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In A Carnival Mood

A gala parade on September 5, at the newly-completed Ping'an Avenue, initiated the '99 International Tourism and Culture Festival in Beijing.
Chinese and overseas troupes from 34 countries and regions donned beautiful costumes and demonstrated their distinctive cultures and folklores, attracting some 100,000 excited spectators.
PLA's Exercises Demonstrate Resolution: The People's Liberation Army (PLA) naval, air and ground forces conducted a large joint landing exercise in coastal parts of Zhejiang Province and the southern part of Guangdong Province in early September. The success of the exercise demonstrated the success of PLA's modernization drive and its resolution to crack down on any separatist acts and defend the country's sovereignty and territorial integrity. p.5

Further Cooperation Needed for APEC's Development: At the 10th anniversary of APEC, its 7th Informal Leaders' Meeting was held in Auckland, New Zealand. Chinese President Jiang Zemin attended the meeting and proposed such suggestions as actively promoting common economic prosperity in the Asia-Pacific region, deepening regional economic and technical and financial cooperation and pushing forward the process of trade and investment liberalization. p.9

Changes in 50 Years: Fundamental changes have taken place in China since the founding of the People's Republic in 1949. Accompanying the rapid economic growth and increases in comprehensive national strength, improvements have been seen in living standards and way of thinking of Chinese residents. p.12

Cover: Donkey carts, a common sight in 1950s Beijing, in contrast to automobiles speeding in an endless stream on the second ring-road in today's Beijing.

Photos by Ye Hua and Pi Dawei
Confucius, the great Chinese philosopher, who lived more than 2,000 years ago, once made a very interesting and philosophical remark on the different stages of human life, which can be roughly translated into English as follows:

At 30, one should have planted his (forgive this ancient great master's insensitivity to sex bias here) feet firmly upon the ground; At 40, one shall no longer suffer from the perplexities of life; And at 50, one knows the way of natural law (bidding of the heaven).

The great master’s remarks may shed some light on the growth of the People’s Republic of China, which will celebrate its 50th birthday on October 1. In its formative years, the New Republic struggled hard to recover from long years of war and to gain world recognition of this new nation in a harsh international environment. It survived various unthinkable challenges. In 1979, the 30-year-old Republic reached its critical point. Deng Xiaoping, the great architect, made the bold decision of reform and opening. Breaking apart from the constraints of “Leftist” ideologies, China finally created its unique strategy for development; that is: build socialism with Chinese characteristics.

Fifteen years younger than the Republic, I have vivid childhood memories, which seemed almost ceaseless worries for sufficient food. For ever lingering in my mind were the soup-only suppers and the roaring of slogans. At that time, each adult was rationed with a little more than one pound of rice from the State. Having to feed her three children who were demanding nutrition to grow up, my mother almost had to count the rice before cooking it in order to make ends meet. How I hated the long hours between meals. China, at that time, just like my mother, was simply too poor to provide enough food to feed her children.

Over the 20 years since the reform and opening, world-shattering changes have occurred in China. If you appreciate that China has a historical burden of feudal rule for over 2,000 years, and the alienation of China by the West, you will understand the significance of the economic development of such a wide expanse of land with the world’s largest population. It is most encouraging to see the changes among ordinary people who are wearing more smiles and more beautiful clothes.

I might cite some figures, as they speak louder than words. In the past 20 years, China realized an annual economic increase of 9.8 percent and is one of the few dynamic economies in the world with both rapid and sustained growth. China has also developed closer ties with the world’s economy. In foreign trade, China’s annual exports have shot up to US$184 billion from only US$1 billion in 1979. And its import also scored similar figures. According to the 1998 ranking list by the World Trade Organization (WTO), China was the world’s fifth largest exporter and sixth largest importer. The speed of foreign direct investment (FDI) inflows into China also hit record levels. Some 20 years ago, the FDI to China was virtually zero. But the latest report shows that China has been the top FDI recipient among developing countries since 1992.

China has also become militarily stronger, but within the proper limit. Rather than making its neighbors nervous, China advances its national defense only to the point whereby other world powers would respect it and heed its interests. Its expenditure in national defense only accounts for “a very limited proportion of its GNP.

And there is one more convincing figure to cite, my salary is 10 times more than my late father’s, even if inflation is taken into account.

Peng Zengjun
Executive Editor
PLA’s Landing Exercises Successful

A large joint landing exercise was successfully conducted by the People’s Liberation Army (PLA) naval, air and ground forces in coastal parts of Zhejiang Province and the southern part of Guangdong Province in early September.

The success demonstrated how the PLA has improved its joint military combat capability, the success of its modernization drive and how it is ready to crack down on any separatist acts and defend the country’s sovereignty and territorial integrity.

The troops participating were from the Nanjing and Guangzhou military area commands and the Second Artillery Corps as well as reservists.

The PLA performed a landing exercise armed with hi-tech weapons from the East China Sea, where the Opium War took place in the last century. Officers and enlisted men moved heavy weapons and swiftly formed into combat groups.

Thousands of PLA and militia personnel in camouflage fatigues attacked “enemy forces” from landing craft with covering fire from naval vessels and combat aircraft.

They quickly obtained control of the air and sea and resisted long-range air and marine attacks by the “enemy”. Air force and naval guns simultaneously struck at “enemy” targets.

Chen Bingde, Commander of the Nanjing Military Area Command, said that his area command can mobilize more than 100,000 civilian ships for military use if necessary to meet the needs of large-scale sea crossings and landing operations.

On the South China Sea, thousands of PLA personnel from the Guangzhou Military Area Command took part in the two-pronged landing operation. The team on the left, composed of ground forces and marines, began attacking “enemy” forces with missiles, aircraft, helicopter gunships and naval guns, while minesweepers and other forces removed barriers and established landing sites.

On the right, a landing team of ground and special forces quickly seized the port area, and paratroopers controlled strategic points, while the air force, the artillery and armored corps engaged the “enemy” and completely destroyed its counter-attack.

The military exercise provided a spectacular sight of a Straits-crossing and landing operation by Chinese forces armed with hi-tech weapons.

The new equipment doubled the might of the army, navy and air force, military analysts said, and advanced the capability of naval vessels and aircraft, while electronic warfare technology gave the PLA sea, air and electronic communication superiority.

Landing ships, hovercraft, helicopters and other modern forms of transportation gave the attack invincibility and a computerized artillery system added more flexibility, they said.

An automated command system connecting troops and headquarters greatly increased the efficiency when combined with pilotless reconnaissance airplanes and a comprehensive intelligence system in the war zone, they said.

Party committees and governments at all levels and the general public in Guangdong and Zhejiang provinces played an active part in the exercises by providing logistic support, demonstrating their determination to work with the military to safeguard national sovereignty and territorial integrity.

Zhang Wannian, Vice-Chairman of the Central Military Commission, said after the subsequent inspections of the soldiers, that Taiwan’s Lee Teng-hui has broken away from the “one China” principle and has been preaching his “two states” fallacy, which has completely exposed his malicious attempts to separate Taiwan from China and destroy the possibility of a peaceful reunification.

He warned Lee that he who plays with fire will get burnt.

“The reunification of the motherland is a historical trend and the goal of all Chinese,” he said.

The PLA, taking the will of the nation as its supreme will and the interests of the nation as its supreme interests, will never tolerate any attempts to divide the country and will never sit idly by to watch even an inch of the territory being taken from the motherland, he said, adding, “The PLA is keeping a close eye on the developments in cross-Straits relations and is ready to crush any evil attempts to separate the motherland.”
**China, US Make Active Efforts for Ties**

A resumption of talks on China's accession to the World Trade Organization (WTO) between China and the United States is positive and significant, President Jiang Zemin said during his talks with US President Bill Clinton in Auckland, New Zealand.

The widely-anticipated summit between them, the first since NATO bombed the Chinese Embassy in Belgrade, Yugoslavia on May 8, took place before the summit of Asia-Pacific Economic Cooperation members. It is expected to "actively" guide the ongoing Sino-US negotiations on the WTO issue.

Jiang said he hopes that the negotiations will be conducted on the basis of equality and mutual benefit, and that the two sides will reach an agreement "at an early date".

He reaffirmed that China, widely-recognized as a developing country, will not sacrifice national interests for membership of the world trade club.

"We will not accept conditions beyond our economic capacity."

Clinton said the United States supports China's desire to join the WTO and hopes both sides will make further efforts to "successfully" complete the negotiations as soon as possible.

The US president also reaffirmed his country's stance on the "one China" policy, adding that the "two states" remarks made by Taiwan leader Lee Teng-hui "had brought about a lot of troubles" for both China and the United States.

Jiang called Lee a "trouble-maker" and a "stumbling block" to the improvement of Sino-US relations. Lee, with his statement, "destroyed the peaceful and stable situation across the Taiwan Straits, sabotaged development of relations across the Straits, hindered the improvement of Sino-US relations and endangered peace and stability in the Asian-Pacific region".

"The Taiwan problem has always been the most prominent issue in Sino-US relations. There have always been some forces in the United States who want to handicap the reunification of China; some conduct of the United States cannot but arouse serious concerns among the Chinese people."

"We will try any possible means to achieve peaceful reunification. But we will never make a commitment to abandon the use of force to safeguard national sovereignty and territorial integrity."

The two sides also vowed to continue to work for the establishment of 21st-century-oriented constructive strategic partnership in their relations.

"Stable and healthy development of Sino-US relations benefits not only the two countries, but the whole world," Jiang said.

