

A CHINESE WEEKLY OF NEWS AND VIEWS

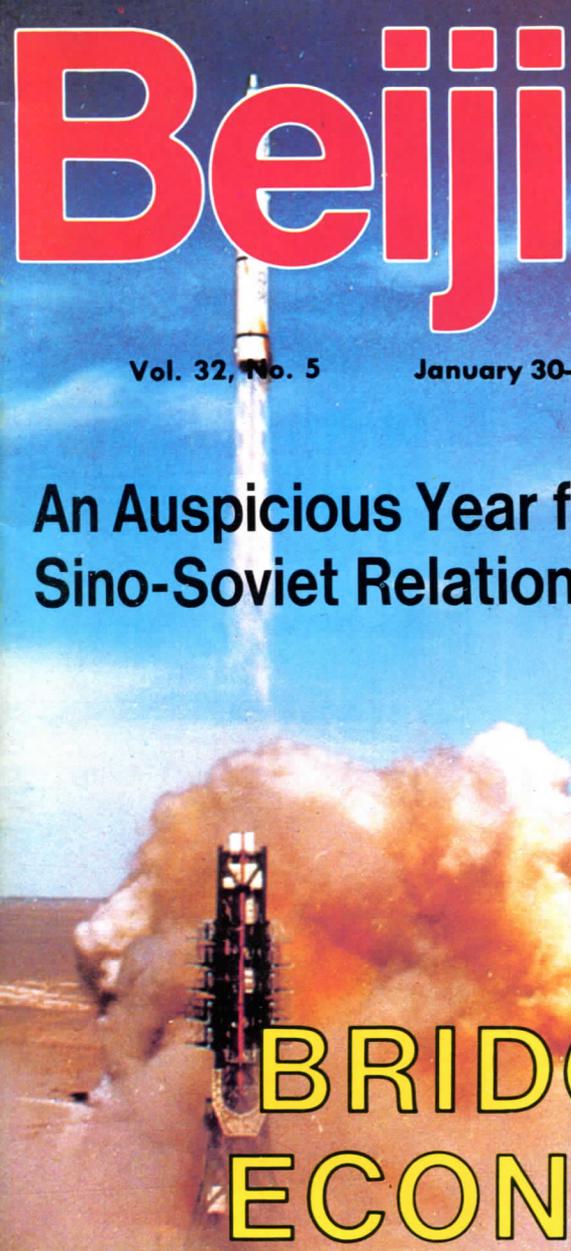
Beijing Review

北京周报

Vol. 32, No. 5

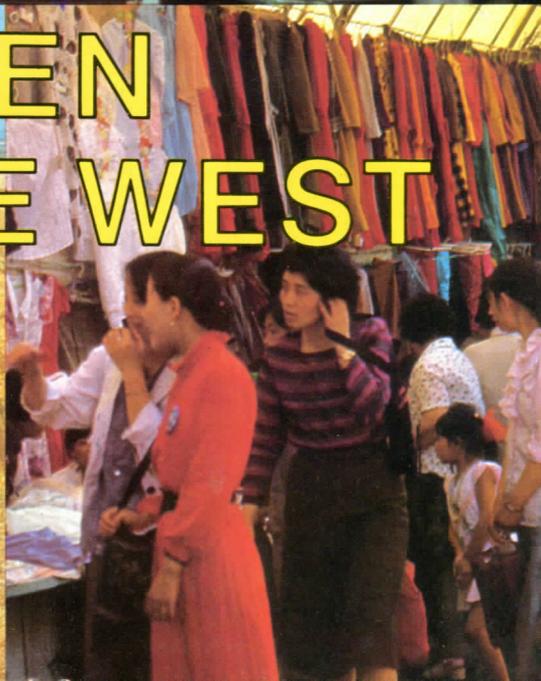
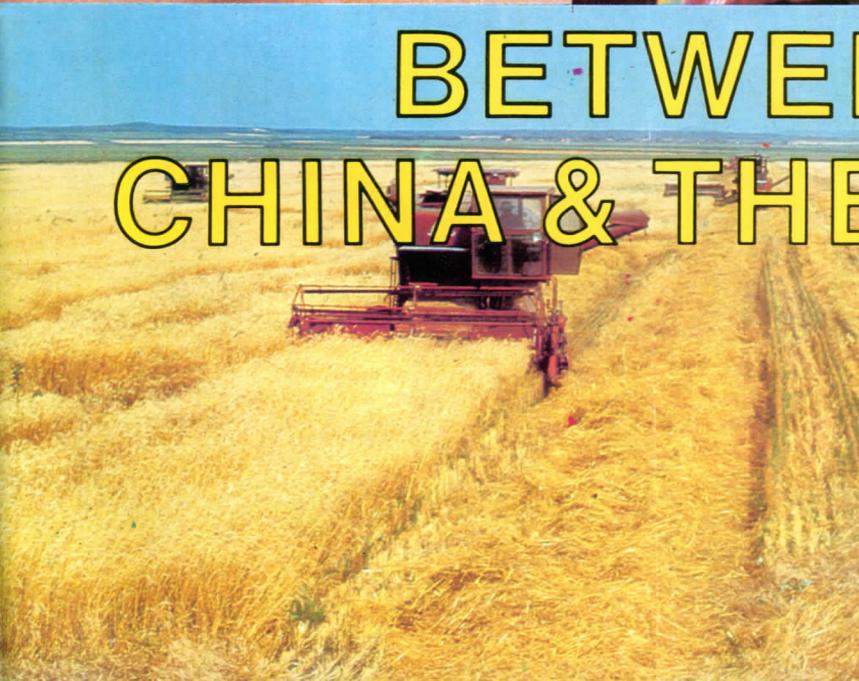
January 30-February 5, 1989

An Auspicious Year for
Sino-Soviet Relations



BRIDGING THE
ECONOMIC GAP

BETWEEN
CHINA & THE WEST





A veteran chess player displays a smile of victory...

by Dong Zhixiang

CONTENTS

NOTES FROM THE EDITORS	4
An Auspicious Year of Sino-Soviet Relations	
EVENTS/TRENDS	5-10
CPC Pushes Party Hygiene	
China Steps Up Narcotics Research	
Prices Up, Readers Down	
Better Care for Peking Man Site	
Committee OK's Hong Kong Law	
24,000 Officials Reported for Irregularities	
Sino-Cuban Ties Enter New Era	
Lhasa Rioters Are Sentenced	
Weekly Chronicle (Jan. 15-21)	
INTERNATIONAL	
Soviet Diplomatic Harvest in 1988	11
CHINA	
The Last Decade: Bridging the Economic Gap	16
Jiangxi: A Profile of the Proud	24
Facts & Figures: Strengthening Social Welfare	27
BUSINESS/TRADE	29-31
CULTURE/SCIENCE	32-33
TOURISM	34
COVER: Upper left: Launching a satellite. Lower left: Harvesting wheat. Upper right: A new building under construction. Centre: A workshop in a TV factory. Lower right: Clothing store.	

Progress in Sino-Soviet Relations

□ The past year has witnessed substantial progress in the normalization of Sino-Soviet relations. The forthcoming meeting in Beijing of the foreign ministers of the two countries is expected to speed up the normalization process and prepare the ground for a full-scale summit in the near future (p. 4). A report on Sino-Soviet trade highlights the potential for co-operation in the economic field (p. 29).

Diplomatic Gains for Gorbachev

□ As Mikhail Gorbachev's "new thinking" manifested itself in Soviet diplomacy last year, not only did he succeed in raising the USSR's global standing, but he secured major economic benefits for his country (p. 11).

Economic Gap Between China and West

□ How far has China advanced in the last few years? In this article, authored by the State Council's Research Office, China's standing in the world is measured through a series of major economic indices comparing its performance with other countries, both developed and developing. Its aim is to note the achievements of the last decade, but also draw out areas of weakness requiring special attention in the near future (P. 16).

CPC Pushes Party Hygiene

□ A recent meeting of the Secretariat of the CPC Central Committee stresses that it is the Party and government's pressing task to keep Party members and state organizations clean and honest. It points out that there are still quite a number of people who abuse their power to induce bribes and embezzle public money, although the majority of Party members and cadres are upright in their performance. Therefore, effective measures must be taken to fight against corruption (p. 5).

NEC Bytes Into China

□ Prospects for office automation in China have taken a big step forward with the development of a computer system combining hardware from Japan's NEC and software developed by China's CITIC Technology Corp. and Star Academy Inc. Already Chinese users have ordered 5,000 machines from NEC (P. 30).

Unless written by Beijing Review staff, the opinions expressed in signed articles do not necessarily reflect the view of the Beijing Review editorial board.

Director/Editor-in-Chief: Wang Youfen
Tel: 893363
TLX: 222374 FLPDA CN
FAX: 8314318
General Editorial Office Tel: 8314318
English Dept Tel: 8315599 Ext. 546

Published every Monday by
BEIJING REVIEW
24 Baiwanzhuang Road, Beijing 100037
The People's Republic of China
Distributed by **China International Book Trading Corporation** (GUOJI SHUDIAN)
P.O. Box 399, Beijing, China

Subscription rates (1 year):

Australia.....	A.\$29.00
New Zealand.....	NZ.\$39.00
UK.....	A14.50
USA.....	US\$29.00
Canada.....	Can.\$25.00

An Auspicious Year of Sino-Soviet Relations

by Our Special Commentator Yi Chu

According to Chinese folk custom, Years of the Dragon are particularly auspicious. So it proved for the Sino-Soviet relations in 1988.

In the past year the international situation underwent spectacular changes. Soviet and US leaders were frequently in touch, exchanges between Eastern Europe and Western Europe were sprightly, the temperature in "hot spot" regions generally declined. It can be said that defusing the military confrontation, relaxing the tension, launching extensive economic co-operation and striving to develop economy and technology have become a global quest. Peace and development have become the main trend of our times. It was under such circumstances that gratifying changes took place in the Sino-Soviet relations.

It is well-known that since the end of the 1950s Sino-Soviet relations have been abnormal and even sometimes characterized by sharp confrontation. During this period the Chinese side has always persisted in separating ideology from the countries' relations, advocating the realization of a normality in relations based on the Five Principles of Peaceful Co-existence. It has also made unremitting efforts to improve such relations with the Soviet Union.

Since 1982 when China and the Soviet Union began to hold political consultations on their relationship at the vice-foreign ministerial level, headway has been made. Such ef-

forts have improved intercourses in the fields of economy, trade, science and technology and culture. For example, trade volume between the two countries in 1981 was only 410 million Swiss francs, but in 1988 it amounted to 4.09 billion Swiss francs, increasing nearly nine times. Another example: In 1983, when both sides resumed student exchanges, the number swapped was only 10, but in 1988 it had increased to 450. Last year saw 400 delegations and groups shuttle between the two countries. Such big exchanges were a pipe dream six years ago. It is also worth pointing out that the negotiations between China and the Soviet Union on the border, which resumed in 1987, have also realized progress. After three rounds of talks, the two sides have reached a consensus on most parts of the Sino-Soviet border's eastern sector and have begun to confer concerning the western sector.

However, it is a pity that a political breakthrough in Sino-Soviet relations was not made earlier than 1988. This is because no substantial progress had been made in removing the three major obstacles to Sino-Soviet normalization. This situation has changed since early 1988. As the adjustment of its foreign policy gains momentum, the Soviet Union has gradually taken some positive measures.

First, the Soviet Union promised in the Geneva accords to withdraw all its troops

from Afghanistan by February 15 this year, and it has already brought home half of its forces.

Second, following the partial troop withdrawal from the People's Republic of Mongolia, Soviet leader Mikhail Gorbachev in his address to the UN General Assembly session at the end of last year declared that the Soviet Union will pull out most of its troops stationed there and at the same time it will greatly reduce its forces on the Soviet Asian continent including forces stationed along the Sino-Soviet border.

Third, and foremost, is the change in the Soviet Union's attitude towards the biggest obstacle impeding normal Sino-Soviet relations—the Kampuchean issue. In the past the Soviets refused to discuss it with China under the pretext that they had nothing to do with it. Now Moscow has begun to recognize that the Kampuchean issue is an impediment to Sino-Soviet relations, agreeing that both sides will specifically discuss this issue and clearly indicating that it is willing to make its own contribution towards an early settlement of the Kampuchean issue.

Because the above-mentioned signs bode a favourable diplomatic wind, Sino-Soviet relations have taken a turn for the better. The highwater mark so far has been Chinese Foreign Minister Qian Qichen's visit to the Soviet Union last December. This was the first formal visit

of a Chinese foreign minister to Moscow since 1957. In their talks both sides have enhanced mutual understanding, established more common points and narrowed differences on the main topic of discussion—the Kampuchean issue. On this basis both sides expressed optimism towards the possibility of holding a Sino-Soviet summit in the first half of this year.

Looking to this year, it can be predicted that the coming meeting between the Chinese and Soviet foreign ministers in Beijing will accelerate the normalization process that has begun and prepare for a Sino-Soviet summit. As a result, the trend of Sino-Soviet relations has now become a hot theme of discussion in international politics. Universally, political minds have concentrated on the prospects for Sino-Soviet relations and their international impact. Although we can hardly make a thorough prediction about this, two points are certain: One, the maturation of Sino-Soviet relations will not mean a regression to a 1950s-type alliance. The foreign policy of independence and peace pursued by China will not change, and this normality will not affect the development of friendly relations between China and other countries. Two, the end of abnormal relations between China and the Soviet Union and the establishment of a new type of relations based on the Five Principles of Peaceful Co-existence will surely be another surge in the global current that is turning confrontation and tension into dialogue and detente. It also will be conducive to international stability, world peace and development. □

Communist Party of China Pushes Party Hygiene

All the members of the Communist Party of China (CPC) are asked to keep clean and honest, according to a recent meeting of the Secretariat of the CPC Central Committee that was made known on January 15.

Zhao Ziyang, general secretary of the CPC Central Committee presided over the meeting, which was held in Beijing on December 30, 1988.

It was pointed out at the meeting that the Party committees and governments at various levels have made great strides in toeing the line during the current campaign to improve the economic environment and set straight the economic order.

The overwhelming majority of the Party members and cadres are law-abiding and forthright in performing their official duties.

However, there are still a handful who avail themselves of the power they enjoy to pocket bribes and embezzle public money. Their corrupt practices mar the interests of the state and the masses and interfere with and hinder China's modernization drive, the meeting said.

Therefore, to make the Party and the state organizations untainted and upright is a pressing task the Party and the government are facing, the meeting said. It called for powerful measures to nip those corrupt practices in the bud.

To meet this challenge, the

participants decided that it is necessary to employ legal, administrative, disciplinary and educational means.

They urged efforts to expose economic crimes that have taken a severe bite out of state funds and crack down on criminals who have won no popularity.

At the same time, the meeting said, attention must be paid to establishing a system for continuous government hygiene and improving the supervisory system. Supervisory departments should better themselves by upping their standards for personnel and toning up imperfect rules and regulations. It also noted that there should be a watchdog over such departments.

The meeting called on democratic parties, non-party patriotic personages and mass organizations to bring into play their supervisory role in the state's political life.

It is necessary to use the media, it said, to spread knowledge on the law, encourage healthy trends in social life and expose the illegal practices of functionaries of Party and state departments.

According to the meeting's summation, honesty in one's official duty should be one of the important criteria for official recommendation and appointment. Those who do not subscribe to this virtue must be punished according to the Party disciplines and law. □

China Steps Up Narcotics Research

China is now alerting itself to the research and management of habit-forming medicines, seeing that worldwide misuse of such drugs has greatly impaired the health of patients.

Recently Beijing's first Drug Dependency Treatment and Rehabilitation Centre was set up at the city's Anding Hospital.

