable of producing 1.22 million gunnysacks a year. The contract was concluded by the China National Technology Import and Export Corp., with the Zheng-



YANG ZHIGANG

**Young Mozambican workers learn to repair garment manufacturing machinery from a Chinese expert.**

zhou Jute Mill responsible for providing all the equipment and technology. Also, the China National Chemical Industry Construction Corp. signed an agreement with Nepal for exporting equipment and technology capable of producing 88,000 sets of automobile tyres a year. Of the total cost, 15 percent is software and 85 percent is equipment and other items.

2. Traditional technologies with distinctive national features which may become important exports.

China's well-known special technologies in such areas as rice cultivation, the production of methane gas, the raising of freshwater fish and silkworm breeding, could be sold to foreign countries. Traditional Chinese medicine, food processing and cooking could also be sold in a systematic way.

3. Computer software.

American scholars predict that by 1990 the United States will face a shortage of more than 1 million software designers. Japan will be confronting the same problem. However, China now has a large number of software designers

whose potential can be tapped. For example, the city of Tianjin has established software co-operative relations with more than a dozen companies in Britain, the United States, Japan and Singapore.

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***The most important problem China is facing in its efforts to export technology is that the technologies are often highly developed in principle but the supporting processes linked to them are backward. As a result, complete superiority of products and processes cannot be maintained.***

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4. Building on technological imports.

Since the adoption of the open policy in 1979, China has purchased and imported US\$30 billion in technology and equipment. As these become adapted

and integrated, China may build on them to develop more new technologies which can then be sold on the world market.

## Problems and Solutions

The most important problem China is facing in its efforts to export technology is that the technologies are often highly developed in principle but the supporting processes linked to them are backward. As a result, complete superiority of products and processes cannot be maintained.

The technology trade shares some features of ordinary commodity dealing, but has distinctive characteristics as well—among them, long negotiation periods, a low overall percentage of signed agreements and contracts, and the reluctance of those involved in transferring technology to jeopardize the patents they control.

China has been taking steps to let the rest of the world learn more about its advanced technology. For example, export technologies have been exhibited at the Guangzhou Export Commodities Fair for the past two years. In addition, the Ministry of Foreign Economic Relations and Trade and the State Science and Technology Commission have decided to sponsor an annual national technology trade fair oriented towards the foreign market.

The state recently developed policies to encourage technical exports; according to the regulations, work units which export technologies now have the right to retain 65 percent of their foreign exchange earnings for their own use. ■

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**CORRECTION:** The caption on page 23 in our issue No. 38 should read: Hellen Foster Snow and Kang Keqing, widow of Marshal Zhu De, in Yanan in May 1937.

# Mediation: A Defence Line Against Crime

by Our Correspondent Yang Xiaobing

**A**fter a worker at the Jinan Fuel Co. in Shandong Province died at work, his relatives and friends were dissatisfied with the pension his family received. They gathered a group of more than 30 people and proceeded to the house of the company's manager at midnight. Striking his doors and windows with sticks, they shouted, "A life for a life."

The noise wakened Zhang Donghua, head of the neighbourhood mediation committee. She hurried to the spot, pushed the protesters aside, stood in the doorway and said, "What you're doing is illegal. If you're not satisfied with the pension, consult with the company. If you're still not happy, go to the local government and the courts. Don't come here making trouble."

"Mind your own business," a youth retorted.

"I'm responsible for mediating issues in this area," Zhang answered, and proceeded to stop the wild behaviour of several youths. She then brought the dead man's widow to the scene. After reasoning with her for a while, the trouble-makers dispersed.

Zhang reported this disturbance to public security officials. In the following two days, she and her two colleagues succeeded three times in stopping the trouble-makers' provocative actions. Thus, as a result of Zhang's careful and skilful mediation, the dead man's relatives gave up their excessive demands and the issue was finally resolved properly.

Zhang is now 58 years old. For many years she has settled disputes by explaining and publicizing the law, using her powers of persuasion to educate

and pacify. She has personally prevented potential disasters in 16 domestic disputes, acted as a peacemaker between 36 pairs of disgruntled neighbours, reconciled 34 couples and re-established harmonious relations in 42 quarreling families.

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***During 1986-87, non-governmental mediation organs solved 14.27 million domestic disputes. About 210,000 lives were saved....***

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As a result, Zhang has been nominated an advanced mediation worker 13 times. This year she was selected as one of China's 416 top mediators by the Ministry of Justice.

Altogether, China has more than 6 million mediators and over 980,000 mediation committees. They play an immeasurable role in maintaining social stability, socialist moral standards and China's laws.

According to the latest statistics available, during 1986-87 non-governmental mediation organizations solved more than 14.27 million domestic disputes. It is estimated that 210,000 lives were saved, including the prevention of 140,000 potential murders and suicides—three times the number of actual suicides and murders in the same period. The overall effectiveness of China's mediation

organizations has drawn attention from experts around the world, who have labelled it "the eastern experience." However, according to Cai Cheng, minister of Justice, there are still many murders and suicides arising from domestic disputes, which affects social stability. In 1987, a sample survey of 30 counties, districts and cities revealed that 55.7 percent of five categories of criminal cases (arson, poisoning, bombing, serious injury and murder) arose from domestic disputes. Cai stressed efforts must be redoubled to prevent domestic disputes developing into criminal cases, as prevention crime is far preferable to successful detection after the event.