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**Book Further Exposes Falun Gong**

A book, entitled Li Hongzhi and His Falun Gong—Deceiving the Public and Ruining Lives, published by the New Star Publishers, says that Li Hongzhi, founder of Falun Gong cult, has repeatedly preached his heretical ideas and fallacies on every possible occasion to deceive his followers.

It discloses that on many occasions Li Hongzhi told his audience, "Mankind on this earth faces inexorable doom. Our planet should have been totally destroyed last year, according to my calculations."

He claimed to have, by his own power, postponed the destruction by 30 years.

Li called his Falun Dafa the "highest Law of Buddha" and the "orthodox law" superior to all religions.

In order to make the practitioners of Falun Gong have total faith in Falun Dafa and abide by the doctrines of his heretical cult, Li Hongzhi forbade practitioners to believe in any other religion.

He said, "Most of the existing religions are fake."

Li adopted all sorts of heretical means to control his practitioners, resulting in the deaths of 1,404 people and seriously damaging the health of many others.
Li Hongzhi and his Falun Gong organization had seriously disrupted public order and encroached upon other people’s freedom of speech and safety, according to the book.

Whenever there was criticism of Li and his cult, they would instigate and organize Falun Gong practitioners to hold illegal gatherings to harass and attack those who voiced their criticisms, the book says.

Since 1996, there were several hundred incidents of Falun Gong people besieging schools, media and publishing institutions, government organs and even individuals’ private homes.

This culminated in April 1999, when the organizers of Falun Gong instigated more than 10,000 people to besiege Zhongnanhai, the seat of the Central Government, in Beijing.

The book reveals that Li Hongzhi had illegally reaped a large amount of dirty money by using Falun Gong, has large amount of savings deposits outside China, and had committed crimes of tax evasion and money laundering.

It also says that when traveling abroad, Li frequented gambling clubs and places that provided sex services.

Li Hongzhi had concocted his life story to deify himself by changing his date of birth from July 7, 1952 to May 13, 1951, because the day was the eighth day of the fourth lunar month, which is believed to be the birthday of Sakyamuni, founder of Buddhism. But the date of birth remained July 7, 1952, on the forms he previously filled out for determining his grade on his unit’s payroll and obtaining his ID cards issued on December 31, 1986 and March 31, 1991, respectively.

**Sino-Australian Relations To Be Enhanced**

China and Australia are ready to strengthen cooperation in multilateral international organizations and on major issues, and will work for the establishment of an equitable and rational international economic and financial order.

This was the common consensus reached between President Jiang Zemin and Australian Prime Minister John Howard in Canberra on September 8.

The two leaders agreed during their meeting to establish a 21st-century-oriented relationship between the two countries of long-term stability, healthy development and all-round cooperation.

They also agreed to establish an annual meeting mechanism.

Jiang expressed his appreciation for Australia’s firm stance on the “one China” policy. He also reaffirmed the Chinese Government’s position to safeguard national sovereignty and territorial integrity.

“China opposes any remarks and activities aimed at separating the nation,” he said.

Howard said that the Australian Government regards its relationship with China as one of the country’s most important, and that Australia attaches great importance to working with China in all sectors.

Howard also expressed Australia’s support for China’s entry into the WTO.

The two leaders attended the signing ceremony of five agreements and memoranda of understanding on consular affairs, mining and combating crime.

At a press conference after the talks, Jiang said China will “on no account” abandon the possibility of the use of force to solve the Taiwan problem should Taiwan seek independence or external forces interfere in this issue which is “purely an internal affair of China”.

He outlined two preconditions for Wang Daohan, President of the Beijing-based Association for Relations Across the Taiwan Straits, to carry out his planned visit to Taiwan. Wang had been preparing to visit Taiwan this year before Lee Teng-hui made his “two states” remarks in July.

One condition is that Lee publicly retracts his “two states” remarks, while the other is that Lee can only receive Wang as leader of the Kuomintang Party, rather than as so-called “president”.

Britain wants to see China in the WTO because Beijing had a major role to play in ensuring long-term strength and stability in the global economy, British Trade Minister Richard Caborn said in London.

“We want to see China in the WTO for China’s benefit, for our benefit and for the benefit of world trade.

“Membership would ensure that China’s trade partners enjoy improved market access and a stable environment for investment and trade. It would also provide China with more secure access to global markets.”

Signaling Macao’s return to the motherland in 100 days, 1,999 homing pigeons whistled into the sky from the ruins of St. Paul toward Guangzhou on September 9.

“The pigeon racing leads us closer to Macao’s return, and reminds us of the voice of peace that belongs to the new century,”
said Zong Guangyao, Deputy Director of the Macao Branch of Xinhua News Agency. Macao’s return on December 20 marks the second step in China’s reunification, following Hong Kong’s handover in 1997.

Wang Qiren, Director of the Macao Branch of Xinhua News Agency, said when he met with the press in Macao the next day, “It is not just a matter for Macao. It электrifies all Chinese people.”

“Small though it is, Macao serves as a bridge in the eventual reunification.”

He said the “one country, two systems” model would apply to Taiwan as well.

“It is self-defeating for Lee Teng-hui to alienate Taiwan from the motherland.”

“We must bear in mind that there is only one China,” said Ma Man-kei, a famed local entrepreneur and Vice-Chairman of the National Committee of the Chinese People’s Political Consultative Conference.

He said that everything is negotiable under the “one China” principle.

Ma’s words sought to clear worries by some people from Taiwan and the West that China might fail to honor its promise of accommodating capitalism once Taiwan is reunited.

“From the perspective of Macao, I believe our autonomy will be guaranteed,” he said. “The Basic Law for the Macao Special Administrative Region is practical and well-negotiated.”

Beijing has officially established a 2008 Olympic Bid Committee, consisting of 76 members headed by Beijing Mayor Liu Qi.

Liu said at the founding ceremony at the Great Hall of the People that Beijing is confident of victory in the new bid. A Beijing victory will not only be an honor for the Chinese but also help the Olympic movement.

Six years ago in Monte Carlo, Beijing lost by two votes to Sydney in the race for the 2000 Olympics.

The International Olympic Committee will decide in September 2001 which city will host the 2008 Olympic Games. The other cities vying for the 2008 Games are Paris, Osaka, Cairo, Kuala Lumpur, Istanbul, Buenos Aires, Lisbon, Seville and Toronto.

China’s longest tunnel, the Qinling Tunnel on the Xi’an-Ankang Railway in Shaanxi Province, has been cut through. It is a milestone symbolizing a great improvement of China’s technological level in building super long tunnel.

Located between the Qingcha and the Yingpan railway stations, the tunnel is 18.46 km long, the second longest in Asia and sixth in the world. It extends from north to south through the Qinling Mountain.

After a journey of 14,280 nautical miles from the North Pole, the Snow Dragon docked in the Xinhua Harbor in the Pudong New Area, Shanghai.

Completing a 71-day scientific research project in the Arctic, China’s first in the area, the 124 researchers have brought back with them a wealth of research results. They were greeted by a welcoming band and 1,999 balloons flying high in the sky.

The voyage accomplished the three tasks planned for the mission—water mass exchange in the Arctic and north Atlantic oceans, research into the impact of ecological systems and marine biology resources in the Arctic on the country’s fishing industry, and the North Pole’s influence on global climate change, said Chen Liqi, leader of the scientific investigation team.

The Snow Dragon, having little time to take it easy, will go on China’s 16th voyage to the South Pole in November, said Yan Qide, deputy leader of the team.

SPOTLIGHT

Chinese Director Wins Golden Lion Prize

ot One Less, a Chinese film directed by Zhang Yimou, won the Golden Lion Prize for best movie at the 56th Venice Film Festival in September.

The film tells the story of a substitute teacher in a Chinese village who tries hard to bring back to school a boy unable to attend classes.

Zhang says that it is the most satisfying film he has ever directed.

“It illustrates my concern for all the school children in China. I hope all the people who see this film will be touched because the emotion expressed in it is borderless and is not restricted by politics,” he said at the film festival’s press conference.

This is the third time that Zhang, a famous Chinese director, has won a prize at the Venice Film Festival. His Raise the Red Lantern won the Silver Lion Prize in 1991. One year later, he won the Golden Lion Prize for the film Qiu Ju Goes to Court.

Zhang has won other prizes at international film festi-
Further Cooperation Needed For APEC's Development

On September 13, Chinese President Jiang Zemin attended the 7th Asia-Pacific Economic Cooperation (APEC) Informal Leaders' Meeting in Auckland, New Zealand and delivered a speech. The following is the full text of it.

Prime Minister Jenny Shipley,
Fellow Colleagues,

It gives me great pleasure to come to the picturesque city of Auckland and attend this meeting. May I begin by expressing my heart-felt thanks to Prime Minister Shipley for her kind invitation and to the Government of New Zealand for its thoughtful arrangements for the meeting.

This year marks the 10th anniversary of APEC. Over the decade, thanks to the joint efforts of all its members, our organization, adhering to its purpose of promoting economic cooperation and achieving common prosperity, has grown in strength and become one of the most important economic cooperation organizations in the Asia-Pacific and even in the entire world. Taking a review of APEC's course of development, I think there are five points that lead to its success and that we could draw on.

First, APEC should keep to its nature as an economic forum and focus on promoting the regional economic cooperation. This is essential for APEC to play a positive role and maintain its vitality.

Second, APEC has gradually developed a unique cooperation approach of its own, i.e., the universally recognized “APEC approach”. This approach recognizes diversity and stresses voluntariness, consensus, flexibility and gradual progress. Practice proves that these principles are important factors ensuring development of economic cooperation among APEC members in the right direction.