Jiang Zuoning, deputy president of the hospital, said that the centre will treat drug dependency cases caused by medicines including sleep-inducers, ordinary painkillers and narcotics, and Chinese drug addicts as well.

The centre will do research on drug dependency, he said, in an effort to prevent the spreading of drug addiction, which has been largely absent from the country for the past 40 years.

The establishment of the centre does not necessarily mean that China has quite a number of drug addicts, said the deputy president. Until recently no cases of drug addiction have been reported in Beijing.

Jiang said, the Anding Hospital only treated two or three patients a year for drug dependency, all from other places in the country. Their dependency on dolantin and some other narcotic painkillers was mainly due to improper medical treatment, he said.

The centre will not begin receiving patients until its 30-bed hospital ward is completed, he added.

For a long time, research on drug dependency and its habit-

forming potentiality has lagged in China, according to Wang Zhiqing, an official of the Public Health Ministry's Drug Administration Bureau. "It does not mean that we aren't capable of doing the research," he said.

Before 1949, Chinese people had suffered greatly from opium and other narcotics. There were about 20 million drug addicts in the country at that time, Wang said, and China planted about 1 million hectares of opium poppies a year. In 1952, only three years after the founding of New China, drug addiction was wiped out throughout the country.

"In the past 40 years, few drug addicts were found," said the official, "and China has won a high reputation in the world as a country without drug addictions. Under such circumstances, the research in this field was overlooked." But to enhance the research on drug dependency and addiction now is not to say that drug abuse is widespread in China, Wang added.

However, he said, since drug dealers and addicts abound in many foreign countries, there might be an infiltration of drug addiction into China through contact with the inhabitants of border areas, and as a result of the country's promotion of tourism.

In recent years, international drug dealers, taking the advantage of China's clean reputation, regularly have been using the country's Yunnan Province and other border areas as a transit passage to smuggle narcotics into other

countries and regions.

During the 1981-1986 period, for example, he said, Chinese public security organs and customs cracked 20 drug-trafficking cases and seized 233 kg of opium and 92 kg of heroin that were being transported through China for sale in other countries. And 43 foreign criminals were sentenced. In 1987, another 68 narcotics-related cases were investigated and 159 kg of opium and 50 kg of heroin seized.

Wang said that the Public Health Ministry has discovered that in the country's southwest border areas, a few inhabitants have become drug addicts, and some other drug dependency cases, generally caused by improper medical treatment, have been reported. He said Yunnan Province has set up two drug addiction treatment and rehabilitation centres.

In 1983, the National People's Congress Standing Committee welded another clause to the country's Criminal Law: Those involved in transporting or trafficking drugs face life imprisonment or the death penalty. For instance, of the three criminals involved in a 22.7-kg-heroin smuggling case cracked by the Yunnan public security organs in 1986, one foreigner and one from Hong Kong were sentenced to death.

In China, Wang said, only designated units can produce and supply medical narcotics. In the hospitals, narcotics are issued for use with special prescriptions kept on file for at least three years. Special cards are designed for cancer

patients who take painkillers. Now China produces only 33 kinds of such medical narcotics and analgesics in eight categories, he said.

The study of drug dependency is also a kind of science, Wang said. "China should not fall behind in this field. We can use our research achievements to make contributions toward the worldwide suppression of narcotic drug abuse."

For this purpose, Wang said, China has also acceded, in 1985, to the 1961 Single Convention on Narcotic Drugs and the 1971 Convention on Psychotropic Substance.

Starting from this year, medical colleges in China will offer required courses on drug administration laws and regulations. The Public Health Ministry has also decided to set up a psychotropic substance information centre at the Drug Dependency Research Institute of the Beijing Medical Sciences University. The centre will ferret out the habit-forming and dependency of medicines and investigate the misuse of psychotropic substances at home and abroad.

by Wang Yanjuan

Prices Up, Readers Down

Newspaper and magazine subscriptions have taken a severe nose dive as the result of January 1 increases in the publication prices.

According to statistics from the state Newspaper and Magazine Publication Bureau, newspaper subscriptions are down an average of 35 percent compared with last year, and magazine subscriptions have dropped by about 33 percent.

This is the first time in the history of the People's Republic that subscriptions have taken such a plunge.

China's major national papers and magazines are feeling the crunch of about a 30 percent loss in subscriptions from work units and other institutions. One middle school in Shanghai has cancelled about 60 percent of its subscriptions.

At the same time, subscriptions by individuals, as opposed to institutions, have sunk 60 to 70 percent.

"You can't eat newspapers," one official said. "Subscriptions are something that can be cut when their price rises." But for many readers parting with the newspapers they have enjoyed for years has been painful.

"Why did the price of *China Youth News* have to increase from last year's 0.78 yuan per season to this year's 1.62 yuan?" a child asked in his letter to the newspaper. Inquiries like this have been made of almost every major national newspaper.

The answer is rising costs of raw materials, especially paper. The price of newsprint has gone from 735 yuan a ton in 1980 to its current 1,650 yuan, said the *China Youth News*. Last year's free market price shot as high as 4,000 yuan a ton.

For years, the prices for most newspapers had remained unchanged. But with rising costs in recent years, most newspapers have begun losing money despite state subsidies. The Heilongjiang provincial government, for example, has had to pitch in 300,000 yuan each year to support its regional newspapers.

Even with a tidy sum of assistance, some papers cannot make their ends meet. *Worker's Daily* received state subsi-

dies of 16 million yuan but lost 25 million.

To counter this loss, newspapers and magazines have begun making new efforts to hold on to subscribers. Some are sending editors and reporters around the country to promote their publications and to drum up more subscriptions. A few are giving New Year's gifts to their subscribers, and others have even begun conducting lotteries.

But so far these activities have yet to check the tumbling sales. To cope with these hard times, editors-in-chief have called upon the state to monopolize the sale of newsprint, in order to put a rein on its galloping price. □

Better Care for Peking Man Site

A recent report by the United Nations Educational, Scientific and Cultural Organization (UNESCO) said it was concerned about the conditions of the famous site of Peking Man and UNESCO called for more careful planning of future excavations.

The Peking Man lived about 600,000 years ago on some hills in Choukoutien (Zhoukoudian) some 50 km southwest of Beijing. Excavations carried out initially in the 1920s yielded fossils of some 40 individuals, but these were lost during World War II.

Further digs have unearthed more fossils, and these remains are now housed in museums in Sweden and in Beijing, the report said. The Beijing Museum, built in 1972, also contains replicas of the fossils.

Scientists believe that about

half of the site has yet to be excavated in some 40 metres of stratigraphy.

The UNESCO document, which was written following a two-week visit to the site by a group of UNESCO experts, said that during the earlier digging, the caves had suffered. This damaged the original setting.

"Due to possible risks from cracked rock, cave roofs have in various parts been destroyed," the report said. "This makes it difficult today to appreciate the site as it was either when Peking Man lived here or even at its later stages when soil accumulated."

Considering its importance to the history of mankind's development, much information can still be gleaned from the site, the report said. The site offers an important archaeological resource, and the improvement of research and educational facilities is important, it added.

Rain erosion was cited by the report as the principal threat to the unexcavated cave material. In order to prevent this, the report suggested placing a polyethylene sheet covered with some 30cm of earth on the walls of the caves.

UNESCO suggestions were welcomed by professor Li Chuankui, deputy director of the Institute of Vertebrate Paleontology and paleoanthropology under the Chinese Academy of Sciences, which is responsible for the administration of the site.

"These suggestions are reasonable and they will be conducive to our research work," he said, adding that "the site of Peking Man is first of all a scientific and educational centre rather than a tourist attraction."

Each year, about 200,000 Chinese and between 20 and 400 foreign tourists visit the site. □

Committee OK's Hong Kong Law

The week-long Eighth Session of the Hong Kong Basic Law Drafting Committee ended in Guangzhou on January 15 after producing the basic law's second draft.

The draft, reached on January 14 after three and half years of work, together with three appendices which were adopted on January 13, will be forwarded to the Standing Committee of the National People's Congress for publication and canvassing public opinion in Hong Kong and on the mainland.

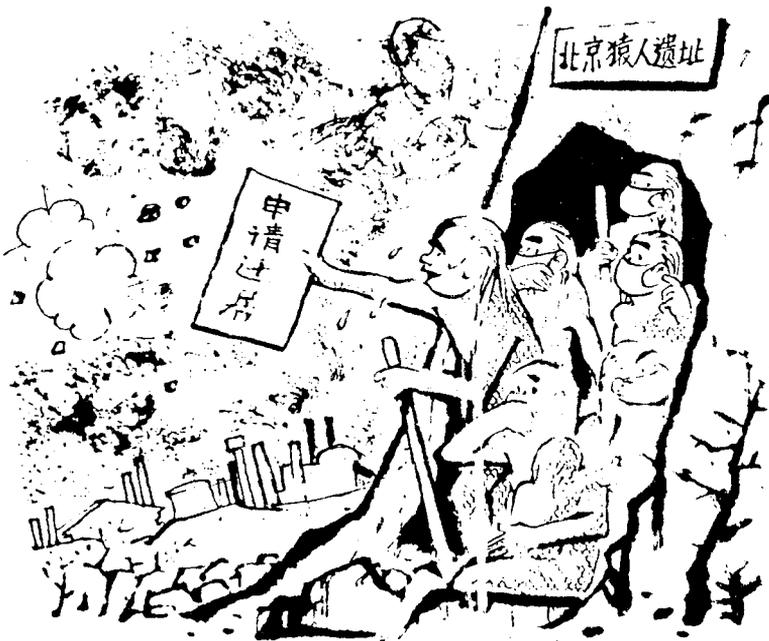
Drafting Committee Chairman Ji Pengfei told fellow drafters that they still have much to do because "one article in the draft failed to win two-thirds support in the committee." The article deals with the region's legal jurisdiction. "Even those articles adopted by the Drafting Committee are not perfect," he added.

Ji called on the drafters to heed and solicit public opinions extensively when the draft is published.

The drafters adopted methods for selecting designs for the flag and emblem of the Hong Kong special administrative region. They blocked all six of the flag designs and the six emblem designs that had been approved by the first two rounds of selection by a sub-committee. The Drafting Committee's chairman and vice-chairmen had entrusted the selection sub-committee to work out a settlement of the issue.

Macao Basic Law A person in charge of the group drafting "Regulations of Macao Special Administrative Region Basic

We've got to move, folks. by Xu Jing
(Signs read from left to right: An Application to move. Residence of Peking Man.)



Law Consulting Committee of the People's Republic of China" distributed on January 13 the "regulations" version passed at the third meeting of the Consulting Committee Initiators on January 9.

The "regulations" said in its preface that Macao Special Administrative Region Basic Law Consulting Committee is a non-governmental organization that serves to link Macao residents and the Basic Law Drafting Committee. It stipulates the committee's function as collecting people's opinions and suggestions towards the basic law, presenting them to the Basic Law Drafting Committee and offering its advice. Members of the committee will be no more than 100 but at least 60. □

24,000 Officials Reported for Irregularities

More than 24,000 Chinese Communist Party and government officials, including 17 at ministerial and provincial levels, have been reported for committing crimes since the establishment of a crime-reporting system in the second half of last year. As of January 10 the Supreme People's Procuratorate (SPP) has also set up a crime control centre.

Over 200 of the officials reported were ranked at prefectural level and more than 2,000 at county level. Communist Party members made up 50 percent of the total number.

According to Zhang Siqing, deputy chief procurator of the SPP, some 2,434 procuratorates, including 30 at the prov-

incial level, opened crime control centres or anti-corruption hotlines last year following the first one set up in Shenzhen last March.

Procuratorates received more than 101,000 reports during the July-November period in 1988, of which more than 34,000 cases were embezzlement and bribery. Tax evasion, profiteering and speculation and those centring around the violation of citizens' democratic rights made up a large proportion, Zhang said.

To date, 20,000 of the cases have been put under investigation, with more than 900 involving over 10,000 yuan each, Zhang said.

According to Zhang, more than 400 people have been prosecuted and 116 convicted. Crime control centres have had the effect of frightening criminals, and more than 400 criminals have given themselves up to the centres so far.

The crime control centre of the SPP, like other reporting-centres, will aid in netting officials reported for irregularities. Tips from all citizens, organizations, overseas Chinese and foreigners are welcomed. □

Sino-Cuban Ties Enter New Era

Both China and Cuba are socialist countries, and there is no reason for the two nations not to further their friendly co-operation in regard to economy, trade and other fields, Chinese Premier Li Peng told visiting Cuban Foreign Minister Isidoro Malmierca Peoli on January 21.

Arriving in Beijing on January 19, Malmierca is the first Cuban foreign minister visiting China in 29 years. The vis-

it was regarded by both sides as a sign of improvement and development of the relations between China and Cuba.

When meeting his counterpart on January 20, Chinese Foreign Minister Qian Qichen said that the relations "have entered a period of all-around development," adding that the past few years have seen a steady improvement, consolidation and development in the relations between the two countries.

"Our political ties have been restored and our exchanges are on the increase," Qian said. "Two-way trade has been growing year by year, while economic co-operation keeps expanding. Our two sides also have good co-operation in international affairs," Qian told the Cuban foreign minister.

In reply, Malmierca said that although Cuba and China are far apart, their people have much in common. "We share identical views on the major issues in international relations," he said. "We are all working hard to maintain peace, waging a common struggle against the arms race and fighting a special battle for development. These points constitute the major course of development of the relations between our two countries."

Besides, the Cuban minister said, "our common interest in promoting and strengthening our two countries' contacts in such substantial fields as social affairs, economy, politics, trade, culture, science and technology, and in expanding bilateral relations also presages a flourishing future for the development of the relations between the foreign ministries, peoples, parties and governments of the two countries." □

Lhasa Rioters Are Sentenced

Losang Danzim, a Tibetan accused of murdering a policeman during a riot in the Tibetan capital of Lhasa on March 5 last year, was sentenced to death on January 19, pending a suspension of two years. Also sentenced were 26 other rioters.

The riot happened when the 10-day traditional Tibetan Buddhist grand summons ceremony was about to end. The rioters attacked the ceremony's headquarters, looted and set fire to shops and restaurants.

Losang was condemned in a public trial for murdering a policeman, Yuan Shisheng. The court found out that Losang and some other rioters knocked down two policemen, Yuan Shisheng and Yang Yucheng, with stones during the disturbance. The policemen then hid themselves in a lavatory. But the rioters, following Losang, broke in and seriously injured them with steel bars and wooden sticks.

The two policemen were hurled from the window of a room on the second floor of the building. Yuan was dead on arrival at the hospital. The other survived but was seriously injured.

Soinam Wangdui, who was found to be an accomplice of Losang Danzim, was sentenced to life imprisonment.

Of the others rioters, four were sentenced to a maximum of 15 years' imprisonment; 13 were sentenced to a maximum of 14 years' imprisonment; five were sentenced to a maximum of three years' imprisonment. Three others were convicted of committing minor crimes but were not sentenced. □

Weekly Chronical

(January 15—21)

POLITICAL

January 17

□ Yang Zhenhuai, minister of water resources, makes a self-criticism for using state money to give employees National Day bonuses (46 yuan each) last year.

Recently, after financial auditing, the State Council criticized the ministry and some other government institutions for indiscriminately distributing cash and goods among staff for festival celebrations.

January 18

□ Communist Party leader Zhao Ziyang says at a national conference on political science and law in Beijing that the country should do everything possible to improve law and order. "Party and government officials should offer greater support to police and judicial workers," he says.

January 19

A Chinese Foreign Ministry spokesman confirms that the Vietnamese First Deputy Foreign Minister Dinh Nho Lien is now in Beijing to have private consultations with Chinese Vice-Foreign Minister Liu Shuqing on a political settlement of the Kampuchean issue. Chinese Foreign Minister Qian Qichen met with the Vietnamese official, he says.