Minister of Public Security Wang Fang also believes that non-governmental mediation is an important defence line in preventing damage to both individuals and property.

In recent years, the public has paid increasing attention to non-governmental mediation. There are now around 50,000 judicial assistants working in local governments alongside mediators. Through their combined efforts, more than 1 million cases are settled every year.

Around half of China's provinces, autonomous regions and municipalities have allocated funds for symposiums and other events where methods and experiences can be discussed or particularly outstanding mediators commended. Local courts also play an active role in guiding and instructing non-governmental mediation, believing it is far better to resolve disputes before they require legal action. ■

# Reform of Labour and Wage Systems

by the State Statistical Bureau

Since the end of 1978, China has introduced a series of measures to reform its labour and wage systems. By constantly supplementing and improving them, important progress has been made.

## Labour Reform

The reform of the labour system began first. For most of the period since the founding of the People's Republic in 1949, the state assigned urban labourers to enterprises where they were likely to remain for the rest of their working lives. This rigid system had many drawbacks. As an enterprise took care of almost every matter concerning its employees, it seriously curbed the enthusiasm of both parties and so hindered the development of productive forces.

At the same time, because China has both a large population and an underdeveloped economy, employment has always been a grave social problem. This problem was intensified between 1978 and 1980 when the newly formed urban labour force reached a peak and a large number of educated youth who settled in rural areas during the "cultural revolution" (1966-76) returned to cities and towns.

Across China, the annual number of people waiting for jobs rose to more than 10 million. In 1981, the State Council decided to broaden the channels of employment and invigorate the economy. Principles and policies on an all-round reform of the employment

system were formulated which promoted a vigorous rise in jobs.

Between 1981 and 1987, nearly 50 million people in the cities and towns were given work. Urban unemployment dropped from 5.3 percent in 1978 to 4.9 percent in 1980, and to 2.8 percent in 1985. The figure has stood at around 2 percent since 1986.

Various new practices helped to bring about this fall, but the major measures were:

—**Diversification of Economic forms.** In recent years, collectives and individually owned firms have provided around 40 percent of new jobs. In June 1988, 30.7 percent of the total workforce worked in urban collectives and individual businesses, rising from 11.7 percent in 1978 and 13.8 percent in 1980. At the same time, the unemployed have been encouraged to establish their own companies—either collectively or individually—under the unified planning and guidance of the state.

—**Adjustments in job distribution.** To aid the development of the national economy and the readjustment of the industrial setup, heavy industry's role as the principal absorber of surplus labour has declined as light industry and the service industry have been encouraged to expand. In the cities and towns, 17.6 percent of the urban labour force were employed in tertiary industry in 1987 compared with 11.9 percent in 1978.

—**The expansion of professional training.** As trained and qualified technical workers grow in importance, the number of technical

or vocational schools and employment training schools has increased. Now, around 40 percent of all people waiting for work find employment after receiving professional training. This has the dual advantage of increasing the employability of prospective employees and the overall quality of China's workforce.

—**Labour service companies.** In recent years, enterprises, institutions, government departments, neighbourhood committees and labour departments have set up more than 50,000 labour service companies to provide employment. Altogether, there are now 200,000 collective enterprises under this system, employing 5 million people.

## Reform of Enterprise Employment System

The system whereby a worker was guaranteed a job for life (known as being given an "iron rice bowl") was replaced at the end of 1982 with the introduction of contracted labour. From October 1, 1986, all enterprises have hired workers in this manner.

The system involves open recruitment through examinations. No longer are the children of retired workers allowed to fill their parents' positions automatically, nor are employees' children guaranteed a job, as was previously the case.

At the same time, factory directors have been given the right to dismiss workers for breach of discipline. In addition, a contracted workers' pension scheme

and a job-waiting insurance system have been introduced.

This contract system has basically broken the "iron rice bowl." Enterprises have gained increased autonomy over who they choose to employ, and the workers and staff enjoy more freedom in selecting jobs. As a result, the system has proved popular, and the number of contracted workers has increased rapidly. By the end of June 1988, 7.64 million of them worked in state-owned enterprises, 7.9 percent of their total employees. In the economically developed provinces of Jiangsu, Zhejiang and Hebei, more than 10 percent of the total workforce are contracted workers.

In the last two years, with the deepening of the economic structural reform and the unfolding of the political structural reform, the reform of the labour system has developed in depth and breadth. In government organizations, a new public service system involving recruitment through examinations has been introduced on a trial basis in several parts of China, and soon will be implemented across the country. Enterprises have introduced various measures to relax the permanent employment system and optimize the labour organization among the workers. At the same time, labour markets have emerged and are playing an ever more important role in employment and the rational flow of the labour force.

## Wage Reform

As the reform of the labour system has gained momentum, the reform of the wage system has gradually unfolded. China's wage system, formulated in the 1950s, once played a positive role in stimulating production, promoting the development of all socialist undertakings and ensuring and

improving the living standards of working people. However, although great changes have taken place in the country's economy and all other fields, no timely readjustments were made to the wage system. Thus wage relations became increasingly irrational.