Third, given the diversity of APEC members, APEC, instead of imposing uniformity, has worked out two timetables for the implementation of trade and investment liberalization, taking into account the disparity of economic development levels of its members and their different capacities to withstand the impact that the liberalization process may produce.

Fourth, APEC should attach importance to ECOTEC and take measures to promote scientific and technical exchanges, cooperation and technology transfers and boost cooperation in other areas such as the development of infrastructure and human resources so that APEC's two wheels—ECOTEC and trade and investment liberalization—can move side by side and jointly bring APEC forward.

Fifth, APEC members should conduct more studies and discussions on financial issues in the light of changing circumstances and take relevant measures to maintain normal financial order and jointly prevent financial risks.

The 20th century is coming to an end and the new century is dawning upon the world. Where should APEC go in the new era? This is a question that the leaders and members of APEC are pondering over now. The Asia-Pacific cannot develop in isolation of the rest of the world. At present, the international situation is, on the whole, still developing a relaxed demeanor. But the world is not yet tranquil. Neither of the two major tasks of the world, namely peace and development, has been accomplished. Moreover, they are faced with new challenges. Destabilizing and uncertain factors have visibly increased. It is widely felt that the world we live in is far from peaceful. Under such complex circumstances, we the leaders are all the more required to work unwaveringly to promote the lofty cause of peace and development in the fundamental interests of the people of our own nation and of the world. And in keeping with the historical trend, we should build our homeland of the Asia-Pacific into a region of peace, stability, development and prosperity in the 21st century. There are now two tasks before APEC: One is to firmly maintain peace and stability in the Asia-Pacific region; the other is to further promote the economic growth of the region. APEC can and should exercise its role in these two aspects. I think that in order for APEC to maintain its vitality and make greater contributions to regional and world economic prosperity, we should do a good job in the following six areas:

First, actively promote common economic prosperity in the Asia-Pacific region. All members of APEC have been affected by the Asian financial crisis to a varying extent, and some members have suffered enormous losses. It is therefore a most pressing common task to overcome these adverse impacts and promote common progress of all member economies. APEC members, developing members in particular, should continue to strengthen the adjustment and reform of their respective economic structures. In the meantime, the developed members on their part should make vigorous efforts to provide favorable conditions, such as implementing a
positive and responsible fiscal and monetary policy and maintaining the stability of major currencies, so as to help create a good environment for an all-round development and prosperity of the Asia-Pacific economy. APEC should play its part in strengthening coordination and dialogues on macro-economic policies among its members, especially between developed and developing members, and in minimizing any possible negative impact of economic globalization.

Second, actively deepen regional economic and technical cooperation so as to lay a solid foundation for medium- and long-term development of the Asia-Pacific. APEC members should always bear in mind their long-term interests in their pursuit of economic growth. They should place more emphasis on strengthening their own capacity and pay greater attention to addressing the deep-rooted problems that hinder the long-term regional economic development. APEC should seek substantial progress in ECOTEC. To be more specific, it should strengthen cooperation in areas such as scientific and technical exchanges, human resources and infrastructure development, improve the investment and trade environment so as to ensure a stable and sustained development of the Asia-Pacific economy.

Third, actively and steadily push forward the process of trade and investment liberalization and promote a sound development of the multilateral trading system. Considerable progress has been made in the process of APEC trade and investment liberalization. To participate in the process, developing members have made a great effort to overcome many difficulties. It is regrettable, however, in the aftermath of the Asian financial crisis, trade protectionism of various sorts targeted at developing countries has made a comeback. This is detrimental not only to the economic recovery of the crisis-stricken members, but also to the development of the multilateral trading system. And it will do no good to the developed members either. APEC members, especially the developed ones, should proceed from the overall interest of the regional economic cooperation and take effective measures to curb trade protectionism, further open their markets to developing members, and expand regional trade. The World Trade Organization (WTO) has played an important role in the growth of global trade, but it is still not as complete and broadly representative as it should be. As an organization that carries considerable weight in international economic affairs, APEC should contribute to the protection of interests of all its members and the improvement of the multilateral trading system.

Fourth, actively strengthen the cooperation in the international financial field and promote the establishment of a new, fair and rational international financial order. Finance is the core of modern economy. The stability of international finance bears on the immediate interests of all APEC members and the stability and development of the regional economy. To ward off financial risks and prevent the recurrence of a financial crisis is an important task for all members. In view of this, the financial order should be reformed and improved, and efforts should be made to ensure a safe and orderly operation of the international financial market. In this connection, the developed members should make greater efforts to strengthen the monitoring and regulation of international capital flow, check any excessive speculation of international hot money, and help developing members enhance their ability to forecast and fend off such speculation. In the meantime, the choice independently made by countries of regions concerned on how to overcome the impact of financial crisis should be well respected and no country should seek to impose its own system and modality on others.

Fifth, firmly adhere to the right development direction of APEC and maintain the vigor and vitality of the organization. APEC has developed its unique “APEC approach” which is different from any other organization. Adherence to this approach will lead APEC to growth. Any attempt to change or abandon it will inevitably result in difficulties and setbacks for the development of APEC. Whatever happens, we should stick to the basic principles of APEC, for only by so doing can we make a greater contribution to the stability and prosperity of the Asia-Pacific region.

Sixth, actively press ahead with the mutually beneficial cooperation among APEC members. The decades following the end of World War II witnessed a rapid rise of Third World countries. The developing countries and regions in East Asia, in particular, have created world-impressive economic miracles. Although developing countries are still faced with many difficulties, they are and have always been an important force in the international arena. With vast territories, abundant resources and a large population, developing countries have enormous potential for development. To strengthen South-South cooperation is the common aspiration of all developing nations. It is also an important issue in today’s international relations and represents the direction of historical development and a symbol of world progress. The developing members of APEC should all give full play to their respective strong points and complement each other with their advantages. They should also develop and conduct a wide-ranging South-South economic cooperation and promote common development and common prosperity.

We are pleased to note that thanks to their hard work over the past two years, the crisis-hit economies of some of the Asia-Pacific countries have bottomed out, and are gradually recovering and moving in a good direction. This is an encouraging development. Let us join hands and seize this opportunity. Let us strengthen mutual coordination and cooperation in light of our actual conditions and make unremitting efforts to promote all-round economic development and prosperity of the Asia-Pacific.

Thank you.
A t the routine press briefing on September 7 and 9, Chinese Foreign Ministry Spokesman Sun Yuxi announced that at the invitation of Chairman Li Peng of the Standing Committee of the National People's Congress, a delegation from the Senate of France headed by its President Christian Poncelet would pay an official goodwill visit to China September 13-18.

At the invitation of Premier Zhu Rongji, Greek Prime Minister Kostantinos Simitis would pay an official visit to China September 15-21.

The spokesman then answered reporters’ questions.

Q: It is reported that the Japanese rightists again landed on China’s territory, the Diaoyu Island. What is your comment on this?

A: On September 5 three members of Seinensha, a Japanese right-wing organization, outrageously landed on the Chinese territory of the Diaoyu Island, seriously encroaching upon Chinese sovereign territory sovereignty. On September 7 the Chinese Foreign Ministry made solemn representations to the Japanese Government and expressed strong indignation over this incursion.

It is a widely known fact that Diaoyu Island and the adjacent islands have been China’s intrinsic territory since ancient times, and the Chinese side has an indisputable historical and legal basis for this. The Japanese Government, disregarding the important consensus on the issue of Diaoyu Island and its promises on it up to now, has allowed the rightists to encroach on Chinese sovereign territory. We therefore expressed our strong dissatisfaction.

The Chinese side demands that the Japanese side should immediately adopt measures to severely punish troublemakers, remove the bad influence, practically do what it promised to prevent similar incidents from happening.

Q: The Democratic People’s Republic of Korea recently announced its new maritime military control zone. What is the Chinese side’s comment on this? Will this create a tense atmosphere between South and North of Korea?

A: We hope that all the relevant parties will properly resolve this issue through dialogue and consultation in order to safeguard peace and stability on the Korean Peninsula.

Q: What’s your comment on the situation of East Timor?

A: We have noticed that according to the agreement reached by Indonesia, Portugal and the United Nations the referendum in East Timor has a result announced by the UN secretary-general. The relevant parties including Indonesia considered the voting fair. The Chinese side respects the decision of the East Timorese. We hope that all the parties concerned will continue to make efforts for maintaining stability in East Timor.

Spokesman Sun Yuxi.

This year the UN Security Council has debated the issue of East Timor many times and last May it passed a resolution to send a UN special mission. A few days ago the Security Council sent a special delegation to Indonesia with the agreement of the Indonesian Government. China hopes that with the efforts of all the parties the situation in East Timor will return to normal as soon as possible.

Q: Recently an official of the US State Department claimed in a seminar that the tension across Taiwan Straits cannot entirely be attributed to Lee Teng-hui. China’s use of force against Taiwan will probably arouse political and military reaction from the United States and may even lead to a war between the two countries. What is China’s reaction toward this?

A: As is well known, the tense situation across the Taiwan Straits has been completely created by Lee Teng-hui. Lee’s perverse acts have been strongly opposed and adamantly condemned by the Chinese people. Recently the US Government and leaders have repeatedly reaffirmed their “one China” policy and observed three Sino-US joint communiques and relevant commitments.

A few days ago a few US officials, with a total disregard for the facts, made irresponsible remarks regarding the relations across the Straits and wrongly blamed China. This is extremely irresponsible and also a wanton interference in China’s internal affairs. The Chinese side expressed strong dissatisfaction with and firm opposition to it.