ECONOMIC

January 18

□ China's State Statistics Bureau predicts an economic growth rate this year of at least 10 percent, contrasting with the central government's forecast of 8 percent.

According to the bureau, in-

dustrial growth will exceed 10 percent in the first quarter of this year, due in part to last year's credit expansion and rapid growth.

CULTURE

January 15

□ Following China's biggest exhibition of nude paintings, held December 22, 1988-January 8, 1989, Chen Wanshan, one of the exhibitors, holds his own show of nude paintings.

Chen is a teacher at the Central Institute of Arts and Crafts. He is also a member of the China Artists' Association. Five of his sculptures and oils have won prizes at a national fine arts exhibition.

January 17

□ Grotto frescoes in the Mogao Caves in Dunhuang, Gansu Province, are reported stolen. The missing frescoes, measuring about one square metre, were in Cave No 465, which was built in the Yuan Dynasty (1207—1368) and is not open to the public yet.

The frescoes were cut into five pieces. One of them was broken while being taken off the wall and was left. The thefts were noted on January 14. Local officials are investigating the theft, the second one since 1986.

SOCIAL

January 17

□ Premier Li Peng visits quake-stricken areas in Yunnan Province. He asks with great concern about the wounded, the dead and people's living conditions. On leaving, he encourages the cadres in disaster areas to work hard with the people and rebuild their homes. □



Announcing a unilateral troops and arms cut: Gorbachev takes the limelight in the United Nations.

XINHUA

Soviet Diplomatic Harvest in 1988

The past year saw an unprecedentedly active Soviet diplomacy, which has made breakthroughs on some key international questions.

by She Duanzhi

The world benefited much last year from a comparatively peaceful and stable international environment as some "hot spots" were resolved and others began to cool down. To some extent such a trend was linked with Soviet efforts under Mikhail Gorbachev's "new thinking" in diplomacy.

The Soviet Union mainly did three significant things in

1988: signed the Geneva accord in April under which the Soviets were required to vacate of Afghanistan in nine months, starting May 15, thus setting an example for resolving the world's regional conflicts; ratified in May the treaty on eliminating the US and Soviet intermediate-range nuclear forces (INF), bringing about for the first time in human history real nuclear disarm-

ament and deepening mutual trust between the United States and the Soviet Union; and third, announced in December a unilateral cut of 500,000 Soviet troops and a considerable amount of conventional weapons, opening a new page in Moscow's efforts to improve relations with the outside world, Western Europe in particular.

Judging from the Soviet di-

plomatic endeavours in 1988, the Soviets seemed to concentrate on finding the right pieces to the Afghanistan puzzle and brushing up for the fourth US-Soviet summit in the first half of the year and in the second, on wooing Western Europe and the Asian-Pacific region.

The issue of Afghanistan was really a litmus test for Gorbachev's "new thinking." In late 1979 the Soviet Union lumbered into the Central Asian Muslim country in serious violation of the norms in international relations. Moscow was given the cold shoulder in international forums, such as the United Nations. The almost decade-long war in Afghanistan proved beneficial to nobody but rather constituted a stumbling stone in the new Kremlin leader's efforts to improve his country's relations with the West, the United States in particular. Therefore, to resolve the knotty problem became quite urgent.

Mending US Ties

Since World War II, the Soviet Union and the United States, ascending to global superpowers, have become arch rivals. Ideological differences, historical misunderstanding and conflicting global strategies have built up a huge wall of deep distrust and suspicion between them. The world also fell victim to this rivalry.

When Gorbachev became chief of the Kremlin, in order to advance his "new thinking," improved relations with the United States became the target of Soviet diplomacy. Last year saw a back-slapping change in Soviet-US relations, represented by the unprecedented fourth summit meeting between US President Ronald Reagan and Gorbachev. The

basic tune in the relationship has changed from military confrontation to dialogue and co-operation. As a dyed-in-the-wool conservative, Reagan once condemned the Soviet Union as an "evil empire." But in May last year, all smiles, he said that the remarks were made "at another time and another place" while walking cordially with Gorbachev in Moscow's Red Square. This

States. Apart from the ratification of the INF treaty, negotiations on chemical weapons and strategic nuclear arms also reported progress.

While attending the UN General Assembly session in New York last December, Gorbachev held a mini-summit meeting with Bush, then US president-elect, and the outgoing President Reagan. The three leaders agreed to continue efforts to



East meets West: Mikhail Gorbachev talks with West German Chancellor Helmut Kohl.

XINHUA

about-face of attitude is widely believed to be significant.

The script of US-Soviet dialogue expanded from political, economic and cultural to military. Last year US Secretary of Defence Frank Carlucci visited the Soviet Union and eyed some military installations kept secret to Americans before and Soviet Chief of Staffs of the Armed Forces Sergei Ahkromeyev did likewise on a reciprocal trip to the United

States. improve the superpower relations.

European Security

The thawing of US-Soviet relations also gave a breezy boost to improved relations between the Soviet Union and Western Europe. From mid-October to late November, Gorbachev hosted visits by Austrian Federal Chancellor Franz Vranitzky, Italian

Prime Minister Ciriaco de Mitterrand, West German Chancellor Helmut Kohl and French President Francois Mitterrand. Soviet Foreign Minister Eduard Shevardnadze visited France, and Gorbachev's planned journey to Britain was cancelled only by a sudden earthquake in the Soviet Armenia.

Security is the biggest concern of Western Europe. In

home and 50,000 in Eastern Europe, along with a considerable reduction of conventional weapons in Europe. This culminated the Soviet Union's efforts to improve its image in the world, and the move won worldwide acclaim.

Asia-Pacific Trade

While smiling at Western Europe, Gorbachev did not

Cam Ranh Bay naval base.

The Kremlin leader also declared that his country wants full normalization of relations with China and is prepared to establish trade and economic ties with South Korea with the improvement of the situation on the Korean Peninsula. Chinese Foreign Minister Qian Qichen paid a visit to Moscow in early December, the first such trip in 31 years, to prepare for a 1989 Sino-Soviet summit.

Soviet Foreign Minister Eduard Shevardnadze paid a shuttle visit to Japan, the Philippines and the Democratic People's Republic of Korea from December 18 to 24. During the trip, Shevardnadze said for the first time that a visit to Japan by Gorbachev is now on the political agenda.

In March the Soviet Union founded the Committee on Asian-Pacific Economic Cooperation as a first step to take part in the economic activities in the region. In October 1-3 the Soviet Union for the first time held an international symposium in Vladivostok on peace, dialogue and co-operation in the Asian-Pacific region.

India remains the Soviet Union's closest friend in Asia. Gorbachev arrived in New Delhi on November 17, his second trip there in two years, and signed a series of agreements that envisaged further exchanges in the fields of economy, trade, culture, science and technology.

Economic Gains

One pocket-jingling feature of the new Soviet diplomacy is that economic interests are now being taken into consideration along with political and diplomatic endeavours.

The ongoing campaign of

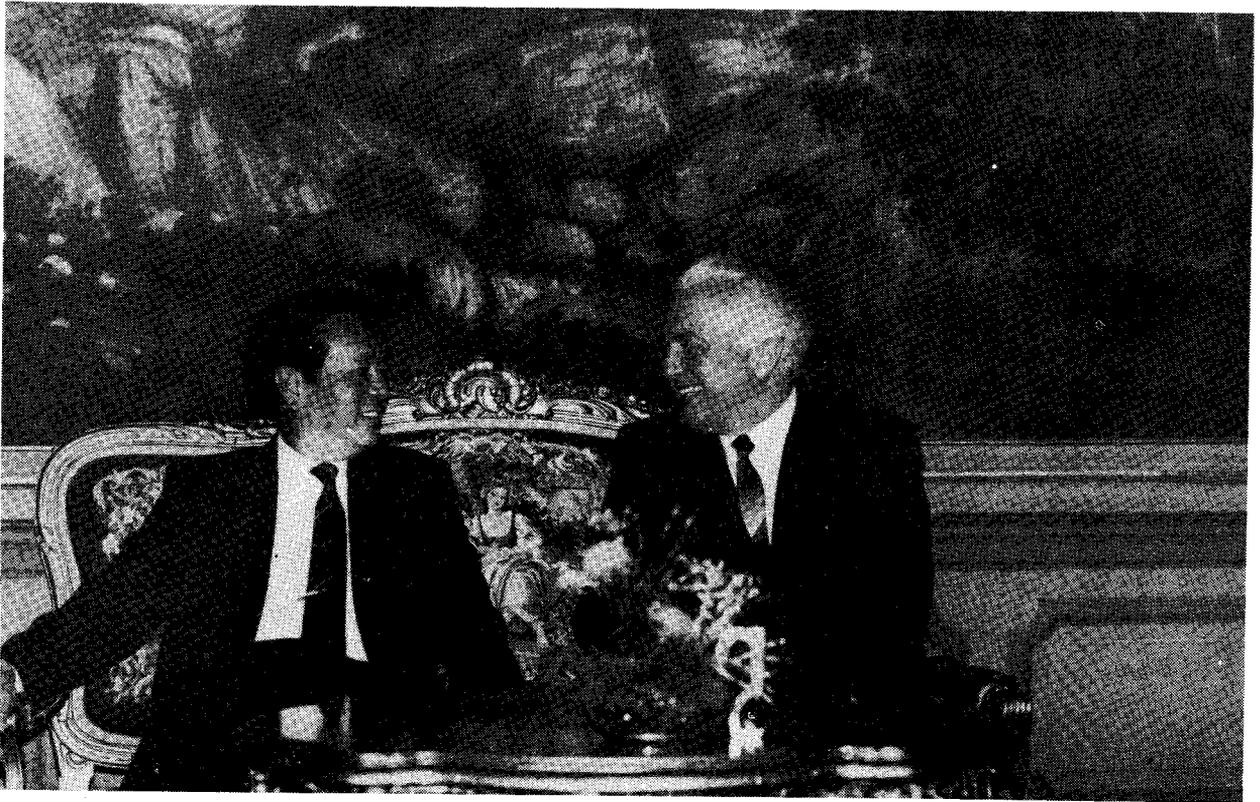
forget to win the favour of the Asian-Pacific region, an area that is looming as the focus of world trade and economy. During a trip to the Siberian city of Krasnoyarsk in mid-September, Gorbachev offered a new "proposal on peace and co-operation in the Asian and Pacific region," in which he asserted that if the United States would abandon its military bases in the Philippines, the Soviets would give up the



Reaffirming traditional friendship: Gorbachev visits New Delhi and talks with Rajiv Gandhi.

XINHUA

light of a possible withdrawal of the US nuclear protection umbrella from Europe, West European countries are increasingly worried about a conventional imbalance with the Warsaw Pact having the edge. To dispel the worries, Gorbachev chose a very good place and time. On December 7, Christmas Eve, at the headquarters of the United Nations, he announced a unilateral cut of 500,000 troops at



Qian Qichen and Shevardnadze: vanguards for a Sino-Soviet summit.

NOVOSTI

perestroika (restructuring) requires a peaceful international environment and huge sums of funds and advanced technology from the West. Foreign policy must serve this end by jelling the role of trade in diplomatic activities. At a symposium sponsored by the Soviet Foreign Ministry last July, a leading Soviet scholar underlined the importance of economic interests in diplomacy, calling for his country's participation in international economic organizations. He proposed to tear down the wall that has for years separated the Soviet economy from the outside world. Delegates agreed that practices in international economics must be made use of to strengthen the Soviet Union's position in the world.

In mid-April last year, in the wake of the signing of the INF

treaty, a huge US trade delegation, composed of some 500-odd industrialists from more than 300 companies, headed by Secretary of Commerce William Verity, went to Moscow to attend a meeting organized by Soviet-US Economic and Trade Committee. Led by US Occidental Petroleum Co., several Western companies signed a contract with the Soviet Union to construct a chemical joint venture, which drew an investment of US\$6 billion. A US official commented optimistically that within three to seven years Soviet-US trade volume could expand significantly, if trade terms should be fundamentally improved.

While Reagan and Gorbachev were exchanging ratification of the INF treaty, their foreign ministers signed a ser-

ies of co-operative agreements in economy, trade, science and technology. The two countries plan to raise their trade volume within a few years to US\$10-15 billion from US\$2 billion now.

At the same time, inspired by the new Soviet diplomacy, trade relations between the Council for Mutual Economic Assistance (CMEA) and the European Community (EC) were also repaired. In May the two blocs reached an agreement to mutually recognize each other and establish formal ties, dousing the embers of a three-decade long hostility and opening the windows to a new era in European economic co-operation.

Gorbachev successively swept through France and Britain in the past few years, and in return, the leaders of the

two countries paid their respects to Moscow. Each of the delegations included economic officials and trade tycoons. In October five members of the EC—West Germany, Italy, France, Britain and the Netherlands—agreed to provide the Soviets with loans totalling about US\$6.42 billion. Many Western businessmen showed an appetite for entering into joint ventures with the Soviet Union.

An important part of Gorbachev's Krasnoyarsk speech was a hustle for trade ties with the Asian-Pacific region. The Soviet Union will adopt preferential measures, including expanding local and enterprise autonomy, opening up coastal areas and setting up joint ventures to lure foreign investment. Gorbachev even proposed to establish a cooperative relationship among

China, the Soviet Union and Japan on the basis of mutual benefit. Some Japanese companies have already begun to participate in petro-chemical development projects and other projects in Soviet Siberia. According to Japanese government officials, last year's Soviet-Japanese trade volume was estimated to have reached an all-time peak of US\$6 billion.

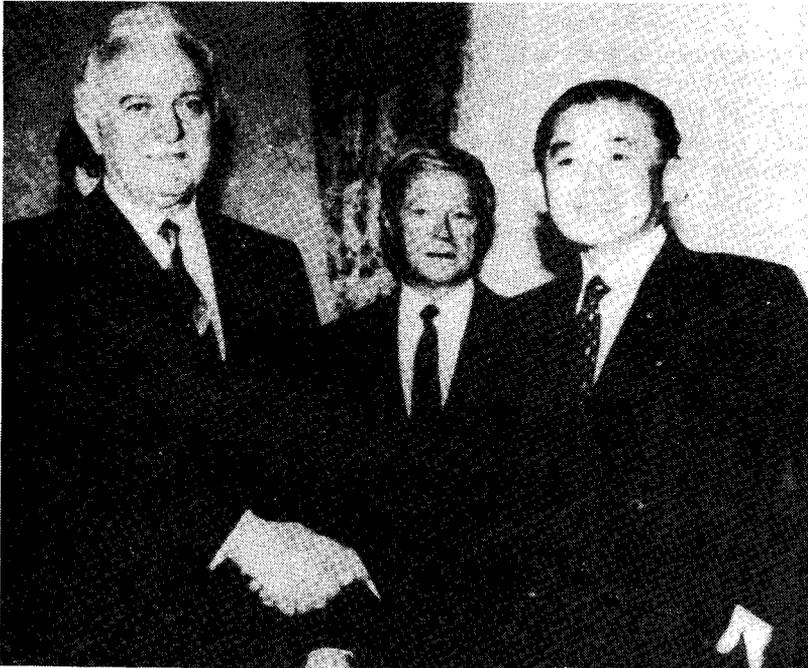
Soviet relations with the CMEA have also undergone adjustments in light of the new situation. At the 44th session of the CMEA, which opened in Prague on July 5, Soviet Chairman of the Council of Ministers Nikolai Ryzhkov said that it is time to carry out deep, essential reforms in the areas of co-operation with socialist countries.