Especially during the periods when "leftist" influence held sway, the role of wages as an economic lever was neglected, in particular there was a general failure to link wages with enterprises' economic returns and the contributions of their workers. This adversely affected the implementation of the principle of distribution according to work, dampened the enthusiasm of both enterprises and workers, and impeded the development of social productive forces. Since the end of 1978, the government has carried out the following reforms of the wage system:

—**The revival of bonuses and piecework.** Bonuses and piece rates embody the principle of distribution according to work better than simply measuring the time spent on a particular task. In 1979, therefore, the government revived these systems throughout the country, improving them ever since with measures such as strengthening the management of bonuses, abandoning their maximum limits, and levying taxes on extra-quota payments. As a result, over the past decade bonuses have risen from 2 percent of all wages in 1978 to 9.1 percent in 1980, 15.1 percent in 1985 and 16.8 percent in 1987.

—**Wage increases.** In October 1979 the government gave 40 percent of all workers and staff a wage increase. In October 1981, the wages of all the employees of primary and middle schools, kindergartens and nurseries were raised. The wages of government employees were increased in October 1982. In April 1983, the State Council again decided to

increase the wages of employees in state-owned enterprises.

From 1953 to 1978, the annual increase of the cash wage of China's workers and staff was only 1.25 percent. Between 1979 and 1981, however, the figure rose to 7.96 percent.

—**Reform of the enterprise wage system.** Since 1984, state-owned enterprises have reformed their own wage systems and the state has reformed the way in which it hands over money to state-owned enterprises. Whereas previously these companies received a guaranteed income, now the figure is determined by economic performance: taxes paid, profits earned, output value, etc. At the same time, wage bills are settled on contracted amounts, regardless of a rise or fall in the number of employees.

The enterprises' employees are now paid individually on the basis of the contribution each worker has made—a major change from the former policy of "everyone eating from the same big pot."

In recent years, state-owned firms have also introduced various flexible distribution forms such as piecework, contract wages, payment according to rank and efficiency bonuses. Again, these have followed the principle of distribution according to work, and helped promote the development of productive forces and raise the enterprises' economic returns.

—**Wage reform in government departments and institutions.** In 1985, all government departments and institutions abandoned the scaled wage system and introduced a structured system. Under this new system wages were determined by rank, responsibilities, and then supplemented by subsidies for service and bonuses. Since 1986, various further refinements have been made to the

(Continued on p. 29)



## Grand Tour Exhibition in China

**C**hina will hold a grand international tourist exhibition in Zhuhai, Guangdong Province, from November 17 to 20, 1988.

It will introduce 103 special tours, including gun shooting, health care and law tours in Beijing; bird observing, hunting and steam locomotive tours in Changchun; dragon boat racing and fishing tours in Changsha; a car tour and Tibet plateau adventure tours in Chengdu; Chinese arts study, Chinese medicinal herbs and traditional medicine study, horse-back riding and dinosaur fossil study tours in Chongqing; bicycling and diving tours in Guangzhou; plant study and ethnic village tours in Guilin; agricultural and Buddhist tours in Hangzhou; forest exploring, hiking, ice lantern and *wushu* (Chinese martial arts) study tours in Harbin; trekking tour in Kunming; cave exploring tour in Nanning; business, Chinese study and wedding tours in Shanghai; bell striking, classical gardens, silk and embroidery tours in Suzhou; *taiji* stone carved grotto tours in Taiyuan; desert exploring and sand therapy tours in Urumqi; Changjiang (Yangtze) River cruise tour in Wuhan; a cooking study and golf tours in Zhuhai.

Newly developed tourist resources and travel service facilities will also be displayed at the exhibition.

Altogether 64 units will take part in the exhibition. They will include various large travel services, branches of the China International Travel Service in various provinces and municipalities, major tourist hotels in China and airline companies. Some 200 units from the United States, Canada, Japan, Australia,

New Zealand, the Federal Republic of Germany, Britain, France, Sweden and Italy, as well as Hong Kong and Taiwan will participate. Representatives from the World Tourist Organization (WTO) will also be invited to attend.

This is the second largest international tours exhibition to be held since the Beijing International Travel Exhibition held in 1986.

by Han Guojian

## Overseas Buddhists Flock to Mt. Wutai

**M**ore than 6,000 Buddhists from around the world have travelled to Wutai Mountain in northeastern Shanxi Province since 1983. And since Buddhists from Japan and Southeast Asia asked to be allowed to stay on the mountain, accommodation for 250 people has been installed. To date, 800 overseas Buddhists have stayed in temples on Wutai Mountain. Since 1983, the Chinese government has allocated 30 million yuan to renovate the 47 temples on the mountain, and their Buddhist figures and stele.

Now, more than 700 monks and nuns live on the mountain. They till the land and, aside from government subsidies, are self-sufficient: entrance fees and donations from pilgrims go towards repairs and religious ceremonies.

Records show that Wutai Mountain was already a well-established Buddhist shrine during the reign of the Eastern Han Dynasty. Throughout China's feudal epoch, it was regarded as pre-eminent among

the four major Buddhist mountains in China.