The issue of Taiwan is an internal affair of China and brooks no foreign country’s intervention. The determination of the Chinese Government and people is firm and unshakable. We demand that the US side honor the three Sino-US joint communiques and relevant commitments and make no comment or do anything to encourage the arrogance of the Taiwanese independence forces.

Q: Did China discuss with United States about the issue of its nomination of former Pacific Commander Admiral Joseph Prueher as the new ambassador to China?

A: The Chinese Government agreed to Washington’s nomination of him as the new ambassador to China.

Q: What is your comment on the report to the US Congress by the US State department accusing China of persecuting religious groups?

A: The US State Department report to Congress is groundless, which wantonly interferes in China’s internal affairs.

Falun Gong is not a religious organization, but an anti-science, anti-humanity and anti-society group which falsely uses Buddhism, Taoism and Christianity to describe its philosophy. The Falun Gong cult poses a serious threat to society and is adamantly opposed by the people, particularly by religious personages.

To improve the implementation of the policy of religious freedom and defend normal religious activities, the Chinese Government outlawed the cult. The ban is an act firmly supported by people in religious circles and those with religious beliefs.

The overwhelming majority of Falun Gong practitioners have been freed from the cult, and no question about them will be raised in this regard. Nobody in China is detained or arrested because of religious beliefs.
Changes in 50 Years

The following series of articles indicate the fundamental changes that have taken place in China since the founding of the People’s Republic in 1949, including rapid economic growth, increases in comprehensive national strength, and improvement in the living standards and way of thinking of the people.—Ed.

by Tong Ji and Bei Qing

Rapid Economic Growth

A short time ago, the National Bureau of Statistics released a series of analysis reports, using detailed statistics to introduce the tremendous changes in New China’s economic and social progress over the past five decades.

- Rapid economic growth and noticeable increases in comprehensive national strength. In 1952, China’s GDP was only 67.9 billion yuan. In 1998, it soared to 7,955.3 billion yuan, representing an average annual growth rate of 7.7 percent when allowing for price rises (see Chart I). The rate greatly exceeded the world average level of 3 percent during this period. The rapid economic growth has significantly narrowed the gap between China and advanced countries worldwide. According to a World Bank estimate, in 1997 China’s GDP ranked seventh in the world following the United States, Japan, Germany, France, Britain and Italy.

- Gradual readjustment and optimization of the economic structure. Of the GDP, the proportion of the primary, secondary and tertiary industries was changed from 50.5 percent, 20.9 percent and 28.6 percent respectively in 1952 to 18.0 percent, 49.2 percent and 32.8 percent in 1998 (see Chart II). In line with an overall analysis, China’s industrial structure has entered an upgraded and advanced stage.

- All-round development of agriculture, forestry, animal husbandry and fishery. The added value of agriculture jumped from 34.3 billion yuan in 1952 to 1,429.9 billion yuan in 1998, registering a rise of 3.5 fold and an average annual growth of 3.3 percent when taking price increases into account. With 10 percent of the world’s cultivated land, China has solved the problem of feeding and clothing 22 percent of the global population.

Farming: The total grain output
rose from a little more than 100 million tons in 1949 to more than 490 million tons in 1998, ranking first in the world (see Chart III). The per-capita grain output increased from 288 kg in 1952 to more than 400 kg in 1998. The output of cotton totaled 4.5 million tons in 1998, the largest in the world.

Forestry: The stabilized area of manually planted forests now exceeds 34.26 million hectares, ranking first in the world. The forest coverage rate has increased from 12 percent in the late 1970s to 14 percent in the 1990s.

Animal husbandry: The total output of pork, beef and mutton was merely 3.39 million tons in the early years after the founding of New China. In 1997, however, it reached 40.9 million tons.

Fishery: The output of aquatic products jumped from 1.66 million tons in the early 1950s to 39.06 million tons in 1998.

- Constantly expanding industrial scale. Between 1949-98, in terms of comparable prices, the total industrial output value rose on an average 13.6 percent annually. Between 1952-1998, the industrial added value rose by 158 times, the original value of fixed assets increased by 498 times, and the number of industrial enterprises grew by 46.8 fold (see Chart IV).

Compared with the early years after the founding of New China, the output of major industrial products has increased by several dozen to several hundred fold, with that of steel, coal, cement, chemical fertilizer and television sets ranking first in the world since 1996.

In 1998, industry took 42.2 percent of the GDP and contributed 586 billion yuan worth of taxes to the State. Between 1991-95, on an average, 46.2 percent of the country’s annual financial revenue came from industry.

- Considerable development of the tertiary industry. The added value of transportation and posts and telecommunications sectors surged from 2.9 billion yuan in 1952 to 502.9 billion yuan in 1998, showing an actual rise of 42.5 times and an average annual growth of 8.6 percent when allowing for price rises.

The volume of freight transportation increased from 161 million tons in 1949 to 12.64 billion tons in 1998, up 78 fold, while the volume of passenger transportation averaged 11 trips per person each year.

The added value of banking and insurance sectors multiplied from 1.1 billion yuan in 1952 to 401.7 billion yuan in 1996.

- Noticeable improvement in infrastructure facilities. Since 1950, the country has invested 17,725.1 billion yuan in fixed assets (see Chart V). Of this, 7,212.5 billion yuan has gone to capital construction and
3,251.6 billion yuan to technical renovation. More than 1.3 million capital construction projects have been completed and put into operation, including more than 6,200 large and medium-sized ones.

Irrigated areas nationwide expanded from 19.96 million hectares in 1952 to 51.24 million hectares in 1997.

The railway system extended from 21,800 km in 1949 to 57,600 km in 1998, while the mileage of highways opened to traffic increased from 80,700 km in 1949 to 1.28 million km in 1998. By 1998, the civil aviation sector had opened 1,122 international and domestic routes.

The posts and telecommunications sector has established public telecommunications and postal networks reaching all corners of the world. The telephone switching capacity rose from 470,000 lines in 1950 to 138 million lines in 1998, with the network scale ranking second in the world. In 1998, the country registered 23.86 million subscribers to mobile telecommunications services.

- Remarkable improvement in living standards. The residents' actual consumption level rose from 80 yuan in 1952 to 2,973 yuan in 1998. Among the urban residents' living expenses, those on food and clothing dropped from 80 percent in the early years after the founding of New China to 55.6 percent in 1998. The ratio for rural residents also declined from more than 90 percent to 59.6 percent.


The country's foreign exchange reserves multiplied from US$2.15 billion in 1979 to US$144.96 billion by the end of 1998, coming second in the world.

Between 1978-98, the country used US$406.9 billion of foreign capital and approved more than 330,000 foreign-funded projects. The average scale of foreign investment increased from US$1.22 million in the early 1980s to US$2.63 million in 1998.
As time passes by, ordinary Chinese people’s concept about employment changes.

In the 1950s, many thought the best was to be a worker, in the 1960s, they vied for joining the army, in the 1970s, they were keen on acquiring a university diploma, and in the 1980s, their favorite choice was to study abroad or go into business. In the 1990s, people say there are numerous opportunities.

For the Chinese in the 1950s, employment meant entering a State-owned factory. Workers enjoyed various benefits in addition to their salary, such as housing, medical care, labor protection, and pensions. In a word, enterprises would take care of all the workers’ needs. Unlike farmers, workers had an “iron rice bowl” (a secured living).

Liu Shun, a retired technical worker, got a job in a State-owned cotton mill in 1952. He recalled, “I entered the factory when I was 19. I hadn’t had any schooling, and I learned to read and write at our factory’s night school. I was a spinner and had to tend 32 machines. Although the work was tiring, I earned some 50 yuan a month. That was a fairly good pay at that time.”

In the early years of New China, the country practiced centralized distribution of the labor force, all employment was arranged by the Government. Low wages and wide employment were the basic principles aimed at “everyone being secured a living and everyone having a job” so as to ensure social stability. And those who had a job normally stayed for life.

After the “cultural revolution” (1966-76) started in the 1960s, most middle school graduates were required to go to the countryside. Joining the army became a popular means of escaping the hardship in rural areas. In addition, for rural youths, joining the army could help change their farmer status. After their military service, they could settle down in urban areas and get a permanent job.

In the 1970s, with the end of the “cultural revolution”, the college entrance examination system was restored. Even now, many people, the same age as the People’s Republic, cannot forget that warm winter’s day in 1977. Hundreds of thousands of candidates sat in the examination rooms, finally having an opportunity of fair competition since start of the “cultural revolution”. From 1977 to 1979, a total of 18 million registered for the examination, while universities nationwide only recruited 880,000, an admission rate of 5 percent. However, this intense competition changed the successful people’s lives.

It is well within the memory of Guo Fang who is now with the Chinese Academy of Social Sciences. “Only one month after I returned from the countryside, I
is that sunny winter’s day when I participated in the college entrance examination. That enabled not only me but also our country to start a ‘new class’.”

In September 1986, the State Council promulgated four regulations concerning labor system reform, which involved worker recruitment, unemployment insurance, labor contract system and dismissal of workers in the State-owned enterprises. This changed the “iron rice bowl” type employee-employer relations practiced for more than 30 years. At the same time, special economic zones became the focus of nationwide attention. Financial benefit became an important consideration when young people looked for jobs, and they had an increasing awareness of commodity economy.

entered my name for the examination at Beijing’s Changqiao Subdistrict Office. Many years later, I found out that I was the first of that year among all Beijing’s examinees in aggregate scores. I was admitted to Peking University, and was later a successful candidate for a Master’s degree and Doctorate, also with the highest marks. I have also studied in London and Paris, but I my fondest memory

Modern production line in an economic development zone.

In the 1980s, many young farmers began pouring into urban areas to find jobs.