Trade with other CMEA and other socialist countries tradi-

tionally accounted for about 70 percent of the Soviet Union's total foreign trade, of which more than 60 percent was conducted between the Soviet Union and other CMEA countries. But there are some real warts in this otherwise unblemished trade relationship. First, the Soviet Union is mainly a supplier of raw material and energy and an importer of mechanical products and parts; and second, due to a lack of hard currency, trade mainly takes the form of barter. The Soviet authorities have made it clear that it does not want to be a supplier of cheap raw materials for other CMEA countries and has plugged any further increase in exports of fuel and other materials from 1986. Moscow attempts to create a new economic and trade relationship on the basis of equality and mutual benefit through reforming the CMEA system.

As one Soviet official put it, in the past year Moscow succeeded in not allowing its relations with any country to deteriorate. This is quite an achievement. The Soviets began to savour the fruits of an improved Soviet image in the world. As the earthquake in Armenia showed, Gorbachev changed his country's image to such an extent that aid from Western countries was rushed to the disaster-stricken area. This outpouring was so great that it surpassed the Soviets' distribution capabilities. It seemed that Western countries were competing to show their sympathy and support. Such charity is a rarity in the history of the Soviet Union. People around the world hope that the trend of detente and co-operation will continue to prevail and that the world will safely and prosperously enter the 21st century.

Looking ahead: Japanese Prime Minister Noboru Takeshita meets Shevardnadze.
XINHUA



THE LAST DECADE

Bridging the Economic Gap

by the State Council Research Office

A full decade has passed since China initiated its programme of economic reform and opening to the outside world. Domestically, the results have been impressive, but how do they stand in international terms? To highlight the achievements and draw out the problems, this article compares China's performance with other countries around the globe.

Global Comparisons

Gross national product (GNP) remains the major yardstick for international economic comparison. Quite simply, it is the total value of products and labour services a country generates over a fixed period of time, and reflects its economic development and strength.

GNP comparisons are usually conducted in US dollars. It should be borne in mind that with floating exchange rates a country's GNP can often be severely distorted as financial markets rise and fall.

For example, China's GNP was 374.2 billion yuan in 1978 and 842.1 billion yuan in 1987, a 2.25-time rise when calculated at 1980 prices. But when converted into US dollars at the 1980 exchange rate, China's GNP turns out to be 10 percent lower in 1987 than in 1978. Obviously contradicting the fact that China's economy has grown enormously during this period.

The errors caused by fluctuating exchange rate are even bigger when compared with certain other countries. For example, from 1980-86, China's GNP grew at an average annual rate of 9.2 percent, and Japan's at 3.7 percent. However, partly because of the revaluation of the yen against the US dollar from 203:1 to 159.1:1, and partly because of the Renminbi's devaluation against the dollar from 1.49:1 to 3.54:1, China's GNP fell from a quarter of Japan's in 1980, to one-fifth in 1985 and one-sixth in 1986. From these figures, some people—ignoring the changes in the exchange rate—concluded that the economic gap with Japan was widening.

It is true that the fluctuation of exchange rate reflects a country's level of economic development. But this does not entail the simplistic conclusion that China has dropped even further behind Japan in as short a period as six years.

Simply because of the errors caused by fluctuating exchange rate, the United Nations has introduced a new method of calculating GNP. It involves computing a currency's purchasing power by calculating the cost of a broad range of commodities and services against a UN-designated calculation unit. This process, however, is by no means simple: altogether, 500 kinds of commodities in 151 categories have to be priced through a

series of classification standards and then subjected to a sophisticated statistical analysis.

When Rand Inc. of the United States calculated China's economic strength with the UN technique, it came up with a per-capita GNP far surpassing US\$310. It also estimated that given an average annual growth rate of 4.6 percent, China's GNP will have surpassed Japan by 2010 to make it the world's second largest, just behind the United States. Henry Kissinger, Caspar Weinberger and 11 colleagues from America's long-term comprehensive strategy committee showed great interest in this conclusion. But how reliable is it? Most China experts in America believe it a little "too optimistic." And one high-ranking Chinese official saw Rand's estimation "a friendly exaggeration" of China's economic strength.

Judging from the afore-said analysis, we hold: First, scientific comparisons of the international economy cannot be a straightforward matter. Both the traditional method of comparing GNP in US dollars and the UN's new method can produce severe distortions. And second, since a country's economy comprises a complex network of variables influenced by many factors, comparisons of economic strength solely in terms of GNP can lead to one-sided conclusions. To establish a true picture of a

country's standing in the world, it is necessary to compare a whole series of economic indicators.

Growth Rate Comparisons

Although it does not follow that the higher a country's growth rate, the better, as an excessively high growth rate is often accompanied by low efficiency, growth rate remains a major yardstick of economic development. To narrow the economic gap with other countries, it is necessary for China to continue to maintain a high growth rate that is possible to achieve. So first let us compare China's GNP, GDP (gross domestic product), agriculture, industry and services with those of other countries.

Table I indicates that China's GNP growth rate not only far exceeded the world average during 1980-86, but was also higher than that of the developing countries and the Western industrialized countries. According to the World Bank report on global development in 1987, China's GDP growth rate for 1980-85 came second only to Botswana among the 119 countries and regions surveyed. In terms of agricultural growth rate, it was only surpassed by the United Arab Emirates; it was fifth for industrial growth, first for services, and second for investment. Annual consumption grew at an annual rate of 7.7 percent, leading all the other countries surveyed.

Generally speaking, China's economic growth has the following characteristics: it has been continuously stable, marked by the absence of large rises and falls; it has been coordinated across different economic sectors, with a readjusted industrial composition

Table I: Average Annual Growth Rate (1980-85)

	GNP*	GDP	Agriculture	Industry	Services
World total	2.6				
China	9.2	9.8	9.4	11.1	7.5
Developed countries	2.3	2.3	1.5	2.5	2.0
United States	2.1	2.5	1.8	2.4	2.6
Japan	4.0	3.8	1.6	5.9	1.6
Canada	2.7	2.4	0.5	-0.6	2.7
Developing countries	3.0	3.3	4.0	3.5	2.8
India		5.2	2.7	5.4	7.5
Brazil		1.3	3.0	0.3	1.8
South Korea		7.9	6.3	9.6	6.7

* Note: Figures for 1980-86, source: "Outline of International Economic and Social Statistics." Source for all other figures: "World Development Bulletin 1987."

Table II: Energy Output Value (Calculated at 1980 prices and exchange rates)*

	Overall growth 1978-86 (%)	Average annual growth rate 1979-86 (%)
World	10.3	1.2
China	41.0	4.4
United States	29.0	3.2
Japan	32.4	3.6
Canada	20.9	2.4
India	-20.5	-2.8
Brazil	15.0	1.8
South Korea	7.9	1.0

Table III: Labour Productivity (Calculated at 1980 prices and exchange rates)*

	Overall growth 1978-86 (%)	Average annual growth rate 1979-86 (%)
World	-1.8	-0.2
Developing countries	-4.2	-0.5
China	57.6	5.9
United States	3.4	0.4
Japan	26.2	3.0
Canada	5.7	0.7
India	25.8	2.6
Brazil	1.6	0.2
South Korea	46.1	4.9

* Note: Figures for China take the total number of social labourers, while those for other countries and regions take the number of the population involved in economic activity.

ensuring the all-round development of agriculture, industry and services; macro-economic results have improved somewhat; the socio-economic dynamics, especially in enterprises, has been streng-

thened. Overall, during the ten years from December 1978, China's economic growth rate has been realistic and satisfactory.

Two of the major reasons for the overall growth in China's economy in recent years are the large rise in power generation and industrial efficiency. From 1978-86, China's energy output value increased by 41 percent, and productivity by 57.6 percent. They both, however, still remain far below the world average. China's high growth rate in recent years has been achieved largely through a high input of investment, resources and manpower. But there remains much room for better economic results, especially in enterprises.

Comparison of Output

The production of major industrial and agricultural products can accurately reflect a country's economic strength and development when incomparable factors such as prices are excluded. The tables below analyze and compare national output across such major industrial and agricultural products as cereals, cotton, meat, steel, coal, crude oil, and electricity.

From 1978-87, China's cereal output increased by 98.87 million tons—51.8 per-

cent of the world's total increase for this period. In 1978, China produced 9.5 percent less cereals than the United States in 1978, but in 1987 it produced 30.7 percent more. In 1978, China's cereal output accounted for 16.79 percent of the world's total, and its per-capita output 75.3 percent of the world figure. By 1987, these two figures had risen to 20.56 percent and 96 percent respectively.

Table V indicates that from 1978 to 1987 the world's total cotton output increased by 27.6 percent while China's almost doubled. Its proportion of the world's total rose from 16.76 percent to 25.71 percent, and its per-capita output stood 18 percent higher than the world average.

Table VI indicates that from 1978-87 world output of pork, beef and mutton rose by 14.9 percent, while China's increased by 132 percent. China's share of the world total rose from 8.15 percent to 16.46 percent. Its per-capita output more than doubled to surpass Japan and South Korea. Its total annual output now equals that of the United States and Japan combined.

From 1978-87, world steel output rose by 3.6 percent, even though production in the United States, Japan, Canada and South Korea (including only steel ingots) fell because of changes in their industrial composition. During this period, however, China's steel output rose 77.1 percent, with per-capita output approaching South Korea's, even if remaining 60 percent lower than the world average.

In the same period, world coal output increased nearly 50 percent, while that of China increased steadily from 618 million tons to 928 million tons. Per-capita output rose to

Table IV: Total Cereal Output and Per-Capita Output

	1978 (1,000 tons)	1987 (1,000 tons)	Overall growth 1978-87 (%)	per-capita output (kg) 1978	per-capita output (kg) 1987
World	1,580,820	1,771,750	12.1	369	354
Developing countries	730,560	921,120	26.1	235	244
China	265,460	364,330	37.2	278	340
United States	276,700	278,730	0.7	1,265	1,143
Japan	17,100	14,610	-14.6	149	120
Canada	41,500	51,220	23.4	1,767	1,997
India	143,020	147,200	2.9	226	190
Brazil	24,020	44,220	84.1	208	313
South Korea	9,620	8,420	-12.5	260	200

Table V: Total Cotton Output and Per-Capita Output

	1978 (1,000 tons)	1987 (1,000 tons)	Overall growth 1978-87 (%)	per-capita output (kg) 1978	per-capita output (kg) 1987
World	12,950	16,530	27.6	3.0	3.3
Developing countries	7,590	10,130	33.5	2.4	2.7
China	2,170	4,250	95.9	2.3	3.9
United States	2,360	3,210	36.0	10.8	13.2
India	1,350	1,300	-3.7	2.1	1.7
Brazil	480	520	8.3	4.2	3.7

Table VI: Total Meat Output and Per-Capita Output

	1978 (1,000 tons)	1987 (1,000 tons)	Overall growth 1978-87 (%)	Per-capita output (kg) 1978	Per-capita output (kg) 1987
World	105,000	120,640	14.90	24.7	24.1
Developing countries	37,470	45,440	21.27	12.0	12.1
China	8,560	19,860	132.0	9.0	18.5
United States	17,200	17,570	2.2	78.6	72.0
Japan	1,690	2,150	27.2	15.0	17.6
Canada	1,740	1,940	11.5	74.0	76.0
India	650	950	46.2	1.0	1.2
Brazil	3,210	3,550	10.6	27.8	25.0
South Korea	270	670	148.1	7.3	15.9

Pylons go up for a high voltage power network being built with domestic and international investment.

ZHENG YONGJI

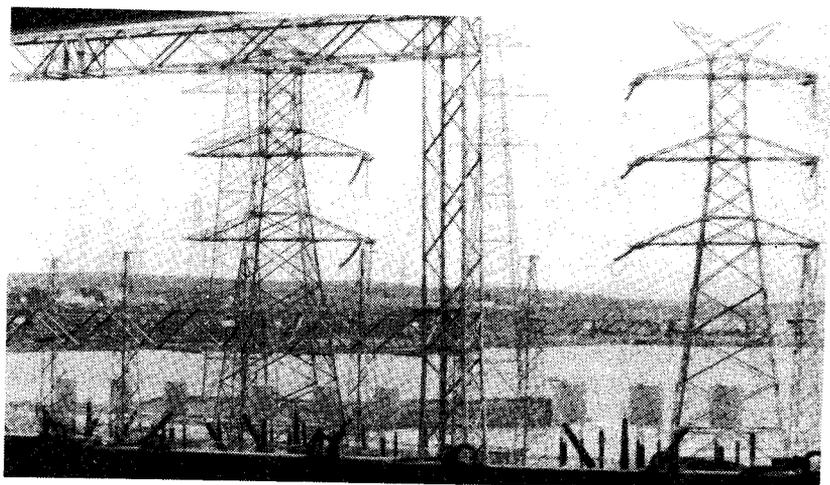


Table VII: Total Steel Output and Per-Capita Output

	1978 (1,000 tons)	1987 (1,000 tons)	Per-capita output (kg) 1978	Per-capita output (kg) 1987
World	665,000	689,040	155	133
China	31,780	56,280	33	53
United States	124,310	88,460	568	363
Japan	102,110	91,920	889	753
Canada	14,900	14,830	635	578
India	10,020	11,990	16	16
Brazil	9,030	22,160	78	157
South Korea	3,140	2,650	85	63

Table XI: China's World Ranking in Output of Major Industrial and Agricultural Products

Product	1978	1987
cereals	2	1
Cotton	3	1
Meat	3	1
Steel	5	4
Coal	3	1
Oil	8	5
Electricity	7	4
Cement	4	1

Table VIII: Total Coal Output and Per-Capita Output

	1978 (1,000 tons)	1987 (1,000 tons)	Per-capita output (kg) 1978	Per-capita output (kg) 1987
World	3,015,000	4,521,000	704	904
China	618,000	928,000	646	865
United States	598,960	829,920	2,738	3,406
Japan	19,030	13,060	166	107
Canada	30,480	61,210	1,298	2,386
India	104,900	186,960	166	241
Brazil	4,580	7,830	40	55
South Korea	18,060	23,360	488	555

Table IX: Total Oil Output and Per-Capita Output

	1978 (1,000 tons)	1987 (1,000 tons)	Per-capita output (kg) 1978	Per-capita output (kg) 1987
World	2,920,000	2,876,220	682	575
China	104,050	134,140	109	125
United States	429,200	409,910	1,967	1,682
Japan	540	600	5	5
Canada	64,270	72,350	2,737	2,827
India	11,270	30,140	18	39
Brazil	8,000	28,460	69	201

Table X: Total Electricity Output and Per-Capita Output

	1978 (m. kwh)	1987 (m. kwh)	Per-capita output (kwh) 1978	Per-capita output (kwh) 1987
World	7,392,000	9,535,500	1,736	1,957
China	256,600	497,300	268	463
United States	2,286,000	2,670,300	10,452	10,954
Japan	564,000	553,800	4,909	4,536
Canada	335,700	482,100	14,297	18,795
India	110,100	198,100	174	256
Brazil	112,600	214,400	976	1,516
South Korea	31,500	74,000	851	1,759

865kg to approach the world average, comfortably surpassing Japan's 107kg, India's 241kg, Brazil's 55kg, and South Korea's 555kg. See Table VII and Table VIII.

Tables IX and X indicate that world oil output dropped 1.5 percent from 1978 to 1987,

while China's rose 28.9 percent. In the same period, world electricity output grew 29 percent, while China's rose 93.8 percent. Despite this rapid growth, China's share of the world total is still quite low, standing at 4.66 percent and 5.22 percent respectively. Its

per-capita output of oil and electricity accounted for only 20 percent of the world average.

Table XI reflects China's position in terms of global output of major industrial and agricultural products.