Since the Tang Dynasty (618-907), connections have been maintained between Wutai Mountain and Buddhists from Japan, Nepal and Southeast Asian countries.

Two nuns from New York visiting Wutai Mountain said they had paid their respects at several of China's Buddhist mountains and were impressed with the religious atmosphere at all of them. But, they said, they felt it was particularly strong at Wutai Mountain.

by Han Guojian

## News in Brief

■ The English edition of *Zhongguo Luyou Bao* (China Tours) will be launched on October 20. This is the first English newspaper in China to introduce various scenic spots, travel services and facilities relevant to communications, climate and other information to foreign visitors. It also provides information about major activities, including sports events and other entertainments from all over China which may be of interest to tourists.

The paper is run by the China National Tourism Administration and will temporarily be published on the 5th and 20th each month.

■ Fujian, a province on the eastern coast of China, will soon establish a "Green Triangle" travel route with the Wuyi Mountains scenic area as its centre. Along this route, tourists can climb the Mangdang Mountain in Nanping County, visit Jinhu Lake in Taining County, see China's largest snake park in the Wuyi Mountains and view Yuhua Cave, a limestone structure that Xu Xiake (1586-1641), an explorer of the Ming Dynasty of China, once visited.

## Cheap Monthly Tickets Cause Big Losses

**"JINGJI CANKAO"**

(Economic Reference)

**B**us transport companies in China's major cities are suffering huge financial losses because of the large number of low-priced monthly tickets they sell.

The Beijing Public Transport Company says 1.34 million people use monthly tickets in Beijing. And altogether about 30 million urban residents buy them in China.

Unfortunately, monthly tickets mean financial losses which the bus companies find difficult to bear. The Beijing Public Transport Company discloses that for each ticket sold the deficit has risen from 0.9 yuan in 1979, to 1.5 yuan in 1980, 3.5 yuan in 1985 and 5.8 yuan last year.

Between 1981 and 1987, bus transport costs increased by an average 17 percent a year. The costs of travelling 100 kilometres rose from 40 yuan in 1984 to 77 yuan in 1986, and approached 100 yuan in 1987.

This was the result of rising fuel and repair costs, higher salaries, the increasing number of old buses and longer routes.

However, the price of a monthly ticket has remained the same. In Shanghai it has remained six yuan. In Beijing it is even less: during the 1950s when there were only 20 routes, a monthly ticket cost 4.9 yuan, but it dropped to 3.5 yuan in 1988 when the routes increased to 86.

Statistics for more than 10 cities, including Shanghai and Qingdao in Shandong Province, show that 70 percent of passengers use monthly bus tickets. But income from such tickets accounts for only 40 percent of total fares.

Obviously, it is imperative to increase the price of the monthly

bus ticket. But this is not a simple matter.

In 1987, the price for a subway ticket went up 0.1 yuan with the approval of the State Council. But nobody dared increase the price of a monthly bus ticket. It would have needed a five or six yuan rise to recoup costs.

In many cities, more than 90 percent of the holders of monthly tickets pay 1.5 yuan with the rest coming from their work units. A price rise consequently would have to be absorbed into production costs. This would affect commodity prices and so impose a burden on society.

In addition, if prices rose, many passengers who buy their own monthly tickets would switch to cycling, and more bicycles would jostle onto China's already crowded streets.

Currently, the bus companies' financial losses must be made up by the state. In 1987, the subsidy in Beijing was 100 million yuan, and it is estimated that the national figure exceeds 1.5 billion yuan annually.

Bus companies have been trying to find ways to reduce their losses. In Beijing, people must show their identification cards and students must have a certificate from their schools to buy a monthly ticket, because some travellers and foreigners have been taking advantage of their cheapness although they are not entitled to. The subsidy spent on non-Beijing residents reached an estimated 5.06 million yuan last year.

Shanghai has been more successful in this respect. Since the end of last year, the Shanghai Public Transport Company has asked every unit to purchase monthly bus tickets for its employees. Individuals can only buy more expensive ones. This

restricts the subsidy spent on non-Shanghai residents and keeps total sales steady.

But none of these measures will totally solve the problem and other solutions are being sought.

(June 27, 1988)

## New China Needs The Will to Work

**"BAN YUE TAN"**

(Fortnightly Forum)

**I**n some units, many people squander their time generously and do nothing. During work hours, they chat with each other, play chess and cards or watch TV programmes. In some places, two people are responsible for sweeping a passageway, and six women look after three children. In these overstaffed units the line between labour and rest is not clear. One day, several hundred passengers missed a train at the Wuxi Railway Station because the ticket inspectors dozed off on duty.

Many people have nothing to do, while there is much work people are unwilling to do. This strange phenomenon is still spreading in China. On the one hand, the country has about 20 million redundant personnel, while on the other, some trades in urban areas have about 30 million vacant positions. In the past few years, more than 15 million farmers have entered the cities and work there, positions still remain vacant.