The idea of “going in for business” made those who were dissatisfied with their working conditions eager to try. The economic development and social changes formed a pressure on government employees. They found more arenas where they could fully display their talents, and many took the lead to come out of the crowded officialdom. Some engaged in business, some opened enterprises. Meanwhile, college graduates either had advanced studies, or went to study abroad, or became employees in foreign-funded enterprises. Government institutions were no longer their sole option.
In the 1990s, everyone faces the problem of re-employment, and personnel exchange markets have mushroomed.

In the 1990s, the deepening reform has brought about more radical changes to society. Barriers between urban and rural areas and between different industries, regions and ownerships have been broken down. Society has been enlivened, and people begun moving.

Farmers come into cities, urbanites go to the countryside, students run companies, former government employees do business, and civil servants return to campuses. These are popular in China today. In March last year, the National People’s Congress approved the State Council’s institutional restructuring program. With the removal of 20-plus ministries and commissions, numerous civil servants needed reemployment. In fact, everyone faces this problem nowadays for the “iron rice bowl” is a thing of the past.

More and more Chinese people now look upon re-employment as a challenge as well as an opportunity. It has become increasingly clear: no job for life, no “iron rice bowl”, no dependence on Government for employment, no attachment to one’s work unit, and no disgrace on the self-employed.

Reform has created unprecedented opportunities, and an increasing number of ordinary people now have the freedom to choose and create their own destiny.

Housework: From Burdensome to Easy

For thousands of years, Chinese women were held up by household chores. Their family role consisted of washing clothes, cooking and looking after children.

After the founding of New China, the State put forward the goal to develop social services, aiming to enable women to get out of the house and become part of society. Women’s employment rate thus increased.
In the 1960s, sewing-machine was regarded a luxury article for daily use.

In the 1970s, washing machines appeared on Beijing’s market.

In the 1980s, various household electrical appliances began to enter the homes of ordinary residents in the 1980s. The emergence of labor service companies has pushed forward the social housework service undertakings. Now, housework has become easier, some even regard it as one of the joys of daily life or a chance for physical exercise.

Liu Cuizhen, a 64-year-old research institute retiree, recalled her experiences. The change in her housework over the past 50 years epitomizes tens of millions of ordinary families.

Liu Cuizhen: Before I moved to Beijing in 1957, I lived and worked in Shanghai. The first thing I did every morning was to light the stove. At that time, we didn’t have honeycomb briquette, we used charcoal or eggette. Every family in our courtyard had to re-light the fire which produced a lot of smoke. Another thing we did at four or five o’clock every morning was to empty and clean the nightstools. So our day always began in a cloud of irritating smoke and a patter of sounds cleaning nightstools.

Then families had more members, and so the household chores increased. Due to low salaries, most families couldn’t afford to hire a maid. We had to do everything ourselves, washing clothes, cooking, looking after the children, sewing and cleaning the house.

Every afternoon when I got back from work, I immediately went into the kitchen and stayed there for nearly two hours, cooking for the big family. After dinner, I had to do other household chores, such as making clothes and shoes. Then, we worked six days a week, and on Sundays we seldom had time to take children for an outing. It took nearly half a day to wash the clothes. We used a wooden basin and washboard. To make the work less tiring, housewives in the same courtyard often gathered together, chatting while washing. Many women of my age have back complaints, which are the direct cause of the heavy housework from that time.

In the 1960s, I bought a sewing machine which was considered a luxury article for daily use. This made clothes making easier. Neighbors admired me, some often came to my house to use it.

In the late 1970s, I bought a semi-automatic washing machine, which was a tremendous help. It’s no longer difficult washing big heavy sheets, and it saved both time and effort.

In the 1980s, the achievements of
reform and opening made our life easier and easier. Various household electrical appliances appeared in my kitchen. The electric cooker is my favorite way of cooking. Using it, I need not worry about the duration and degree of cooking. I just put rice and water in it and insert the plug in a socket. In the interim, I can wash and stir-fry vegetables. The cooking time is shorter.

The refrigerator has enabled us to have fresh vegetables without making daily trips to the market. During the summer we can also drink home made cold drinks.

In the 1980s, with the emergence of removal companies, housework service undertakings developed rapidly.

In the 1980s, various household electrical appliances appeared on the market. For instance, the output of washing machines increased from 400 units in 1978 to more than 10.46 million units in 1988, and that of electric kitchenware, such as electric cookers, from 36,400 units in 1978 to 6.05 million units in 1988. This greatly improved the automation level of housework.

To help the couples who are both employed take care of children and senior family members and do housework, the Beijing March 8 Service Co. was established in 1984, and it recruited housekeepers from around the country. Then, Beijing's housekeeping labor market was flourishing. At that time, most maids came from the countryside, and maid exporting even became a way of some poor rural areas to reduce poverty. A survey in the 1980s showed maids from Hedian Township of Wuwei County, Anhui Province, sent home nearly 200,000 yuan a year.

The initial form of social service for housework emerged in the late 1980s, with the establishment of the Beijing Li Kang Removal Co., the first specialized service company. Since then, household service undertakings have developed rapidly. Among the household services, part-time helpers are the most popular. They can do anything you wish, from washing clothes, cooking and cleaning the house to baby-sitting and taking care of the elderly.

Other specialized services offer more convenience. Launderies help you with the washing, and you can buy ready prepared and cooked food in the supermarket. Service for day-to-day housework is a big market with a bright perspective. A survey of 720 household in eight urban districts of Beijing shows this market has a potential of 1.67 billion yuan.

For cooking we now use gas instead of coal, and I no longer have to worry about making a fire.

In the last decade, we bought more household electrical appliances, such as a microwave and electric oven, an electric food processor and a kitchen utensil sterilizer. We have also changed to an automatic washing machine.

Labor and community service companies have made our housework more convenient and easier. Whenever we have trouble we only need to make a phone call, and somebody will come to help.

I was afflicted by a serious illness in 1997. Through the community service center, we soon hired a maid. When I recovered and did not need so much help, we replaced the full-time maid with part-time helper.

After doing so many years of housework, I can relax now and easily enjoy my remaining years.
Home Money Management: From Depositors to Investors

As the century nears its end, many ordinary Chinese find a new “troublesome concern” i.e. what to do with their spare money. “How can I make a profit? By putting it in the bank or investing it in stamps or stocks?” They may not realize that such trouble is not such a bad thing, because it indicates the purses of ordinary residents are swelling, and their life is prosperous.

During the 1950s, saving was considered a reflection of one’s political consciousness. To raise funds for construction, the State made five issues of national economic construction bonds during the 1954-58 period. Although most people’s circumstances were not easy, they responded to the issues enthusiastically. Their only thought was to give their contribution to the country’s construction. At that time, putting savings into the bank was regarded as an act of patriotism.

Practicing diligence and thrift was advocated in the 1960s. People put their limited earnings into the bank. However, there were many others hiding their savings at home, because they considered it to be the safest place and because bank interest was seen as income from exploitation in those days. Some banks even had two separate counters, one for interest bearing deposits and another for interest free deposits. This not only formed a peer pressure on depositors, but also affected bank savings balance.

Given this, the People’s Bank revised the regulations on deposit, for the first time putting forward the deposit principles—voluntary deposit, free withdrawal, deposit producing interest and guaranteeing the secrecy of the depositors’ savings balance. Since then, bank interest has been regarded as a legitimate source of income.

After the mid-1970s, the national economy was improving. Those who were born around 1949 went to work, easing their families’ financial burden. Many people became better off. They put their limited savings into the bank, to accumulate enough money to buy the then three luxury articles, namely, a bicycle, a watch and a sewing-machine.

Personal investment in the true sense actually appeared in the last two decades. While banks remained the chief outlet for people’s surplus money, other channels for money value guarantee and personal investment mushroomed in the 1980s, and some large futures trading markets have appeared in recent years.

State treasury bonds. China issued State treasury bonds in 1981, the first since it stopped such issues 20 years ago. At first the bonds were sold through administrative apportionment. The lack of securities secondary markets affected the circulation of State treasury bonds, and thus people were not keen on buying them. Later, the State gradually opened the treasury bond market. The enhanced circulation and higher interest rates made these treasury bonds gilt-edged securities to many people, and the purchase and trading of State treasury bonds became pop-
In the 1990s, computers are widely used in banks, and automatic deposits and withdrawals have been realized in many big cities.

More and more ordinary residents have become new share-holders.

Stamps. As more and more people became enthusiastic philatelists, some discovered that this was also a way to make money. Therefore, many people could often be found in front of post offices, trading stamps, and those small stamps began to have a price beyond their face value. For instance, a complete sheet of Monkey stamps (80 pieces) with a face value of 6.4 yuan could sell for 21,000 yuan. Some people even published a special newspaper in Guangdong, printing market prices of stamps. They bought stamps from stamp suppliers and sold them to stamp collectors, some earned as much as several million yuan from this.

Coins and antiques. Like stamps, coins, ancient or modern, calligraphy and paintings of celebrities and antiques were widely considered items which guaranteed value for money and appreciation. However, investing in them required financial strength as well as appraisal ability. Thus, few people can afford the risk.

Stock market. Among various investment channels, the stock market was the most flourishing. In 1984, the Feile Audio Co. was established in Shanghai, and sold 10,000 shares (50 yuan per share) to the public through the Shanghai Branch of the Industrial and Commercial Bank of China. This was the first stock issue since China introduced the reform and opening-up policy, startling securities markets worldwide.