The development of a country's transportation industry is an important indicator of both economic standing and the ability to maintain sustained growth. From 1978-87, China's air and surface freight volume increased nearly 2.26 times, while the number of passengers transported rose 3.4 times. The total throughput of its major sea ports rose 84.6 percent. Overall, however, China's transport industry lags far behind many other countries.

For example, in 1985, China's railways transported two-thirds of the total volume of passenger and freight carried by the United States, and its shipping just one-fifth. Its airlines were even further behind, with a mere 2.44 percent of the freight volume and 3.65 percent of passenger numbers.

Clearly China's transport industry falls well out of step with the needs of economic development. See Table XII.

International Trade

Foreign trade and economic relations are another important indicator of national development. Over the past decade, China has made rapid

progress in attracting and utilizing foreign capital, and contracting construction projects and labour services overseas, as well as developing its tourism and foreign trade.

From 1978-87, China's total foreign trade expanded dramatically, not only exceeding the world's average growth rate but comfortably outstripping South Korea—one of Asia's economic "dragons"—during its period of economic take-off. Although China's share of world trade remains small, it has rapidly moved up the league table of trading nations: from 28th position to 12th in terms of total trade, from 32nd to 14th in export volume and from 27th to 11th in imports.

One fact particularly worth noting for further discussion is despite China's current condition, under-developed technologically and economically, its total foreign trade volume amounted to 27.9 percent of GNP in 1987. In comparison, it was around 15 percent for Brazil and India, 20 percent for Japan and the United States, and 60 percent for Canada and South Korea. Because of current social and economic conditions, it is both impossible and unnecessary for China to join the league of prosperous nations through trade alone. Nonetheless, even under these circumstances, foreign trade clearly occupies a major position.

Science, Technology and Education

Levels of scientific, technological and educational development reflect the investment a nation has made in ensuring future economic growth, and so constitute another major tool of international comparison. Owing to a lack of unified

Table XII: Comparison of Transportation

	Railways (m.tons/km)	Shipping (1,000 tons)		Air Passenger (m. people/km)	Freight (m. tons/km)
		Loaded	Unloaded		
China	821,600	62,060	69,430	11,700.0	420.0
US	1,310,400	317,460	357,650	478,620.0	11,520.0
Japan	22,100	93,820	603,280	64,030.0	3,130.0
Canada	232,000			32,220.0	1,070.0
India	196,500			14,880.0	520.0
Thailand	2,700	18,520	17,380	11,280.0*	490.0*
Singapore		40,310	59,230	21,740.0	1,020.0
Brazil		146,360	48,860	12,320.0	740.0

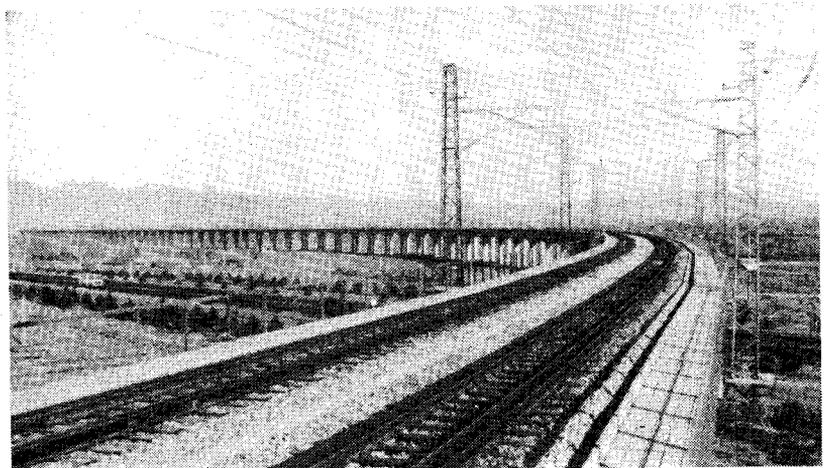
Note: 1986 figures.

Table XIII: Foreign Trade (At Current Prices)

	1978 (US\$ 100 m.)	% of world total	1987 (US\$ 100 m.)	% of world total	Overall growth 1978-87 (%)	Average annual growth 1979-87 (%)
World:						
Exports	13,023	100	24,800	100	90.4	7.4
Imports	13,546	100.0	25,755	100.0	90.1	7.4
China:						
Exports	98	0.8	395	1.6	303.1	16.8
Imports	109	0.8	432	1.7	296.3	16.5
United States:						
Exports	1,412	10.8	2,529	10.2	79.1	6.7
Imports	1,847	13.6	4,241	16.5	129.6	9.7
Japan:						
Exports	975	7.5	2,292	9.2	135.1	10.0
Imports	793	5.9	1,495	5.8	88.5	7.3
Canada:						
Exports	466	3.6	944	3.8	102.6	8.2
Imports	439	3.2	876	3.4	99.5	8.0
India:						
Exports	66	0.5	111	0.4	68.2	5.9
Imports	79	0.6	164	0.6	107.6	8.5
Brazil:						
Exports	125	1.0	262	1.1	109.6	8.6
Imports	145	1.1	163	0.6	12.4	1.3
South Korea:						
Exports	127	1.0	472	1.9	271.2	15.7
Imports	150	1.1	408	1.6	172.0	11.8

The first stage of the Datong-Qinhuangdao railway was completed at the end of 1988.

BEN LANWU



data and material, the comparisons have been restricted to the United States and Japan from the developed countries and Brazil and India as large developing nations. All four of them differ enormously from China in geography, social system and methods of development.

To gain an overall picture, tables XIV and XV outline the manpower and financial resources available for scientific and technological work in these five countries.

Clearly India has a larger contingent of scientists and engineers than China and Brazil. According to recent statistics, the number of scientific and technological workers in China had reached 8.89 million by 1987, approximately the same as in Brazil. However, in terms of the number of scientists and engineers per million people, Brazil approaches the United States, with three times as many as India, which in turn has three times as many as China.

State expenditure on science and technology in China puts it in first place among the developing countries, with the total rising from 5.29 billion yuan in 1978 to 11.28 billion yuan in 1987. According to national survey in 1985, expenditure of government scientific research institutes totalled 7.09 billion yuan, educational departments spent 518 million yuan, and enterprises invested 5.324 billion yuan in technological development. Thus the national figure for science and technology (excluding for defence research) reached at least 12.94 billion yuan, or 1.6 per cent of the GNP.

China's expenditure on scientific and technological development is approximately double that of India and Brazil. As Table XV shows, this



Assembly work in the Hangzhou Universal Coupling Factory.

SHEN CHUBAI

Table XIV: Scientists and Technicians

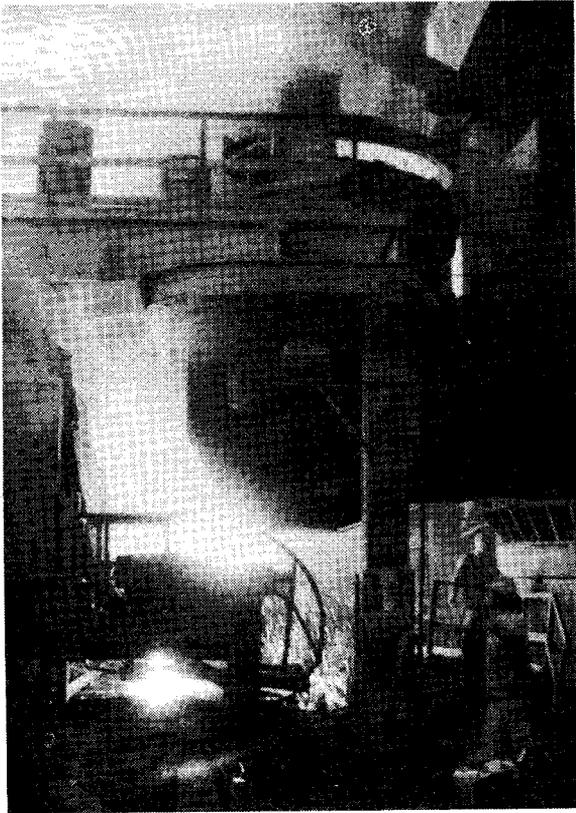
Country	Year	Scientific and technological workers (unit: 1,000)	Prospective scientists and engineers (unit: 1,000)	Scientists and engineers per million people
China	1985	7,812	1,033	975
India	1985		2,470	3,289
Brazil	1982	4,436	1,362	10,740
The United States	1982		3,432	14,777
Japan	1982	37,050	7,046	59,636

Table XV: Expenditure on Science and Technology Amount per capita

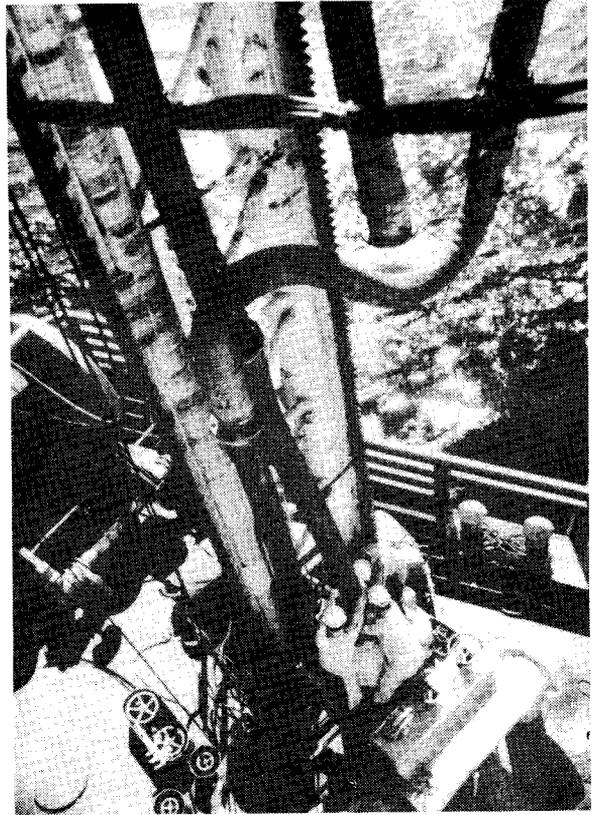
Country	Year	% of GNP	Local currency	US\$	Amount per scientist or engineer (US\$)
China	1985	1.6	12.4 yuan	4.3	13,900
India	1985	1.0	Rs25.6	2.0	14,700
Brazil	1982	1.0	Cr\$2,407.1	9.5	37,200
The United States	1983	2.7		376	133,100
Japan	1983	2.6		254	56,900

Table XVI: Scientific and Technological Papers Published in SCI

Country	1978	1986	% of world	World	Growth rate 1985-86 (%)
	World ranking	Total	total	ranking	
China	32	4,508	0.72	20	24
India	7	11,000	1.80	11	6
Brazil	27	3,373	0.54	25	8
The United States	1	256,330	40.10	1	- 1.2
Japan	4	41,685	6.7	4	



Billets roll off a continuous casting production line at the Shoudu Iron and Steel Co. ZHENG SHUFU



At work on a petroleum exploration ship in the Bohai Bay. LI BOHUA

amounted to 1.6 percent of GNP in 1987, compared to India's and Brazil's 1 percent. In terms of expenditure per capita, Brazil occupied first place, with China second and India third. However, compared with the developed countries, the figures for the three developing countries were minimal—less than US\$10 each. Figures of other items were also lower than those of the developed countries. The number of scientific and technological workers in China was similar to the figure for Japan and the United States, but investment amounted to just 5 percent of the US total and 15 percent of Japan's.

India not only produces more scientific papers than China and Brazil, but has

more of them published abroad: 14 times as many as China and 8.5 times that of Brazil during 1978-80. More recently, however, production of Chinese papers has increased rapidly. The number published in SCI now exceeds Brazil's and has reached around 40 percent of the Indian figure, with a 24 percent increase from 1985-86. With 71 percent more articles published in STP in 1986 than 1985, China climbed from 19th to 14th place, overtaking India (16th place) for the first time, and leaving Brazil well behind in 28th. The utilization ratio of academic articles from these three countries was not high: Brazil, 1.33 percent; India, 0.8 percent; and China, 0.43 percent. This was far be-

low the United States' 3.7 percent and Japan's 2.53 percent, indicating that the Chinese, Indian and Brazilian articles were of a relatively low quality.

Technological exports can offer a reasonable indication of a nation's technological standing. But the lack of unified data from Brazil and India makes comparisons difficult. Nonetheless, China's figures alone reveal considerable development: in 1987, technological exports totalled US\$162 million, more than the entire sum earned from 1979-86, and seven times more than in 1986.

China's most visible technological sales have been in its commercial rocket service. Payloads have successfully

been transported into space for France's MATRA Co., and agreements on launching satellites and other loads have been signed or discussed with representatives from 20 other countries. Overall, however, the scale of China's technological exports is probably smaller than both India and Brazil, around the level of the latter in the early 1980s.

It is in higher education that the foundations are laid for future scientific and technological undertakings. In 1987, 2.3 times more students were studying in China's universities and colleges than in 1978. From 1978-87, some 2.692 million students graduated from colleges and universities, another 4.451 million completed adult education courses, and 82,000 postgraduates finished their studies. But compared with India and Brazil, China remains backward in higher education. Despite its large number of college and university teachers, the total number of students studying in 1987 was the same as in Brazil for 1982, while India had twice as many as both China and Brazil. As Table XVII shows, only 2 percent of college-age young people in China are enrolled in higher education, compared with 9 percent in India, 11 percent in Brazil, 66 percent in the United States and 30 percent in Japan.

Since 1978, China's educational expenditure has increased yearly despite the state's financial difficulties. Overall, 3.4 times more money was spent in 1987 than in 1978, showing an annual average increase of 14.7 percent, and outpacing the growth in state revenue. But, as Table XVIII shows, China's expenditure on education expressed as a percentage of GNP falls well below the world average.

Table XVII: Higher Education

Country	Teaching staff (unit: 1,000)	College students (unit: 1,000)	Teacher/student ratio	% of young people in higher education
China (1987)	385	2,065	1:6	2
India (1985)	278	3,440	1:12	9
Brazil (1982)	122	1,640	1:12	11
The United States (1982)	392	12,430	1:32	66
Japan (1983)	230	2,410	1:11	30

Table XVIII: Expenditure on Education (Percentage of GNP)

	1975	1985
World Total	5.8	5.8
China		3.74
The United States	6.5	6.8*
Japan	5.5	5.6*
Canada	7.8	7.2
The Soviet Union	7.6	6.6*
India	2.8	3.7
Brazil	3.0	2.9**

*1983. **1984.

Conclusions

From these series of international comparisons, the following conclusions can be drawn:

1. After a decade of the reform and open policy, China has made considerable progress in closing the economic gap with the rest of the world. The main reasons for this are: (1) China's economic growth rate comfortably outpaces the world's average, including the developed countries. (2) With China's increase in economic strength, its share of world industrial and agricultural production has advanced rapidly. Although per-capita production remains low, the very size of China means its economic status and influence has risen. (3) The average per-capita output of major agricultural products and raw coal stands close to the world average. (4) Foreign trade has developed apace, involving China more in world economic activities.

2. The large economic gap between China and the developed countries is principally manifested in: (1) Poorer economic results overall, stem-

ming from the fact that as China's high speed of economic development causes a great drain on investment, manpower and material resources, it is hard for it to be sustained. (2) The national infrastructure, in particular energy, transport, post and telecommunications, remains under-developed. (3) Although science, technology and education are the foundations of prosperity, China still suffers from a shortage of funds and qualified personnel in all these fields. If not attended to, these problems will become a major constraint on China's further economic development.