One year ago, Li Gensen, secretary of the Harbin Municipal Party Committee, found that most of the shoe repairers, pot menders and cotton-wadding makers were from rural areas. He suggested that the municipal labour bureau advertise in newspapers for the employment of such workers with free tools to be provided. As a result, only two out of the 70,000 urban people waiting for jobs entered their names. Once the

Shanghai Casting and Forging Plant needed to recruit 10 new workers. Only two people applied, and one sneaked away later. Since 1981, the casting and paint-spraying shops of the Beijing People's Machinery Plant have not recruited a single new worker. In recent years, it was difficult to assign jobs to university and college graduates because most are unwilling to work in grass-roots units.

The Chinese nation has been famous for its diligence and courage. Why have these traditional virtues become blunt under socialism? A paper in Hong Kong pointed out: "After 40 years of welfarism, workers in the Chinese mainland have become the least productive in the world. Workers have no reason to work wholeheartedly because they will never be fired." Although these words are harsh, they help us understand that "eating from the same big pot" and the "iron rice bowl" practice are the common reasons for laziness.

Sino-foreign joint ventures, co-operative and solely foreign-owned enterprises and the "special zones" of some state-owned enterprises present another pic-

ture. Workers and staff members there are diligent. The Wire Rod Co. Ltd., a "special zone" of the Anshan Iron and Steel Complex, for example, operates with second-hand equipment imported from the United States and follows a shareholding system. It has 299 workers and staff, less than their counterparts in the United States, Japan and Yugoslavia. In the first 10 months of operation, each member of the company produced an average profit of 170,000 yuan. Likewise, the productivity of workers in the

Shanghai Minhang Development Zone is much higher than that of state-owned enterprises in other places.

The experience of Sino-foreign joint ventures indicates that reasonable operation and scientific management, coupled with a competitive labour and wage under which distribution is made according to work accomplished, can arouse the enthusiasm of the workers and staff members and force lazy people to become diligent.

(No. 13 1988)

## Cassette Guides In Palace Museum

### "ZHONGGUO WENHUA BAO"

(Chinese Cultural Newspaper)

In order to introduce Beijing's Forbidden City to visitors from home and abroad and help them understand China's history and ancient culture, the Imperial Palace Museum began to provide a tape-recorded guide service in September 1988.

Visitors may rent a cassette and earphone in the Wumen (Meridian) Gate Booking Office. Guided by the recording and a tourist map, visitors can listen while walking. They can turn off

the recorder whenever they choose.

Entire captions are recorded in Chinese, Guangdong dialect, South Fujian dialect, English, French, Japanese, Spanish, Italian, German and Russian. The content includes descriptions of pavilions furnishings, jewelry, utensils, imperial ceremonies and some anecdotes.

After listening to the recording, an American visitor said, "The tape-recorded guide is like an invisible old scholar, who leads me on an exploration of this treasure-house." (August 28, 1988)

(Continued from p.26)

structured system, but it has basically succeeded in meeting the requirements of the new situation.

The achievements of the reform of China's wage system in the past decade are not only reflected in the development of the productive forces, but also in the fairly rapid rise of wages for the workers and staff, which have grown commensurately with the growth of production. Between 1979 and 1987, the real value of wages for China's workers and staff rose on average by 8.7 percent a year,

while the country's revenue increased on average by 9 percent, social labour productivity increased on average by 5.8 percent.

Although commodity prices have also risen fast over this period, they have still been outstripped by the rise in urban employees' salaries, and so the actual living standards of China's workers and staff have greatly improved.

Unarguably, many problems remain with China's wage and labour systems. Many units are overstaffed or have employees waiting for work in-service. The urban labour force has not only

grown of its own accord, but has been further expanded by migration from the countryside. Egalitarian forms of distribution are still prevalent, and many companies have failed to link wages with economic performance. The relation between commodity prices and wages still requires rationalization, and with China's current bout of inflation some urban employees have witnessed a minimal increase or a fall in the purchasing power of their salaries.

These problems will only be solved with the deepening of China's reform programme. ■

## Taiwan Steps Up Mainland Investment

The number of Taiwanese businesses investing in the mainland has risen sharply since the beginning of 1988 following the policy readjustments of the Taiwan's authorities.

During the first six months, 32 joint ventures were established in Xiamen City, Fujian Province, directly opposite Taiwan. Investment totalled US\$70 million, and 30 of these businesses are now operational. Between 1981 and 1987, Taiwan only set up 14 joint ventures in Xiamen.

The principal reason for Taiwanese investment in the mainland is economic profit. The mainland offers a large market, rich resources, abundant labour force and advanced technology needed by Taiwan. The island, in return, can supply funds, light industrial know-how and management personnel lacking on the mainland.

Apart from Xiamen, Taiwanese businesses have concentrated their investment in other parts of Fujian, Guangdong, Zhejiang, Shanghai and Beijing.

Generally, the Taiwanese have preferred to operate solely-owned companies. For example, 20 of the 32 new ventures in Xiamen are completely owned by Taiwanese investors.

Most of the ventures are based in industries such as electronics, building materials, foodstuffs and textiles, though interest has also been shown in real estate, crop cultivation and animal, poultry and fish breeding.

At the same time, most of the goods manufactured by Taiwanese ventures have been exported. For instance, around 80 percent of the products turned out by Taiwan-funded enterprises in Xiamen go abroad, compared with 55 percent for all foreign-

funded companies.