However, it took several years for ordinary citizens accept and begin to favor stocks. When the Shenzhen Development Stock was issued in 1986, Party members and government employees were required to buy, and they were told it was a political task. At that time, stocks were pieces of paper in different sizes and color and printed with the names of the stock, the issue company and its value. When some people took home a pile of such paper, exchanged for their cash savings, they didn't take them seriously. Few of them thought the price of the pieces of paper could increase as high as 100-fold later, and some became millionaires before they knew it.

A few years later, more and more people realized investing in the stock market was a golden way of making money. So whenever a new stock was about to be issued in Shenzhen, there were always long queues in front of the stock exchange waiting to subscribe. And, transaction sites and means were also greatly improved nationwide.

Since the early 1990s, more channels for personal investment have emerged, such as insurance purchase and foreign currency dealing. With the number of people returning from abroad increasing, more and more ordinary Chinese have foreign currency. And some have begun to learn foreign currency trading.

More recently, the Internet has been involved in household financial management. Online investment and stock dealing will become new ways of personal investment.
Arch Traitor of Taiwan People’s Interest

RENMIN RIBAO
(People’s Daily)

A signboard favored by Lee Teng-hui is his “public opinion” shield whenever he preaches his separatism. He likes to give himself the credit being a guardian representing and protecting the interests of the Taiwan people. With his “two states” fallacy expressed, he alleges that it “fully represents” the voice of the 22 million Taiwan people. But numerous facts about Lee Teng-hui have clearly demonstrated that this is contrary to the real situation.

Investigations by four authoritative Taiwan poll investigation research centers, including the Taiwan University of Political Science and the Sun Yat-sen University Poll Investigation Research Center, into 20 public opinion polls conducted with regard to national reunification or “Taiwan independence” since 1994 show that the majority of people in Taiwan hope to maintain the status quo and a stable cross-Straits situation of peace between Taiwan and the mainland. So, shortly after Lee Teng-hui dished up his “two states” fallacy last July, 107 scholars and professors in Taiwan issued a joint statement pointing out that Lee’s “two states” statement in no way represents the opinion of the 22 million Taiwan people.

Maintaining the “status quo” hoped by the Taiwan people means peaceful cross-Straits relations, a stable social environment and sustained economic development in Taiwan. This is in the interest and meets the demand of the Taiwan people.

But Lee Teng-hui’s “two states” fallacy has most seriously deteriorated cross-Straits relations and has brought about the thorough demolition of the living environment for the Taiwan people.

Formerly, due to the concerted efforts made by compatriots on both sides of the Taiwan Straits, there had already arisen a situation of increased cross-Straits contacts, exchanges and cooperation. Following the “one China” principle, cross-Straits dialogues in political, economic and other fields were expected to be deepened. But at the moment, Lee Teng-hui, with his “two states” fallacy, completely undermined the basis for all development or improvement to that end. Lee Teng-hui has, with his fallacy, closed the door for any development of cross-Straits contracts and exchanges or dialogue between the Beijing-based Association for Relations Across the Taiwan Straits (ARATS) and the Straits Exchange Foundation for a peaceful resolution to cross-Straits divergencies. No doubt, Lee Teng-hui’s “two states” fallacy has directly inflicted great damage to the interest of the Taiwan people. It will most seriously affect the economic development of Taiwan.

As people are aware, the prerequisite for economic development lies in a stable political and social environment. This is all more so for Taiwan since it has developed an export-oriented economy. If a tense cross-Straits situation should occur, Taiwan’s economy will suffer great losses. This is demonstrated by the crisis that struck the Taiwan Straits in 1996 and the crisis now arising from the “two states” fallacy of Lee Teng-hui.

Since last July, when Lee Teng-hui dished up his “two states” fallacy, stock markets have experienced a general drop in price. Within one week, it had plummeted 1,500 points and with this a great cut in the amount of transactions. The same thing also happened to all futures markets in Taiwan. People fought for buying foreign exchange. The over 10 million stockholders in Taiwan have suffered as a direct result of Lee Teng-hui’s “two states” fallacy. Because people are losing confidence in the future, many have tried every possible means to move their personal property abroad. Financiers fear that the “two states” fallacy will give rise to a most serious outflow of capital from Taiwan. Many foreign investors have even stopped conducting business or investing in Taiwan not only for economic reasons. It is also because they do not want to involve themselves in any risks brought about by Lee Teng-hui’s “political gambling”.

In recent years, Taiwan has achieved fairly fast economic growth and this was to some extent attributed to stable cross-Straits economic exchanges and cooperation. Up to the end of 1998, cross-Straits trade had topped US$140 billion—Taiwan enjoyed a surplus of over US$90 billion, equivalent to Taiwan’s foreign exchange reserves accumulated in recent years. Without such a trade surplus, Taiwan will inevitably suffer a large trade deficit. At present, development of economic globalization and various regional economic groups offers a rare fine opportunity for cross-Straits economic cooperation and common development. But a tense situation between the two sides on the Taiwan Straits will seriously obstruct this trend of development. Many businessmen from Taiwan complain that Lee Teng-hui’s “two states” fallacy threatens to deprive them of this good opportunity to develop business on the mainland and that if these fine opportunities are lost it will have the most unfavorable effect on the economic development of Taiwan.

In the view of economists in Taiwan, Taiwan’s economy has not yet entirely extricated itself from the low point of Asian financial crisis. Affected by Lee Teng-hui’s “two states” fallacy, it will be hard for Taiwan to achieve its set goal for a GDP growth of 5.3 percent this year. Facing such an indefinite factor, Taiwan’s economy will surely suffer an even worse fate. It goes without saying should Taiwan still be led on for long by the “two states” fallacy it will meet with an even greater economic setback.

With Lee Teng-hui’s true separatist face being thoroughly exposed and a deepening understanding of the harm brought about by the “two states” fallacy, the Taiwan people will surely make a correct choice of their own.
Renminbi Devaluation Unnecessary

RENMIN RIBAO HAIWAIBAN
(People's Daily Overseas Edition)

As the dark clouds of the Asian financial crisis have not totally dissipated, the variation of the Renminbi exchange rate has aroused wide concern. Is it necessary to devalue the Renminbi? The answer is closely related not only to the stability of the market but also to the long-term interest of the State and the people.

From a long-term view, the variation of a country's currency exchange rate is usually determined by whether the currency is overvalued or not. From the Mexican financial crisis five years ago to the recent Asian financial crisis, we have seen a kind of overestimation of currency values in these countries. The overestimation of a currency's value will bring about a series of problems in international and domestic finance and trade. When these cannot be solved, they have to resort to the adjustment of the exchange rate.

History shows that the value of a country's currency will rise after a period of high economic growth and improvement of aggregate supply. During the process, the exchange rate of this country's currency against others will increase. For instance, in the 1940s, the exchange rate of Japanese yen against US dollar was 360:1. Through 40 years development and after a high economic growth rate for 10 consecutive years, in particular, the purchasing power of the Japanese yen was ascending. Under the floating exchange rate, the actual and nominal exchange rate of Japanese yen against the US dollar both increased. By 1985, the nominal rate of the Japanese yen against US dollar rose to 200:1. In 1990, the rate was 144:1, and in 1995, it reached 94:1. The Republic of Korea (ROK) is another example. It is normal that currency values rise in line with economic development, but if the rise is too rapid, this may lead to an overestimation. This can be seen from the recent changes in the Korean won and Japanese yen. China has maintained steady economic growth since its reform and opening-up. From 1978 to 1997, the gross domestic product (GDP) of China grew at an average annual rate of 9.9 percent. The steady rapid growth and healthy development of the national economy greatly improved the country's aggregate supply. During this period, however, the Renminbi exchange rate was not strong nor did it rise a little. On the contrary, it decreased continuously. The exchange rate of the Renminbi against the US dollar was 1.7:1 in 1981, while the ratio is now 8.4:1. The Renminbi was not affected by the economic development and aggregate supply improvement, therefore, an overestimation of the Renminbi will not occur.

At the same time, with the price reductions witnessed in the last two years, the Renminbi has a stronger purchasing power. When the foreign exchange market opens fully, the growth of the purchasing power of a currency will promote its exchange rate. Since the exchange for Renminbi is restricted in some aspects, it is not appreciated in the market, but the trend is unavoidable.

From a short-term view, the variation of a country's currency exchange rate is usually determined by its import and export and balance of payment. When imports are excessively greater than exports or the trade deficit increases, the exchange rate should be adjusted. But if such conditions do not occur, the exchange rate of a currency needs not be adjusted. Affected by the Asian financial crisis, Chinese exports declined last year. This decline was mainly caused by the insufficient purchasing power of trading partners and had nothing to do with the exchange rate. Though most Southeast Asian currencies were devalued, the labor cost in China is still far lower than that of other countries under the current exchange rate. Consequently, the devaluation of the Renminbi seems unhelpful to exports. Seen from the balance between imports and exports and international payment, although China's exports declined a little, they are still a little larger than imports. In the first half of this year, China exported 83.008 billion yuan worth of goods and imported 75.010 billion yuan of commodities. The exports and imports in general trade were respectively 32.349 billion yuan and 30.627 billion yuan. Imports and exports roughly maintained balance, with a small surplus. Under such conditions, it is absolutely unnecessary to devalue the Renminbi.