3. Comparisons with the past indicate how far China has come, and comparisons with other countries offer an incentive to continue. The gap between China and the rest of the world, especially with the developed countries, was formed over two centuries. Narrowing the gap will of necessity take a reasonable period of time. It is impossible for China to catch up with the developed countries in such a short span of time as eight or ten years. □

Jiangxi: A Profile of the Proud

by Qian Xing

Travelling through the inland province of Jiangxi last year, I passed by luxuriant forests, elegant bamboo groves, and endless miles of mountain slopes covered with wild azalea in full bloom. "It's beautiful," I said, "but what have you got hidden inside these sprawling ranges?" My host was pleased. "A good question," he said, and then reeled off a list of minerals, many of which I had either never heard of or have now forgotten. Those I can recall include gold, silver, tungsten, copper, fluorite and uranium.

It is said that Jiangxi's rare earth resources and naturally occurring magnetic materials rank first in the world. Of all the 134 kinds of minerals found in China, 120 have deposits in the province. Its granite is popular in Japan, Southeast Asia and Oceania. From what I saw and heard, an image emerged: Jiangxi as an enormous bowl made of alloys of countless metals, overflowing with fish and rice.

China's largest fresh water lake, Lake Poyang, lies in the north of the province. Numerous rivers, both large and small, run through Jiangxi's counties, towns and villages. As they merge, they form a natural network of waterways, easily navigable and good for trade and travel. Eventually they all meander towards Lake Poyang, from where they pour forth into the Changjiang (Yangtze), China's biggest riv-

er and the world's third longest. A section of the Changjiang's middle reaches forms a natural border separating Jiangxi from Hubei Province to the northwest and Anhui Province to the northeast.

Around Lake Poyang, well-known for its fish resources, can be found many species of waterfowl, including rare red-crowned cranes, white cranes and swans. Every year, tens of thousands of these birds migrate to the area to winter. Their natural habitat is now protected by a government ruling.

Standing on the Changjiang is the port city of Jiujiang. Its history can be traced back for 2,200 years. During the Tang Dynasty (618-907) it was already a well-established commercial centre. In 1840, it became a foreign trade port. And today, ships bearing Chinese exports sail directly to Hong Kong, Korea, Japan and destinations across Southeast Asia.

Three million passengers and 66 million tons of goods now pass across Jiujiang's quays each year, and ocean-going ships of up to 5,000 tons can berth alongside its piers.

At the heart of the city, a 12-km-long road and rail bridge is being built across the Changjiang. When completed, it will be the longest along the entire length of the river. Constructed from specially tempered steel, its spans are up to

200 metres in length. Gray-haired as well as younger engineers excitedly explained its finer technical points, and then described how on completion in the early 1990s it would resemble a rainbow across the Changjiang, adding both economic vigour and beauty to the port city.

Jiujiang and its 4 million population will then form another key link between Beijing and Guangzhou, making the city of vital importance to the economic development of both Jiangxi and the country as a whole. As it is, this ancient port is already in the throes of a massive regeneration, coordinating its own modernization programme with the economic growth of the surrounding area.

The city's shipyards are hard at work on ocean-going vessels, survey ships, yachts, hovercraft and other specialized boats. Its oil refinery can process 2.5 million tons of crude oil annually. Stainless steel equipment emerges from Jiujiang's precision casting works. Among its many other factories, the ones manufacturing light machinery, motors and oxygen are all faring particularly well. Ten textile mills hum industriously away. The timber mill has imported advanced equipment from the Federal Republic of Germany, the United States, Japan and several other countries. Its wood is fashioned into both Chinese and Western style fur-

niture, which has in turn found a popular home in many hotels and households. In general, things have come along way in Jiujiang. But as my hosts were quick to point out, much remains to be done.

Country Cousins

In Jiangxi, the term "Lao-Biao" frequently crops up in conversations. Although literally translated as "cousin," it has a lot more nuances in the province. Almost anyone—relative or stranger—can be addressed "Lao Biao" as an indication of intimacy or friendly informality. Outside Jiangxi, the phrase is only used to refer to Jiangxi people and then it carries various connotations: practical, stubborn and hard-working, but maybe rustic and unsophisticated.

Now, as China surges forward on a tide of reform, how are the "Lao Biaos" faring in their inland province? Their feelings can be summed up as an obsession with the idea that they have dropped behind other parts of the country—a notion they can't and won't accept. In short, the "Lao Biaos" are a proud people.

It was in Nanchang, the provincial capital, that a series of revolutionary uprisings led by Zhou Enlai among others took place in 1927. This sparked off China's protracted revolutionary war. Subsequently, with Mao Zedong, Zhu De, Chen Yi, and many other Communists, Zhou Enlai helped to found the first red base in the southern part of the province. Jiangxi was also the starting point for the Long March, which determined the course of China's modern history.

Harrison E. Salisbury, a well-known journalist and author of a book about the Long

March, has described this 6,000 mile trek across 12 provinces as a human epic with no parallel: "No event in this century has so captured the world's imagination and so profoundly affected its future."

It was from Jiangxi that more men and women left to struggle for a new China than any other province in the country. Hundreds of thousands fought throughout the 1920s, '30s and '40s in the hope of securing a better life for the ordinary Chinese people. In the 1950s and '60s, when food was in short supply across the country, Jiangxi shipped half a million tons to other parts of China annually. People educated in the province can be found across the nation working and helping others. But as China steps up its programme of modernization, Jiangxi is ashamed to discover that it is not at the forefront.

Last year, its total revenue was only the 17th highest of the country's 30 provinces, municipalities and autonomous regions. Worse still, a sample survey revealed that average monthly income per capita in Jiangxi's cities and towns was just 60.7 yuan (US\$15)—the lowest figure of any province. This discovery further damaged the already battered pride of the people.

However, strength in adversity is the motor of Jiangxi—as the story of "the duckling" shows. This began 32 years ago when a group of young people move to the province from Shanghai and other coastal cities to discover more about their country, temper themselves and aid the inland economy. They settled in a hilly area of Dean County to the west of Lake Poyang. After building thatched shacks to live in, they set about reclaim-

ing wasteland for grain production and converting swamps into fish ponds.

During the chaotic 10 years of the "cultural revolution," this group was disbanded and dispersed. Some of them returned, only to be sent off again. But they were not to be denied. For a third time they came back, armed with an even greater determination. Taking advantage of the ponds and waterways around the lake, they made a living by hatching ducklings and raising ducks. They sold eggs—either fresh, salted or specially preserved—and produced press salt ducks, a traditional delicacy in the region.

The problem, however, was what to do with the feathers and down. Under pressure from neighbours, who claimed it was an environmental health hazard, they opened a small factory in 1970, and within two years had begun to export a few duck down garments under the "Yayapai" or "duckling" brand name. Almost by accident, the fortunes of this small community turned, and after having run at a loss for many years their farm started to make a small profit.

Now, both the farm and the factory are thriving businesses. In terms of export and quality, "Yaya" brand products rank first in China. Indeed, it is "Yaya" garments that have kept Chinese explorers warm and comfortable in the polar winds of the Antarctic. With such a recommendation, word has spread far and wide. Mutual visits were exchanged with a Japanese company, which was particularly impressed with the factory's cleaning process which removed all insects and unpleasant odours from the feathers. As a consequence, a Japanese study team stayed for five

months on the farm.

The Yaya farm has grown to become much more than a simple garments manufacturer. Its young designers travel around China, Japan and Europe sketching and photographing people on the street wearing clothes that take their fancy. To cut out the delays in public transportation, the farm has a fleet of lorries which deliver goods direct to clients, warehouses or markets. Their salesmen either stay in China's major cities or tour the country. Because of high telephone and telegraph charges, they are now investing in their own telecommunications network. Simultaneously, they are constructing a comprehensive system of cotton spinning, weaving, printing and dyeing, and garments manufacturing, including producing Yaya buttons and zips.

Piled across the seven storeys of one of the farmer's garment workshops, I saw cases of packed duck down clothing. The manager told me that the factory now turns out 3 million items a year for China's domestic market and another million for export. He said order books were filled so far in advance that the factory had been running at full capacity. Great quantities had to be shipped directly from the workshops owing to heavy pressure for quick deliveries. "That's why the mess," he apologized.

The farm now has economic links with companies from Shanghai on the coast to Xinjiang in China's far northwest. Looking at their achievements, the Yaya workers joke among themselves, "Our ducklings have grown up and hatched a city for us!" And although they speak in jest, they are not far from the truth.

The original group of ar-

ound 100 young people has expanded into a population of 10,000, some 80 percent of whom work. They own a hospital, a creche, a kindergarten, a primary and a middle school and a vocational college where they train their own managers, accountants, statisticians and so on. Plans have been drawn up to add animal husbandry, tailoring and garment manufacture. The college will be associated with Jiangxi University, the principal centre for higher education in the province.

The history of this expansion was related to me by Liu Defu, the farm's chief administrator. He arrived in the area with his parents in 1957 when he was just 8 years old. They had moved from Xuzhou in neighbouring Jiangsu Province where arable land was scarce and its output low. His parents have retired, and he has been in charge of the farm since 1983.

When the original group moved to the area 30 years ago, the government gave them a grant to start up. Unable to support themselves, however, they had to rely on government relief until they began raising ducks. Since then, they have passed 30 million yuan back to the state in taxes and profits—120 times what they had initially received. The farm's fixed assets are now valued at more than 100 million yuan, and last year they earned US\$15 million in foreign exchange, around half the amount earned by Jingdezhen, the famous ancient porcelain capital of China.

When I asked Liu about future plans, his tanned face shone with a confident smile. As well as continuing to improve their Yaya garments, the farm plans to thrust out in two major new directions.

The first of these is to step up production of animal and aquatic products. This will involve setting up automatic slaughtering lines, adding meat packing and food processing units, and then developing fox and otter farming. At the same time, fish farming will be expanded to make better use of their 600 acres of water. Already their pigs include almost all the principal meat breeds: Landrace, Yorkshire, Duroc, Hampshire, etc.

The second is a range of low alcoholic drinks, marketed to meet the changing drinking habits both within and without China. The farm is proud of the abundant supply of good quality water lying deep beneath the ground. The plan is to use it with grapes grown on the farm to produce wine—red and white, sweet or dry. Already they brew a good quality beer.

There are also schemes to move into other areas. Already the farm has a pharmaceutical plant. They intend to add packaging, building materials, machinery and musical instruments. Their organs are currently sold across the country. Piano manufacturing is their next target.

When I asked Liu how the gap between town and country should be bridged, he answered, "By developing the countryside with our own hands." He believes that agriculture, industry and commerce should be integrated, as this will erode the differences between urban and rural areas. In time, it would lead, he claimed, to a new form of model city in which the combination of production, education, scientific research and tourism could guarantee all-round development.

Hence the farm's emphasis on developing its educational

resources: "To supply the market with quality products that people both need and like, and to build our dream city, we need highly talented and trained people. That's why we're prepared to pay a high price for education."

The story of the Yaya farm opens up a whole new range of development possibilities for China's inland provinces. It did not start with large sums of money borrowed to erect grandiose buildings, but with painful explorations in search of secure foundations. They

only thought it necessary to build roads after the high heels of a secretary to a Hong Kong businessman got stuck and then broke on their muddy, rocky path. The young woman swore she would never return to such a backward place. Her host good-humouredly cracked back, "Jiangxi is the cradle of the revolution. Next time you come, you'll remember you're in Jiangxi the moment you can no longer take cat-naps in your car."

The joke has become history.

Although when I drove around the area, discovered the roads were now lined with trees—a symbol that the province has now embarked on a "new Long March." As Jiangxi is undoubtedly under-developed, its route to modernization might be more trying than the Long March of 44 years ago. What, however, cannot be questioned is that its people are sufficiently proud and determined to make sure they will also reach their destination. □

FACTS AND FIGURES

Strengthening Social Welfare

by Bian Jibu

Over the last few years, support from across the entire spectrum of Chinese society has enabled social welfare and relief to make rapid progress. By 1987, China had 37,400 welfare institutions with a total of 518,000 residents. Some 416,000 of these lived in the 35,500 institutions run by society—an increase of 3.7 times and 4.3 times respectively over 1980. These have strived to extend the range of their welfare provisions and equip themselves with modern medical and care facilities. At the same time, private welfare institutions have started to appear in some of China's provinces and autonomous regions.

However, the total number of people across the country in

need of social welfare is huge: 40 million disabled servicemen and families of revolutionary martyrs receive special care from the state, and another 100 million people get social relief. The government also hands out around 3 billion yuan every year to 100 million victims of natural disasters. But even this does not fully meet the country's urgent needs.

Expenditure

In 1987, national expenditure on social welfare totalled 3.649 billion yuan—2 billion yuan more than in 1980. The state's share amounted to 1.818 billion yuan (up 90 percent on 1980) and 1.831 billion yuan from various welfare or-

ganisations (up 180 percent).

Subsidies ensuring the "Five Guarantees" for the old and infirm with no children to support them (food, clothing, medical care, housing and burial expenses), for poor families and for the elderly in the countryside also all increased by a large margin: up 2.3 times from 1980 to 768 million yuan in 1987.

In the same year, every disabled serviceman and member of families of revolutionary martyrs received a subsidy of 261 yuan, 62 percent more than in 1980.

Rural families enjoying the "Five Guarantees" received an average of 87 yuan, seven times more than in 1980, while those in cities got 203 yuan, up 88 percent.

Enterprises

In 1987, some 27,700 social welfare enterprises existed in China. The state ran 2,976 of these (twice as many as in 1980), employing 97,000 disabled people (40,000 more than in 1980).

Privately-owned welfare enterprises have expanded particularly rapidly since 1984—increasing by an average of 63 percent annually, until in 1987 they numbered 24,700 and employed 338,000 disabled people.

As economic competition has spread across China, these enterprises have developed their productive capacities in a flexible way according to their own special characteristics, "playing a positive role in supplementing markets. At the same time, their output value has risen dramatically, reaching 10.555 billion yuan in 1987, or 12.7 times more than in 1980. Their share of China's total output value thus rose from 0.16 percent in 1980 to 0.76 percent in 1987. The average output per worker in 1980 was 5,244 yuan; in 1987 it was 9,593 yuan. Those in privately-run enterprises did even better, averaging 10,053 yuan.

In 1987, the total profits of all China's welfare enterprises reached 2.088 billion yuan. One particularly successful company has been the Beijing Sanlu Welfare Factory. In 1988, it had a per capita productivity of 13,373 yuan, and made a profit of 8.18 million yuan.

Massage clinics employing blind people have flourished. By 1987, 126 of these clinics had been established across the country, providing 1,500 jobs, 90 percent of which are filled by blind people. Between 1985 and 1987, they treated 14

million patients, generating an income of 34 million yuan.

Neighbourhood committees in towns and cities play a major role in providing jobs for the disabled. From 1984 to 1987, they arranged placements for 205,000 people—47.3 percent of all employed disabled people. Some 55,000 of these were in household businesses run by individuals.

Overall, the growth in employment opportunities has greatly raised the quality of life for many of China's disabled. It not only eases the burden on the state and families, but also helps integrate them into the mainstream of society as creators of social wealth.

Welfare Reform

Over the past few years, China has been developing ways of encouraging families and individuals dependent on social relief to improve their living conditions through productive labour. At present, 83 percent of townships have initiated various "self-help" programmes, and over the last 10 years 18 million poor families have received economic and technical support from the state. Half of them have used these resources to break away from being officially designated "poor," including 2.689 million in 1987 alone.

From 1984 to 1987, some 1.115 billion yuan was spent in China on aiding poor families and victims of natural disasters, one-quarter of the country's total relief funds. But the government has now decided that a large part of these relief funds should be redirected to encouraging economic self-sufficiency. As a result, the amount of funds for aiding the poor rose from 271 million yuan at the beginning of 1987

to 873 million yuan by the end of the year.