Although most Taiwanese investment has gone into small or medium-sized companies, some larger ones are starting to emerge. For example, plans are being drawn up to establish a Taiwan Shanzhuang (Taiwan mountain village) with a Xiamen enterprise.

This will cover an area of 100,000 square metres, comprising a villa, apartments, office building, garden, recreation facilities and a market. Construction should go ahead in three stages, with around 6 million yuan needed for the first stage.

To encourage investment from Taiwan compatriots, the State Council has drawn up various preferential policies. Examination and approval of proposed projects by local governments has been speeded up so that now many enterprises can get operational licences within one month. One electrical equipment company was given permission to go ahead in two days.

by Li Ping

## Village Blooms

Since Huaxiang Village in Beijing's southern suburbs spent US\$500,000 importing technology and equipment to raise flowers and vegetables, production has blossomed.

In 1986, it bought US\$300,000 worth of workshops from the United States and 4,000 square metres of glasshouses from Bulgaria to establish China's first mechanized nursery.

Trial production began in 1987 with the successful raising of 4 million young vegetable plants. This year, 10 million have been grown across 10 hectares.

The village's celeries, tomatoes,

cabbages and cauliflowers have proved popular with European and American diplomats and business people stationed in China, and it now supplies the Beijing Kentucky Fried Chicken with its daily vegetables.

Recently the village invested US\$200,000 in a three-hectare flower centre and 30 strains of imported flowers, including Dutch tulips and orchids.

Grown in soilless or tissue culture, the flowers are sold to embassies and hotels such as the Beijing Great Wall Hotel. Already 200,000 blooms have been snapped up, and the village is now planning to expand its flower production with imported seeds.

by Yang Xiaobing

## CITIC Founds New Publishing Arm

The Beijing-based China International Trust and Investment Corp. (CITIC) established a new publishing arm on September 29.

As well as producing books on CITIC's own business in the fields of trade, production, technology, finance and services, it aims to publish books by Chinese and foreign writers on economic thought, management, science and technology, and international market development and trends.

It will also organize the publication of titles written jointly by Chinese and foreign authors; provide translated manuscripts to foreign publishers for publication and distribution abroad; offer to translate and publish foreign books and periodicals in China; and supply overseas agents with its own titles.

CITIC is already working with the British publishing house Longman to produce the 1 million word *Investment Guide* in both English and Chinese editions, and

is involved in the translation and publication of *The Recovery of Investment* and the editing and publication of *Investment in China* and *A Directory of World Enterprises*.

With the large increases in paper prices and printing costs in the last two years, the government has strictly controlled the founding of new publishing houses. The fact that CITIC has been given the go-ahead indicates the importance China attaches to the venture.

by Yue Haitao

## EEC Opens Trade Office in Beijing

The foundation for a new stage in Sino-EEC trade links was laid on October 5 with the formal establishment of an EEC representative office in Beijing.

Mr W. de Clercq, a member of the EEC commission responsible for external relations and trade policy, told a press conference that the office's task was to promote trade between China and the EEC's member countries and co-ordinate work between member countries' representative offices in Beijing.

Reviewing the history of Sino-EEC trade, de Clercq said that the EEC was now China's third largest trading partner, and had supplied 45 percent of the technological projects imported into the country.

He added that the EEC was planning to strengthen its investment in China and hoped that China would in turn invest in EEC countries.

De Clercq contrasted China's reforms with the restructuring of the EEC, which aims to establish a unified market in 1992. By that time, he said, Sino-EEC economic relations should have developed greatly.

by Zhang Zeyu



YANG XIAOBING

Spanish businessmen inquire about "Pulanna" skin products at the exhibition.

## Rare Plants Cream Bodies Into Shape

Two skin creams made from rare Chinese plants are helping overweight people and women with flat chests around the world recover confidence in their bodies.

Since the beginning of the summer, Tianjin's Cosmetic Scientific and Technical Institute has exported more than US\$8 million worth of slimming and breast creams. It is already discussing next year's orders with overseas businessmen.

The creams, marketed under the brand name of *Pulanna*, are made from various rare Chinese plants. They contain no hormones, and have no unpleasant side-effects.

The slimming cream permeates the skin rapidly, and works by controlling phosphatase, promoting metabolic processes and dissolving triglyceride. It also increases skin elasticity, reduces

wrinkles and leaves the body feeling fresh and moistened.

Normally, one or two bottles prove effective, and on average waist measurements are reduced by three to five centimetres. The cream has proved successful on 86 percent of men and 86.8 percent of women.

The breast cream promotes breast growth and firmness by improving blood circulation. It has proved effective after one bottle in the majority of cases, with bust measurements increasing by two centimetres, and a success rate of 90 percent.

A paper on the breast cream delivered at the 14th Congress of the International Federation of Societies of Cosmetic Chemists in Barcelona, Spain, received widespread praise. T. Joseph Lin, an American cosmetic expert, said that it fully reflected the standards achieved in Chinese cosmetic research.

by Yang Xiaobing and Yan Zhenguo



## Guizhou Festival Culture Attracts Beijing Crowds

Visitors to an exhibition of the festival culture of Guizhou Province held recently in Beijing were greeted at the entrance by a group of Miao nationality women singing welcoming toasts to the accompaniment of young Miao men pounding on drums.