The variation of a country's currency exchange rate is not a unilateral activity, it has to take into consideration the currency conditions of other countries. At present, the variation of Renminbi is only compared with the US dollar. After several years of robust growth of the US economy and the rising of the New York stock market for five successive years at a speed of 1.000 points per year, the Federal Reserve System of the United States adopted a retrenchment policy to avoid possible inflation, which counters currency deflation in China. Furthermore, though the US economy has strengthened in recent years, its balance of payments is not so satisfactory. The trade deficit has been as high as US$200 billion. Inflation shows the purchasing power of US dollar is decreasing, while the trade deficit reflects the need for devaluation. While the Renminbi is facing price reductions and an increased purchasing power and US dollar is facing inflation and a reduced purchasing power, which one is in more need of devaluation? One has a small trade surplus and the other faces a huge trade deficit. Which one should be adjusted through a change in the exchange rate?

To put it simply, the stability of Renminbi has an internal base with a big purchasing power from a long-term view and is supported by a balance of international payment from a short-term view. As long as these two basic conditions do not change obviously, any prediction on Renminbi devaluation is groundless.

August 14
New Vista of The Three Gorges

Qutang Gorge in the twilight.

The Three Gorges, one of the world’s grand gorges, is 204 km long, spanning from Baidicheng in Fengjie County, Sichuan Province to Nanjinguan in Yichang City, Hubei Province. They are known for the precipitous cliffs, broiling torrents and rich historical heritage. Upon completion of the Three Gorges Dam in 2009, the Three Gorges will take on a new look. Although the project will immerse 39 cultural and natural scenic spots, that is, 13 percent of the total, 37 new over water scenic spots together with 15 karst caves and 14 islands will emerge out of the water, adding more splendor to the magnificent scene of the Three Gorges.

Xiling Gorge—A Combination of Natural Scenery With Artificial Construction

Xiling Gorge extends from Xiangxikou to Nanjinguan in Zigui County, Hubei Province, a distance of 74 km. Upon completion of the Three Gorges Dam, most of its scenic spots such as the ancient temple in Huangling, Huangnu Gorge and Dengying Gorge will be preserved. Moreover, the grand project of the Three Gorges Dam itself will become a place of interest. Above the dam are miles of water rippling in green waves whereas below the dam waterfalls rush down fiercely. The already completed Xiling Bridge at the lower reaches links the north and south of the Yangtze River like a rainbow. A 40-kin-long riverside scenic spot will emerge between the Three Gorges Dam and the Gezhouba Water Conservancy Project. Through mountains surrounded by clouds, iron electricity pylons point to the sky, and huge ships blow their whistles while passing through the various levels of water gates. A more spectacular scene will appear in Xiling Gorge.

Wu Gorge—A More Enchanting

View of the Goddess Peak

When the water level of the Three Gorges Reservoir reaches 175 meters, the water will reach the foot of the famous 12 Peaks of Wushan Mountains which reveals a gorge famed as the “gallery of landscape paintings” when seen from the river. With a rise of 100 meters in water level, the famous Goddess Peak will be like a cloud-and-fog-clad goddess descending several dozen meters and welcoming tourists. For a close view of the Goddess Peak, visitors on ship still need to stretch their necks to admire the Goddess’s air.

Qutang Gorge—A Spectacular Kuimen Standing at its Mouth

After the Three Gorges Dam begins to conserve water, the water level of Kuimen will rise about 50 meters, just enough to immerse the shoal in front of Kuimen. Several places of interest and of historical
importance at the entrance of Qutang Gorge will be removed to the Kuimen Precipice 175 meters above water. Then, the peak of the Kuimen Precipice will still be high above the water, and backed up by the grand mountains behind, Kuimen will look as grand as ever.

Baidicheng—A Pearl Surrounded by Water

The isolated spot of Baidicheng is located in the tree-covered Baidi Hill to the east of Fenjie County. Baidi Hill is 248 meters high with the valley height of 150 meters. After the Three Gorges Dam begins to hold water, the valley will be immersed, and Baidicheng will become a pearl surrounded by water. Rowing on the river, you will find yourself in a fairyland. The fairy island of Baidicheng is thickly covered by trees. You may first visit the Baidi Temple to appreciate the precious Bamboo Leaf Tablet and the Phoenix Tablet. You may also have a full view of the hills and the river at the top of Baidi Hill.

Shibozhai—A Lotus Emerging From Water

Located on the northern bank of the Yangtze River, 45 km away from Zhongxian County, Chongqing, the gate of Shibozhai is 173.5 meters above sea level. When the water level of the Three Gorges Dam reaches 175 meters, Shibozhai will transform into a lotus-like island with its mirror image reflected on the water. Then, it will be an even prettier scene.

Fengdu—From a “Ghost City” To a Floating City

Lying on the top of Dongming Hill, Fengdu of Chongqing is known as the “ghost city” throughout the world. The gate of the ghost city is 155 meters high. Changhe Pavilion at the middle, 175 meters, and the Hall of the King of Hell, 288 meters. Upon completion of the Three Gorges Dam, the river will reach Changhe Pavilion without affecting the nether world. The ghost city will be floating on the water. Ships can pull in at Changhe Pavilion, facilitating people’s visit up the hill.

Apart from what has been described above, the famous Lessor Three Gorges will be more accessible once the Three Gorges Dam is completed. The Lessor Three Gorges, a narrow section consisting of three valleys, is located on the upper reaches of the Daning River, a tributary of the Wuxia Gorge. They are Dicui (Dripping Greenery), Bawu (Fog of Bashan Mountains) and Longmen (Dragon Gate). Dicui is the longest of the three, and it is covered with lush greenery and waterfalls. Major sights in Dicui Gorge include the Waterfall Cave, the Celestial Banana Forest, Buddhist statues at Moyan Cliff and the Suspended Coffin. Bawu Gorge is featured with towering mountains and deep valleys. The mountains form the shape of various animals and human forms, named by the locals as Monkeys Recovering Moon in the Pool, Goddess of Mercy Sitting on a Lotus Flower and White Snake Coming Out of the Cave. Although the Longmen Gorge is only 3 km long, it is strategically very important. Two deep mountains face each other so closely at the mouth that they nearly touch each other.

Various routes for Three Gorges tours have been introduced, including the Tour to the Three Gorges by 1,000 Senior Citizens, the Tour to the Yangtze River, the Sight-seeing Tour and the Eco-Tour. A specialized tour visiting five scenic spots is extremely popular. The five scenic spots are Fengdu, Shibozhai, Baidicheng, the Three Gorges and the Lessor Three Gorges Dam. Tourists can then appreciate the typical scenery of the Three Gorges without expending much time or money.
Baogang Prepares for Overseas Listing

The Shanghai Baogang Group announced that its overseas listing work formally started recently after one year or so of preparation. It is anticipated that shares will be issued abroad in the first half of 2000.

A total of 13 domestic and well-known foreign intermediate institutions will be involved in the operation, including the US-based Merrill Lynch & Co. Inc. and the China International Financial Co. Ltd., in addition to three assessment organs and six law offices.

The 13 intermediate institutions agreed it is an honor for them to lend a hand in introducing Baogang, a primary State-owned enterprise, to the international capital market. They promised to provide the best personnel with their rich experience and strength to offer the best service to Baogang.

Baogang now possesses an annual production capacity of 11 million tons of steel, with per-capita productivity exceeding 700 tons. Its products, such as steel for motor vehicles and household electric appliances, oil pipes and tin-plating and container steel plates, are available on the international market. The group’s superb products, high profits and strong development ability of new varieties will provide effective support for its listing abroad.

Beijing to Lay Light Railway

In October, Beijing will start to lay the tracks of a 40-km-long light railway and will complete it by 2003. The railway is designed to alleviate the traffic congestion in the metropolis in the near future.

Beijing may have the most overpasses with the largest coverage area in the world, and the traffic network is expanding at a speed of 3-5 percent every year. However, the growth can never keep up with the 15-percent increase of various motor vehicles every year. At present, vehicles travel at an average speed of 10 km per hour in rush hours in the capital.

Developed countries have set good example to solve the problem. Railways have shown their capacity in undertaking 50-80 percent of total traffic volume in Moscow, Hong Kong, Paris and Tokyo. For the existing railways and subways in Beijing and Shanghai, the ratio is 4.7 percent and 0.74 percent respectively. The estimated transport capacity of railways is several or even dozens of times that of normal traffic vehicles.

Railways are much more environmentally friendly. The pollution emitted by private sedans, business cars and buses was 9.5 times, 19 times and 4.1 times that of railways.

The Shanghai Pearl Line, the first urban light railway in China, extends 24.95 km. To date, 8.5-km-long tracks have been laid.

The State Council has approved the building of a similar light railway in the capital city this October. The 40-km-long railway will cost 5.8 billion yuan. Starting from Xizhimen, it will stop at Zhongguancun, Peking and Tsinghua universities, the Shangdi Scientific and Technological Park, the Space Garden, Huilongguan, Lishuigiao and Wangqing and terminate at Dongzhimen, with 16 stations on the way.
**China to Attract More Foreign Fund**

China will open another 10 sectors to overseas investment, including finance, insurance and telecommunications.

Restrictions on the number of overseas-funded insurers and their locations will be gradually relaxed. Overseas insurers will also be allowed to provide a wider variety of services and hold larger shares in joint ventures.

China’s telecommunications sector will first experiment with overseas investment in its value-added business, and then gradually open the market to overseas capital.

More Chinese airlines will be encouraged to use overseas funds and cooperate with overseas counterparts in establishing engineering subsidiaries.

The business scope for overseas-funded investment companies in China will be enlarged. For instance, they will be allowed to sell products made by their plants in China and build research and development centers of their own.

China will also extend its experiment with overseas investment in areas such as accounting, assessment, quality control and management, legal counseling, commerce, foreign trade and tourism.

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**A6—Best China-Made Sedan Premiered**

A6, a new car manufactured by the FAW-Volkswagen Automotive Co. Ltd., caught the spotlight at the recent Changchun International Auto Fair.