In 1986, the State Council established a leading group responsible for the economic development of China's poorer areas. They proposed that by the end of the Seventh Five-Year Plan period (1986-90), the majority of inhabitants in these areas should be self-sufficient in food and clothing. To realize this goal, the state allocated 8.7 billion yuan over the last two years for economic development projects and relief funds—equal to one-third the total amount China spent on aiding agricultural production in the same period. With much of the money going on technical projects, economic results have already started to improve.

As China's economy is still relatively under-developed, its financial resources for developing public welfare and relief facilities remain limited. The following measures, however, should be adopted in order to make the best use of the funds available:

Although public welfare institutions lack medical and care facilities, and are short of professionally trained management personnel, they should be run more efficiently so as to utilize their available resources to the full.

We should call on society at large to offer full support to public welfare enterprises so that their economic growth is ensured. These enterprises, however, face severe difficulties from the recent spate of large price rises for raw materials and the growing competition of the country's markets.

Finally, it is imperative to strengthen management and use of the available funds in a unified manner so as to eradicate waste and increase efficiency. □

Sino-Soviet Trade Booms

With the improvement in Sino-Soviet relations over the last decade, trade between the two countries has increased 11-fold. Recently, a Soviet trade delegation made a three-day visit to China, and soon a contingent of Chinese building workers will depart to work in the Soviet Far East.

According to Anatoly B. Litiagin, the Soviet deputy trade representative in Beijing, the foundations for Sino-Soviet economic co-operation were laid in two agreements signed in 1985. He said China now accounts for 3 percent of the USSR's foreign trade, and prospects for the future were even brighter.

Barter trade forms the mainstay of Sino-Soviet economic relations. The Soviet Union supplies electric power, mining and chemical equipment, motor vehicles, aircraft, electric locomotives and railway carriages, ferrous and non-ferrous metals, timber and other industrial materials, to exchange for China's tungsten ore, foodstuffs, cotton cloth, knitted goods and other industrial products and materials.

Since the signing of the first long-term trade agreement in 1985, bilateral trade valued at 12 billion Swiss Francs has been conducted.

Litiagin said that during the last three years the Soviet Union had supplied China with 4 million tons of steel and pig iron, 9.2 million cubic metres of timber, 2.1 million tons of urea, 250,000 tons of non-ferrous metals, 63,000 cars, planes and helicopters. Now contracts for ten

200,000-kw thermal power generating units, 100 electric locomotives and 7,500 railway carriages are under implementation.

China's major exports have been 290,000 tons of canned meat, 280,000 tons of fruit, 1.5 million tons of soybeans, 4.6 million tons of maize, 900,000 tons of peanuts, 125,000 tons of flour as well as textiles and other light industrial products.

The other agreement signed in 1985 covered the construction and transformation of industrial projects. It has played a major role in restoring and developing Sino-Soviet economic co-operation. To date, 50 contracts have been signed with a total value of 1.2 billion Swiss Francs.

During the 1950s, the Soviet Union aided China in the construction of 156 large-scale industrial projects, giving a

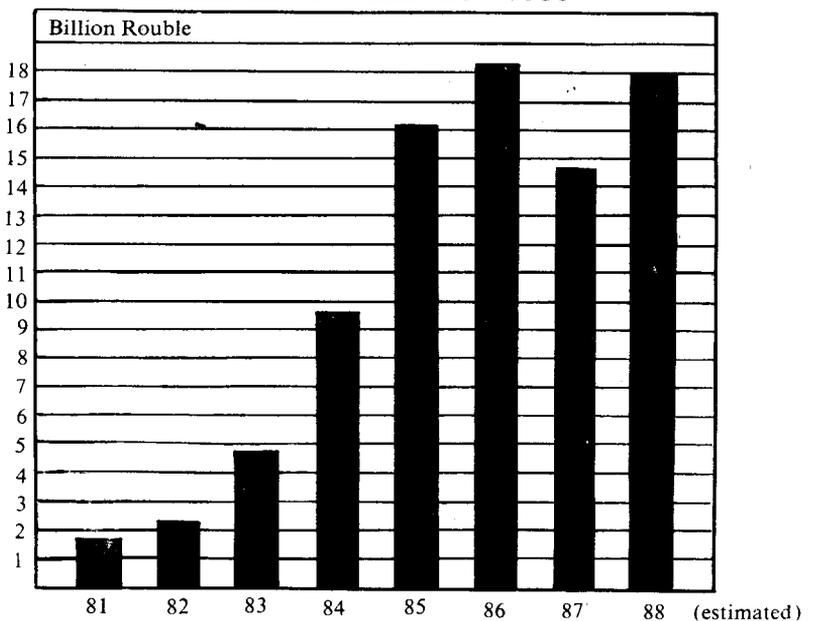
large boost to China's industrial modernization. These projects are in severe need of updating after 30 years of use. The Soviet government has dispatched a group of experts to help China assess how best to transform them.

Future co-operation will be concentrated in the areas of electronics, ferrous and non-ferrous metals, chemicals, textiles and transport. The largest technological transformation projects will be undertaken at the Anshan, Wuhan and Baotou steelworks, the Luoyang Bearing Plant, the Jiamusi Paper Pulp Mill and the Harbin Flax Factory.

New projects include two 1 million kilowatt and one 1.6 million kilowatt thermal power plants, a 700-km extra high voltage power transmission line, and a 1,000-km electrified railway line.

Border trade offers a flexible means of economic co-operation for both the Soviet Union and China as both countries pursue economic reform and local governments

Sino-Soviet Trade 1981-1988



Source: Soviet Commercial counsellor's office in China.

and enterprises search for new trade opportunities.

According to Soviet figures, border trade in 1988 was up 200 percent on 1987. Trade valued at 500 million Swiss Francs was conducted through seven cities opened in Heilongjiang Province, and goods worth 100 million Swiss Francs crossed the Sino-Soviet border between Xinjiang Autonomous Region and Soviet Central Asia.

According to official Chinese statistics, Sino-Soviet trade is dominated by co-operative ventures. Some 75 percent of the goods exported from Heilongjiang Province were produced in joint ventures, co-operative enterprises, or companies processing imported materials.

Co-operation is pressing ahead in other areas. Recently, the China Huaneng International Power Development Corp. signed a 300 million Swiss Franc loan agreement with a Soviet technology com-

pany for the construction of a 600,000-kw thermal power station in Nanjing. The repayment terms combine the maintenance of Soviet ships and the supplies of traditional Chinese export commodities.

The Soviet Union's plans to develop Siberia have always been hindered by a shortage of labour. With China's cutback in capital construction, it faces the prospect of having several thousand idle building workers for the next two or so years. Because of this, Chinese construction companies are interested in contracting highways, hotels and other projects in the So-



The 40-ton crane owned by the China Ocean Shipping Co.'s Manchurian Branch hoists up a container.

WU JIADU

viet Far East. It is reported that an agreement to help in the construction of a railway station has already been concluded.

by Yue Haitao

Soviet Planes at Air Show 1988

Two Soviet aircraft proved the star attractions of the Shanghai Air Show '88, held in China's largest city from December 5-12, 1988. The AN124 passenger jet was given its first public airing outside the USSR, and the KA32 helicopter gave a virtuoso demonstration of its flying abilities.

The show was attended by more than 50 aeronautic companies from 13 countries and regions around the world, including McDonnell Douglas, Air France, SAAB, Shorts, NEC, Toshiba and Rockwell.

Among the equipment on

display was the highly rated DDs80 radar display and automatic navigation system made in collaboration by Italy's AAVV and Selenia Co. Throughout the show, the system was used to follow commercial flights over Italy.

During the show, talks were conducted with many of the exhibitors by several Chinese organizations with aeronautic interests, including CAAC, the China Aviation Supplies Corp., the China Precision Machinery Import and Export Corp., and representatives from the People's Liberation Army.

The show was sponsored by China Promotion Ltd. and the China National Aero Technology Import and Export Corp.

by Yang Xiaobing

NEC Bytes Into China

Office automation in China has taken a big step forward with the development of a computer system combining hardware from Japan's NEC and software developed by the CITIC Technology Corp. and Star Academy Inc. of China.

Although limits were placed on the import of computers several years ago, Chinese users have already ordered 5,000 of the computers from NEC.

Principally a document handling system, it is based around NEC's Wenhao MiNi5-H computer incorporating

Chinese-researched software. It can be used with both Chinese and Roman characters.

Predictions of annual demand for office computers in China set the figure at 30,000-40,000 machines. Given the reasonable price of the NEC system, the 5,000 ordered are expected to be snapped up quickly.

An NEC representative said that to maintain his corporation's position in China, plans are being drawn up to establish factories to assemble the computers on the mainland. He added that NEC hopes to expand the range of its computers on offer in China.

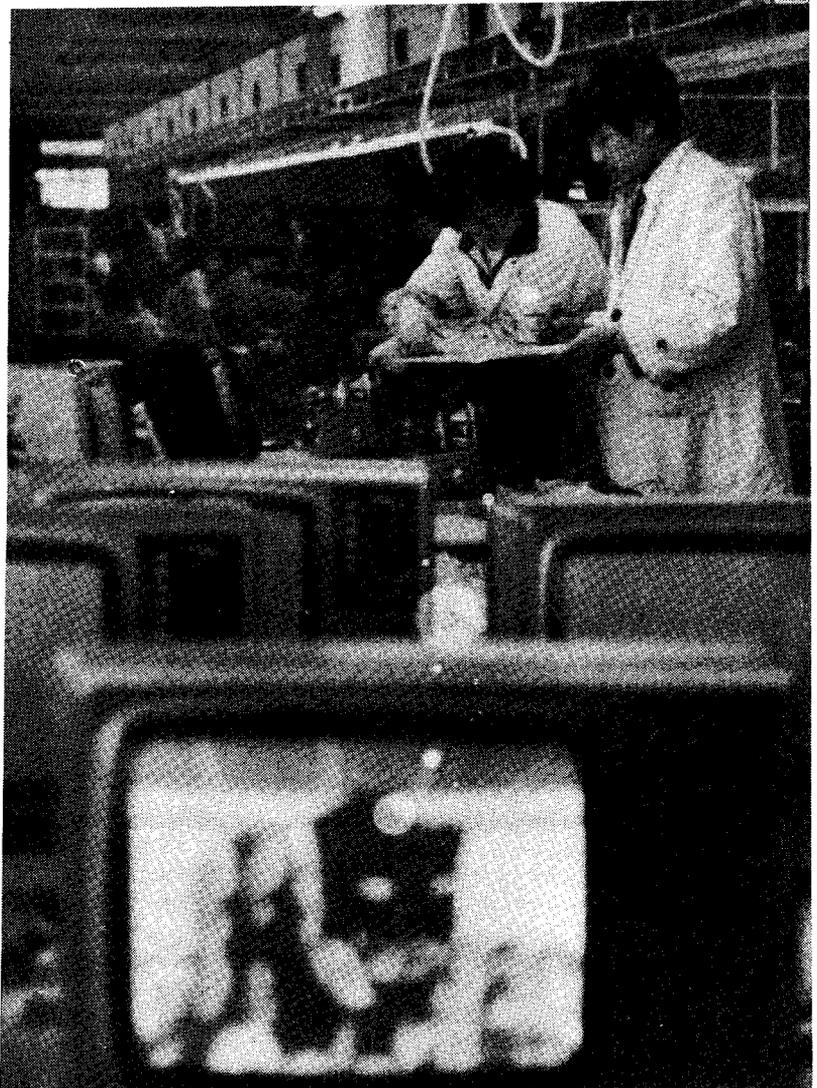
NEC already has various cooperative ties with China in the production of large-scale integrated circuits, facsimile machines and microwave circuits. Its products have a well-established position in China's markets and are well known across the country.

by Yao Jianguo

Shenzhen Has More Funds

By the end of November of 1988, the Shenzhen Special Economic Zone had registered 545 new foreign-funded enterprises. Excluding investment in the processing and assembling of imported materials and compensatory trade, total negotiated investment amounted to 3.93 billion yuan.

The campaign started by local authorities last year to clean up existing companies has had little effect on dampening the enthusiasm of foreign investors in Shenzhen. In fact, the number of foreign-funded enterprises registered in the first half of 1988 in-



Televisions roll off the production line at the Jiali Colour TV Co., a Sino-Hong Kong joint venture.

by XUE CHAO

creased by an average of 32.6 percent over the first half, a record high in the past decade.

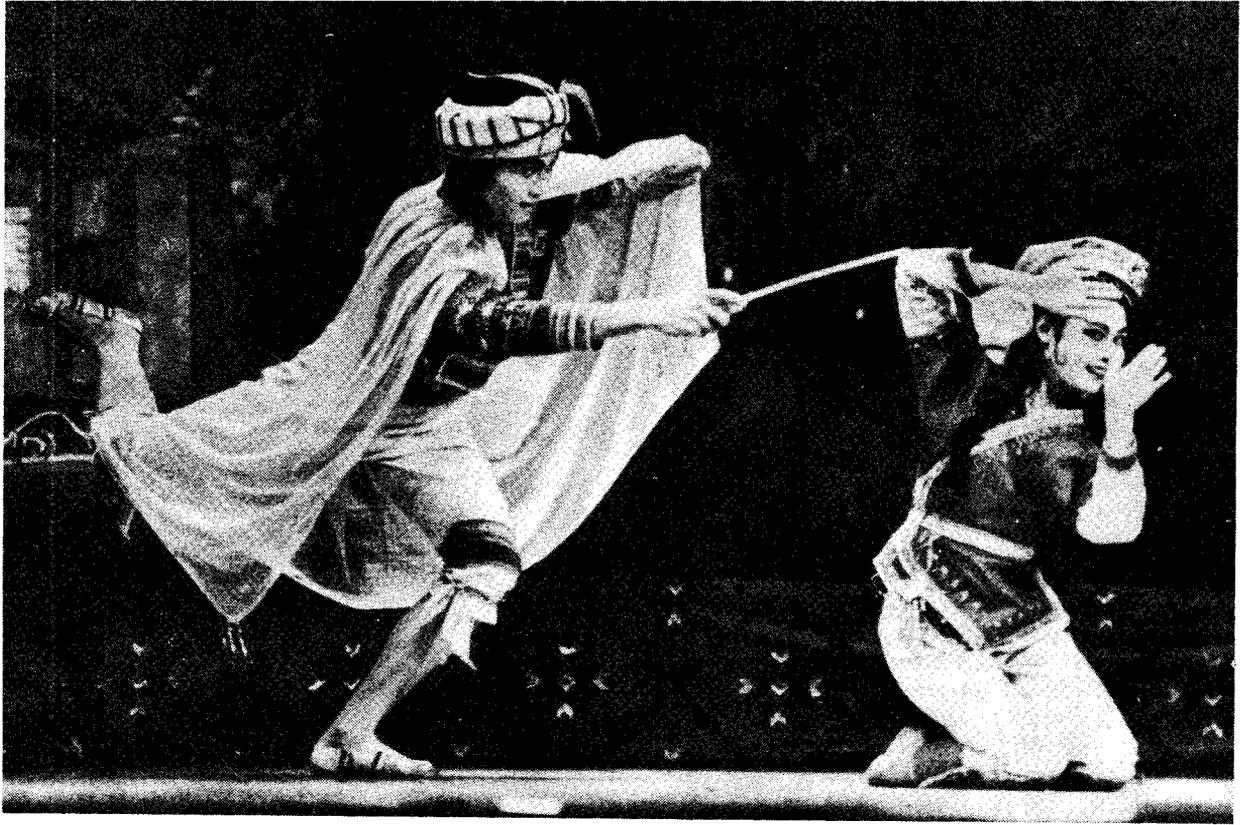
The principal reason for Shenzhen's continued growth is the establishment of a good investment climate over the last decade. The zone has not only concentrated on constructing a fully developed infrastructure, but has greatly simplified investment formalities.