Dressed in full national costume, they sported the most striking head-wear: The women wore elaborate silver head-dresses with consecutive rows of glittering beads hanging across their foreheads, while the men were adorned with soaring plumes of pheasant feathers.

Among the exhibits, visitors found three strips of multi-coloured cloth sewed to the hems of the Miao women's aprons, symbolizing the three migration routes of their ancestors: the Yellow River, the Changjiang (Yangtze) River and Dongting

Lake. Often the Miao people wear "boat shoes" to mark the tradition of originally arriving in Guizhou by boat.

The Miaos, however, are just one of Guizhou's dozen or so national minorities. Altogether, they hold more than 1,000 festivals every year in which 8 million people participate. And 224 of them attracted more than 10,000 people.

The festivals fall into three categories: seasonal, commemorative and sacrificial. One of the most famous seasonal festivals is the March Festival. Held each spring by people of the Bouyei national minority, it lasts for three days, during which many declarations of love are made by the young before they return to their homes to prepare for the spring ploughing.

The commemorative festivals

are principally celebrations of national heroes. Each one has its own story, usually abounding with partings and reunions, joys and sorrows, that has been passed down orally through the ages.

The sacrificial festivals are by far the smallest—only 35 were held every year. Traces of religious superstition can still be found in them, but for the most part they have lost their original meaning.

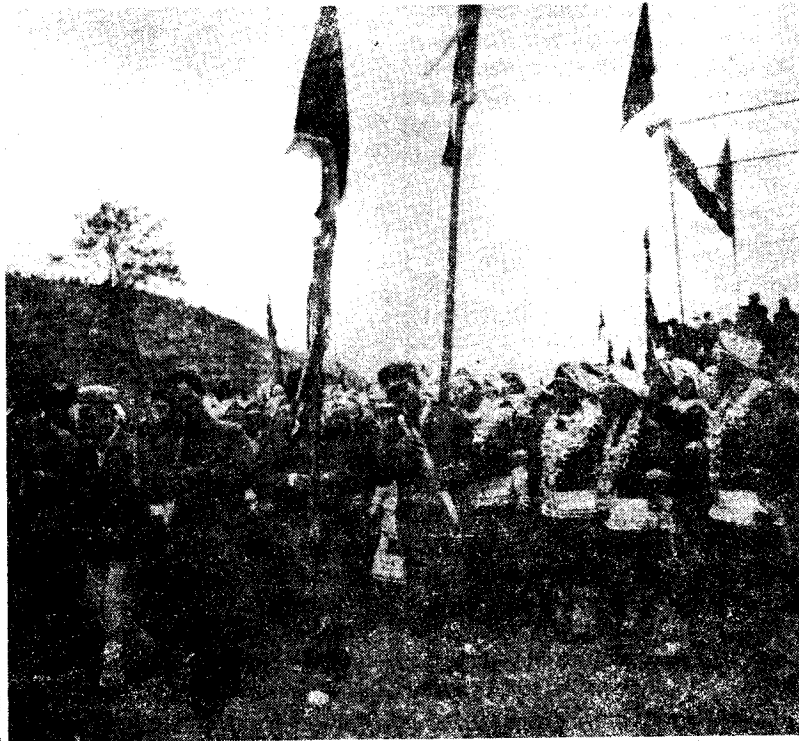
During the exhibition, many ethnic dances and songs were performed. There was the Miao wood-drum dance, usually performed as part of a grand sacrifice in memory of long dead ancestors. Its free and wild movements, however, have given it the more modern name of "Oriental disco." The Miaos also performed the reed pipe dance, in which pairs of men imitate golden pheasants playing and fighting in groves of

Dong nationality girls in their full festival costume.



At a Miao festival, men lead the reed pipe dance with music performed on the instrument.

XU XIANGJUN





On the third day of the third lunar month each year, Dong girls wait for their boy friends with onions and garlics, a traditional expression of love.

HE HUAIBO

bamboo.

Girls in Gejia costume gave a rendition of their flower drum songs. Usually sung at festivals in spring, they originated from working in the fields, and so have a strong penetrating power.

During the festivals of the Bouyei national minority, pairs of young men and women alternately listen and sing into two bamboo cylinders connected by a thread. It

is said that many young Bouyei find their partners this way.

Although steeped in tradition and myth, experts now hold that the festivals of Guizhou reveal a lot about the origins and history of the province's various nationalities. For example, the Bouyei festival of "June the Sixth" celebrates the alleged ancestor, Pan Gu, who first cultivated rice and subsequently married the

Dragon King's daughter. All Bouyei claim to be his descendants. It may be a legend, but it reveals that the Bouyei have been practising agriculture for many centuries. It is also believed to indicate intermarriage between the Pan Gu tribe and the Dragon King tribe.

In order to protect and study the culture of Guizhou's national minorities, an ethnic festival museum has already been established in the province.

by Wei Liming

## Young Literary Critic Wins Award

**L**uo Qianglie, 29, is one of the most promising young literary critics focusing on contemporary Chinese literature. A collection of his essays *Sunday Review* recently won the Young Critic Award given by the Chinese Contemporary Literature Research Society.