The municipal government also made it clear that China's economic rectification would

not affect foreign-funded enterprises. It is believed, in fact, that the ongoing campaign will help improve the investment environment.

Around 95 percent of the new foreign-funded companies in Shenzhen are based in manufacturing and production. Compared with previous years, there has an increase in large-scale projects. For example, the United Arab Emirates has invested US\$90 million in establishing an international oil refinery.

by Ma Jin and Peng Haike



Yao dance: Lovers Meeting in a Yao Cottage.

Yaos Sing and Dance In the Capital

A performance by the Yao Song and Dance Ensemble from south China's Jinxiu County, Guangxi Province, has gained high claim from Beijing's audiences.

The Yao nationality is keen on singing and dancing; it is the cultural glue that bonds their lives. Not only in working and daily life do they sing and dance, but also when they offer sacrifices to ancestors, celebrate festivals, congratulate newlyweds, court and exchange feelings. Its repertoire includes:

A Happy Gathering of Yao People of the World is a joint effort—a chorus of folk songs accompanied by dances. It expresses the joy felt when Yao

people the world over get together in their heartland, the recesses of south China's Dayaoshan Mountain where most Yaos live. They embrace each other and toast their reunion. The simple melodic singing sets the rhythm for some festive steps. The women's dancing is lithe and graceful and the men's bold and unconstrained. Coloured by the bright national costumes, the event becomes a pinwheel of optimism, fueled by the Yaos' own lust for life.

The Song of Driving Beasts is one of the Yao's labour songs. During the harvest season, it is sung to intimidate hungry animals. The men's lyrics are a primitive blend of

singing and husky shouts.

Ox horn is a folk wind instrument favoured by the Yaos. A horn solo entitled *Dawn in a Yao's Village* creates a remote and haunting melody. Reinforced by light and dancing, the horn's clear voice seems to waft sombrely.

Lamenting Deer on a Green Hill is a fairy-tale dance telling of a hunter's compassion for a young deer he has injured. Touched by his wife's affection for the animal and the deer's own kindness, the hunter eventually frees his prey so it may return to the forest. The actress playing the young deer gives an accurate imitation, with her lithe movements and

beautiful poses. At the same time, the hunter's strength and the wife's grace are splendidly integrated by their players. The dance itself clearly reveals the Yao people's traditional cultural ties with nature. It is also a meditation on human nature and an ode to love.

The Yao nationality descended from an old nomadic tribe in central China. Historically, they have had several large-scale migrations and some even scattered abroad after the Qing Dynasty. To date, the Yao nationality has a population of more than 1.5 million, of which one million live in China, while the rest dot areas of South Asia, America and even Europe.

by Feng Jing

Kaifeng Embroidery

After several years in the shadows, an ancient craft that demands great skill and an inordinate amount of time and patience is making a comeback—Kaifeng embroidery.

Kaifeng, an ancient city in Henan Province, is well-known for its embroidery products. In ancient times, Kaifeng was called Bian and used to be the capital of the Song Dynasty (960-1127), hence Kaifeng embroidery is also known as Song embroidery. During the Song Dynasty, Kaifeng with a population of more than one million was the political, economic and cultural hub of China. It even had a street called Emroidery Lane and a special embroidery market. Needle products were a mainstay for decorations in the imperial palaces and, as a



A scene from the Song of Driving Beasts.

Photos by XIAO YINZHANG

technical art, were popular among the common people. However, when the Song Dynasty moved its capital to south China, and social unrest and economic depression bankrupted the city, the popularity of Kaifeng embroidery began to dwindle. It was not until after liberation in 1949 that it began to revive.

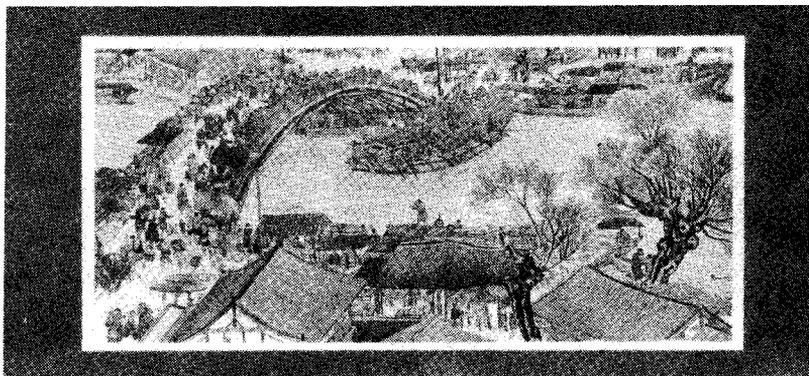
Today's Kaifeng embroidery is varied in subject and form and displays many fine masterpieces. An excellent example is *The Riverside Scene at Qingming Festival*, a work by the Song Dynasty painter Zhang Zeduan, which depicts in detail a scene in Kangfeng at the peak of its prosperity. The painting is 525cm wide and 25.5cm in height, with more than 800 characters, 170

trees, 90 cattle, 20 boats, and at least one hundred buildings and bridges.

The seamstresses at the Kaifeng Embroidery Factory skillfully stitch such paintings to a piece of silk in order to form a finished product. Usually it takes three years for talented fingers to complete one copy.

Currently, 17 copies of the *Riverside Scene at the Qingming Festival* have been turned out. The first two copies are on exhibit in Beijing. The first resides at the Hall of Henan Province in the Great Hall of the People, and the second is in the Museum of Chinese History. The other copies were sold abroad to France, Britain, Japan, Switzerland and Hong Kong, among other buyers. □

A section from "Riverside Scene at Qingming Festival."



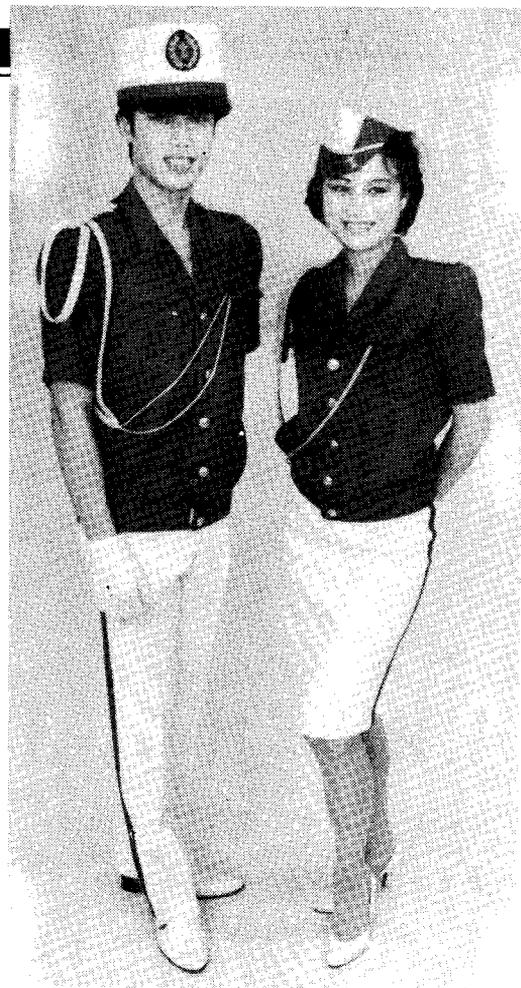
Hotel Uniforms Compete in Beijing

Recently a competition on uniforms for hotel attendants was held in Beijing, courtesy of *China Tourist Daily* and the Peace Hotel. According to the sponsors, this was the first competition in Asia. Pierre Cardin, a famous French garment designer sent a congratulatory telegramme and enlived this activity with his latest designs.

Most of the models who took part in the competition were employed by the hotel. They were asked to model six uniforms: those for Chinese dinner waiter, Western dinner waiter, usher, guest-room waiter, entrance guard, public relations person and bartender waiter. Consequently, the International Hotel located in Beijing won the team title.

At present, some 1,298 travel hotels across China serve for-

eign visitors, but only 15 had a chance to share in the competition, and one-third of the contestants were from Beijing. The sponsor explained that many famous domestic hotels, such as the White Swan Hotel and the China Hotel in Guangzhou missed the opportunity to join the activity due to their late application. It is reported that such a competition will be held again and welcomes counterparts from foreign countries, Taiwan, Hong Kong and Macao to take part in order to facilitate the contest and exchange between the hotels. □



Representatives from the International Hotel win a prize for their entrance guard uniforms. ZHANG RUIQI

Shopping Lottery Winners Chosen

Two hundred overseas tourists have become the fortunate winners of a free trip to Beijing for a week anytime between 1989 and 1990, thanks to their 100-yuan purchases during their tours in China last year. The two winning numbers are 6200 and 9792.

Each may be accompanied by a family member or friend, also free of charge, if they bring forth a ticket bearing the winning numbers which were recently picked in a drawing held at the Beijing-Toronto Hotel under the supervision of

the Beijing Notarization Office. Those who arrive first in Beijing will receive a big elegant cloisonne flower vase for a souvenir.

To celebrate the Beijing International Tourism Year of 1988, Beijing Tourism Administration decided that any overseas tourist, including overseas Chinese and compatriots from Hong Kong and Macao, who came to China and bought 100-yuan worth of commodities in the seven major tourist cities of Beijing, Nanjing, Xian, Shanghai, Hangzhou, Guilin and Fuzhou would get

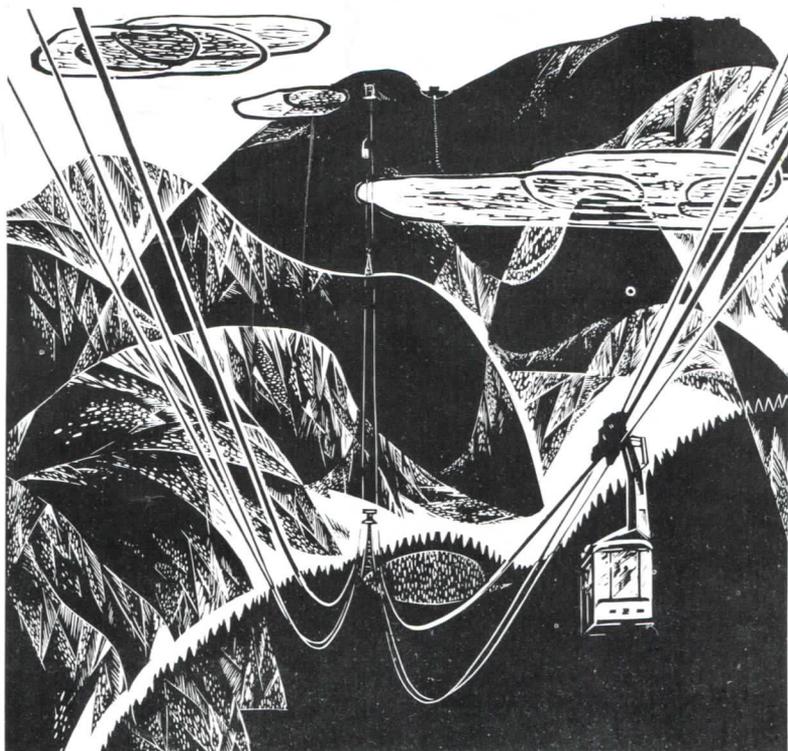
a lottery ticket. By December 31 last year, a total of 1,006,500 lottery tickets were distributed.

All the winners of the Lottery Shopping Programme in Beijing's year of international tourism may contact the Tourism Promotion Department under the Beijing Tourism Administration, or Chinese tourist agencies in New York, London, Paris, Sydney, Tokyo, Frankfurt and Los Angeles, as well as the China International Travel Service, Hong Kong. □

ART PAGE

Woodcuts by Gong Peiyan

Gong Peiyan, who was born in 1945 in Taian, Shandong Province, now works at Shandong's Taian Daily. This selftaught woodcut artist excels in black and white works.



Taishan Mountains Cenery.

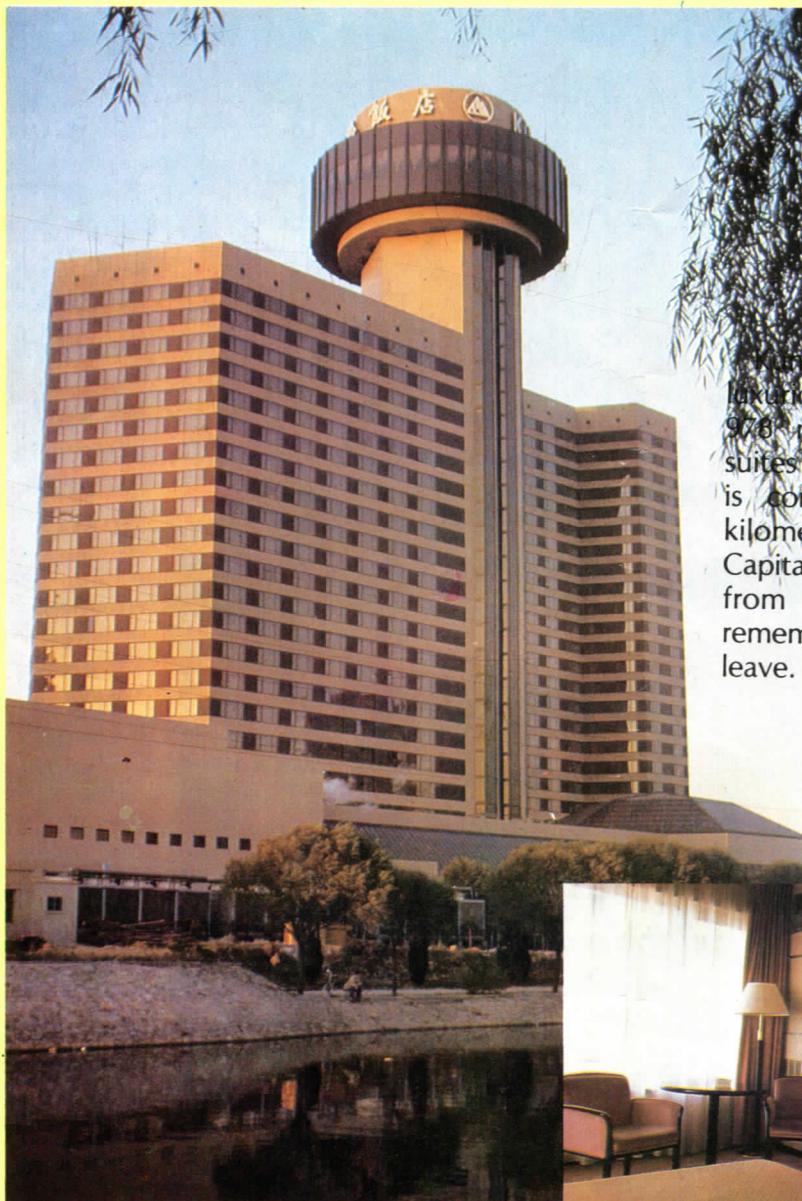


A New Small Town.



KUNLUN HOTEL

— Your Ideal Home



Kunlun is a large international-class luxurious, joint-venture hotel. It has 978 rooms, including 26 de luxe suites and 74 office suites. Kunlun is conveniently situated. It is 17 kilometres from the International Capital Airport and only 8 kilometres from the railway station. You'll remember the good service after you leave.



Kunlun Hotel

Address: 2 Xinyuan Road South, Chaoyang District, Beijing, China
Tel: 5003388 Cable: 2745 Telex: 201328 BJKLH CN Fax: 5003228
Sales Dept: Tel: 2376, 2377, 2359, 2384, 2386
Banquet Bookings: Tel: 2340, 2379, 2380