*Sunday Review*, 240,000 words in length, includes the best chosen from his some 200 articles published in various newspapers and magazines. Most of the articles in this collection are devoted to the study of the works of such celebrated writers as Liu Xinwu, Wang Meng, Ah Cheng and Muo Yan. Some articles make a theoretical analysis of some phenomena, trend or academic controversy in contemporary literature.

Li Tuo, a well-known Chinese writer, highly praised Luo's book when he said: "In recent years, Chinese literary criticism seemed too feeble to confront the booming number of literary creations. As a result, many critics degenerated, changing from a literary critic to a 'literary salesman.' Such an embarrassing condition did not change until some young critics began writing about literature, and Luo is one of the most outstanding."

As an acceptance of love, a young Dong man returns the basket he was given on the third day of the third lunar month. Now it is filled with colourful threads, sweets and cloth.

HE HUAIBO



Luo's literary criticism is characterized by two important features: originality and individuality. His bold, rebellious voice often causes a stir in the Chinese literary world. Six years ago, when many critics unanimously gave high credit to the novel *Year In and Year Out* written by Ye Xin, a young writer from Guizhou Province, Luo criticized the novel as "not so good in terms of the unification of detailed description and artistic value as a whole, lacking depth and vitality."

When awards were given to the best short stories of 1987, he disagreed with many literary veterans, saying that the short stories of 1987 were "weak in expressing the contemporary mind." He also noted that the writers had "turned a cold shoulder to today's social and ideological problems." Luo's ideas caught the attention of many Chinese writers. Two of his essays, "Contemporary Mind in Literary Criticism" and "Journalistic Style—A Healthy Literary Tendency," were highly praised. The latter won him the Award For Best Critic for 1987 in *Beijing Literature*.

Luo often keeps a lookout for new trends in contemporary Chinese literature. For instance, when Ah Cheng's short story *The Chess King* was published, Luo examined it and observed that its simple and straightforward description reflects a revival of realism in contemporary Chinese literature. His prediction has proved accurate.

Luo's literary criticism covers novels, short stories, poetry, film and drama. His style is simple, precise and specific.

Luo Qianglie is now a reporter at *China Youth Daily*. All his essays were written in his spare time. So far Luo has published many essays, totalling more than 2

million words. Two of his books on literary theory will be completed by the end of this year.

by Zhang Wei

## West Meets East in Beijing Ballet

**H**eliotrope, a ballet specially choreographed for China's Central Ballet Troupe by Margo Sappington, a well-known American choreographer, received high acclaim from the audience when it was first performed in Beijing on the 20th of September.

The word "heliotrope" signifies a purple flower turning toward the sun. The Chinese title of the ballet, *Ziqi Donglai* (purple wind coming from the east), is a Chinese idiom that means "the wind of luck from the east brings peace and happiness."

The ballet began with a male dancer, dressed all in white, showing his longing and pursuit. As the music tempo quickened, female dancers swirled onto the stage. They moved in their purple leotards like clouds drifting in the sky. Later came the climax. All the dancers joined together in movements which turned temperate, symbolizing a peaceful realm of the human world achieved through hard struggle.

Sappington based her ballet on the three-movement violin concerto by Chinese composer Du Mingxin. She successfully captured the spirit of the music. The male group dance was vital and exciting; the female couple, merry and graceful; the mixed trio performances, touching and very moving; and the symphonic dance scenes were grand and harmonious.

Du was very excited when he told the reporters that the American choreographer had had an accurate and sensitive under-

standing of his music, including some of the most obscure elements. He said that he had made several minor changes to his music at the suggestion of the choreographers to make the music more compatible with the ballet.

Sappington is an artist from Texas, who began dancing at the age of 8. When she was 17, she joined the Joffrey Ballet. At the age of 21, she choreographed her first ballet, *Oh, Calcutta*. Since then she has choreographed 11 ballets and dance pieces for troupes in a number of countries.

*Heliotrope* was a quick project, taking only one month from choreography to rehearsal. The ballet starred Wang Caijun, Zhang Dandan, Guo Peihui and many other first-class Chinese dancers, whose talent and efforts added to its success.

"The ballet is an excellent combination of music, dance and dancers," Sappington said. She also praised the Chinese dancers for their outstanding artistic quality and dancing skill. She hoped that one day the Central Ballet Troupe could perform *Heliotrope* in the United States.

*Heliotrope* was the first abstract ballet performed by the Central Ballet Troupe. Its repertoire includes such world classics as *The Swan Lake*, *Giselle* and the modern Chinese ballet drama *The Red Detachment of Women*.

The co-ordinator of this joint effort, Rong Zhihui, president of the US Simarka Art Company, said the success of the ballet again proved that art is an international language, and that it is both practical and necessary to promote communication and exchange between foreign and Chinese culture. She added that to send a dancer to study abroad only benefits one particular person, but to invite a foreign choreographer can enlarge many people's artistic horizons.

by Li Rongxia



## ART PAGE



Huanghe River Boatman.



Trumpeter.

## Woodcuts by Li Xiqin

Li Xiqin was born in 1932 in Shaodong County, Hunan Province. An art professor at the Xian Art Institute, he principally concentrates on figures. In his woodcuts, his knife technique is bold yet free, creating rich and vivid structures.



Off to the Village Fair.



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