Prior to that, the A6 wheeled down the production line in the presence of Zou Jiahua, Vice-Chairman of the NPC.

This Chinese-made A6 is modeled on the German-made A6, which appeared on the global market with a big success in 1997. The new model features some adjustments to the elasticity of seats, anti-seismic function of chassis, air-conditioning system and the light signal of the fascia board. The length of the sedan has been extended by 90 mm. The production line costs 1.08 billion yuan, the designed annual production capacity is 36,000 units and the estimated investment payoff period is seven years.

There are now 100,000 Audi cars running throughout the country. Audi cars made the biggest profit in China’s auto industry in 1998 and in the past months of this year.

The company has also supplied component parts for Red Flag sedan cars.

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**Talks on Agriculture and Township Firms**

The ’99 Agriculture and Township Enterprise International Business Investment Talks will be held October 14-16 at the Beijing Commercial Business Complex. It is co-hosted by the Township Enterprise Development Center under the Ministry of Agriculture and the International Trade and Investment Committee under the China Association of Foreign-Funded Enterprises.

Nearly 100 overseas businesses have applied to participate in the talks, involving in the fields of machine-building, chemical, pharmaceutical, electronic communications, and food and feed processing industries, cultivation, livestock breeding, farm produce processing, grain intensive processing, financing, and capital construction project (such as roads, bridges, power plants, environmental protection items and sewage works).

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**New IT Corporation Set Up**

The China National Posts and Telecommunications Industry Corp. (PTIC), renamed the China Putian Information Industrial Group, started operation on September 1.

The group, under the former Ministry of Posts and Telecommunications and the subsequent Ministry of Information Industry, is a holding company composed of listed holding companies, State-owned enterprises and joint ventures.

Through two decades of development, the company has accumulated 18 billion yuan worth of assets compared with the initial 680 million yuan in 1980, the sales revenue soared from 300 million yuan to 24.8 billion yuan in 1998, and this year’s sales target is 30 billion yuan.

The group’s present activities...
include the development and production of digital switchboards, construction of cellular mobile communications networks, and Internet Protocol phone-related products.

China's 1st BOT Project Transferred

China's first BOT (build, operate and transfer) project, a large thermal power plant, was transferred on September 7 by its Hong Kong investor to the local owner in Shenzhen, Guangdong Province.

The project demonstrates that the Chinese Government allows overseas investors to earn legal profits, and they are always welcome.

The power station went into operation in 1987, and by the end of this July it had generated 46.2 billion kwh of electricity.

The plant has been hailed by experts as a successful BOT project, since its operation has not only benefited the local economy, but also the Hong Kong company that had financed, built and operated it before the transfer.

Largest Phosphorus Fertilizer Plant Completed

The Wengfu Phosphorus Fertilizer Plant in southwest Guizhou Province, the largest of its kind in the country, has been put into trial operation.

The plant can produce 800,000 tons of heavy calcium, 800,000 tons of sulfuric acid, 300,000 tons of phosphorus acid and 14,000 tons of aluminum fluoride annually.

A key project included in China's eighth and ninth five-year plans (1991-2000), the plant was built at a total cost of more than 3 billion yuan, with work starting six years ago.

The investment was partly from Japan's Overseas Economic Corporation Fund. Key equipment and technology were imported from Germany, Belgium, Norway and the United States.

More than 800 million tons of phosphorus mineral deposits have been discovered in the plant's location.

Exports of Electronic Goods Up

China exported US$20.53 billion worth of electronic products in the first seven months of this year, an increase of 23.7 percent over the corresponding period last year.

This was ascribed to the current government policy to develop the information sector and stimulate demand in the domestic market.

From January to July, China turned out 21.89 million lines of program-controlled telephone exchanges, 8.08 million cellular phones and 1.66 million computers.

During that time, the electronics industry generated 348.3 billion yuan in total output value, up 24.5 percent on the same period of the previous year, 43.63 billion yuan in added value, up 18.4 percent, 198.2 billion yuan in sales volume, up 22.6 percent, and 15.1 billion yuan in pre-tax profits, up 34 percent.

Wujin Sunan Clutch Factory Welcomes Business Partners

Located in the southern suburbs of Changzhou city, Wujin Sunan Clutch Factory benefits from the city's convenient transportation and good communication systems.

The factory produces various types of monophase devices for starters in motor vehicles and internal combustion engine with an advanced cold extrusion technique. As the major manufacturing accessory base of Wujin Electrical Machinery Plant, the plant produces the largest number of starters in China with high quality and in great variety. Its products have entered the market in over 20 provinces, cities and autonomous regions.

"Today's quality insures tomorrow's market" is the belief held by the factory staff. They meet customers' demands by developing new techniques and increasingly raising product quality.

The factory welcomes contacts from interested parties for trade talks.

Factory Director: Xie Jinquan  Add: Lujiaxiang, Wujin, Jiangsu Province 213168, China  Tel: (86-519) 6351583, 6351156

Xerox New Solution to Billing Documents

At the International Postal Technological and Equipment Exhibition during the 22nd UPU Congress in Beijing, Xerox revealed its solution to the billing documents in postal and telecom services.

Xerox, the world expert on document processing, also brought along the quickest DocuPrint 4890/4850 system.

Xerox has enjoyed a good market share in China. It began to introduce technology to the Shenzhen post and telecom sector in 1997 and received another order from Fuzhou the following year. The company is expecting to get more support along with the reform and reorganization of China's post and telecom sector.

by Liang Xiaorong
**Chinese Wushu Goes to the World**

From September 1-5, the Zhengzhou International Shaolin Wushu (Martial Arts) Festival was held in Zhengzhou, the capital of Henan Province in central China. The festival attracted 45 wushu teams from 20 countries or regions.

Started in 1991, the festival had been held six times. The first three were in consecutive years, and the latter three were held every other year. At the festivals, a large number of Chinese and foreign wushu enthusiasts congregated in Zhengzhou to compete with or learn from each other.

“Practicing wushu can improve one’s personality,” said Jurie Kor, an athlete from South Africa. Though he has only been practicing wushu for one year, he won second place in the male elective changquan competitions. Wu Bin, President of the Beijing Wushu Research Institute, Chairman of the Jury for this event and one of the top 10 wushu coaches in China pointed out that the basic goal of wushu is to strengthen the body and make a person more flexible. Besides self-defense, practicing wushu can also enrich one’s mind, defending, nourishing and strengthening the body. What’s more, he performed Chinese wushu himself in front of the Gabonese President and Minister of Sport to arouse the attention of the government. In 1994, the first wushu building was established in Gabon.

At the same time, a group of influential wushu coaches and athletes have left China in recent years to devote themselves to the popularization of Chinese wushu. The foreigners studying wushu in China and Chinese teaching wushu in other countries all contribute a great deal to the spreading of traditional Chinese wushu throughout the world.

Bench Lewck from Gabon participated in all six wushu festivals in Zhengzhou. He speaks fluent Chinese, expressing humorously, “The wushu festivals cannot go without Bench.” To popularize Chinese wushu in Gabon, Bench always shows some films and video tapes to Gabonese people, introducing to them advantages of Chinese wushu in

Shaolin kongfu.

Chinese wushu, with a history of more than 5,000 years, covers many fields of traditional Chinese culture. Wushu not only helps introduce the Chinese language to the world, but also facilitates the spreading of Chinese philosophy, aesthetics, ethics, psychology, sociology, military tactics and Chinese traditional medicine.

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A great teacher produces brilliant students.
continent. On November 2, 1998, the IFW applied to join the International Olympic Committee. This signifies an important step the Chinese wushu made on the way to the Olympic Games.

To make wushu more easily recognized by the world, the routine competitions as approved by AWF were established at the last festival. At the wushu festival this year, elective competitions were added to Shaolin quan and seven routine competitions approved by AWF. This greatly helps enhance the competitiveness and attraction of the event.

However, there is still much work to do to realize this goal. The IFW was not recognized by the International Olympic Committee until June 18, 1999. Its formal admission will take a further two years.

by Li Jinhui

Sixty Years in China

A photographic exhibition in early September interpreted the loves and dreams of Eva Siao, a German who has lived in China for 60 years.

Back in the 1930s, Eva met Xiao San, a Chinese poet renowned for his translation of The Internationale, and married him in the former Soviet Union. Since she arrived in China in the 1940s, her camera has recorded the momentous changes that have taken place in the country. She is one of the few Westerners who witnessed and participated in the Chinese revolution and reconstruction.

The more than 200 photos on display were selected from among tens of thousands taken in China.

Photo by Pi Dawei

CEC NETWORK
RÉSEAU DES CÉC...

is a non-profit organization run with the support of the Government of Canada which promotes Canadian education internationally through a network of 15 centres worldwide. Our Beijing office is seeking a qualified individual for the following position:

Manager

Responsibilities:
Managing and developing the Canadian Education Centre (CEC) in China to enhance educational linkages between Canada and China. Other responsibilities include individual student requirement, working with the Canadian Embassy and Canadian educational institutions, and with the Chinese government and Chinese institutions.

Requirements:
Five years of relevant work and managerial experience in Canada. Strong written and oral communication skills in English is required as well as a degree from a Canadian post-secondary institution. Chinese and/or French language capabilities are assets but not requirements.

Please forward your resume, cover letter and salary expectations in confidence by September 20, 1999 to: Joanne Uyede, Vice President, CEC Network, Suite 1100, 65 Queen Street West, Toronto, ON, Canada, M5H 2M5.
Fax: (416) 869-1696.
Email: joanne.uyede@cec.apfnet.org. No telephone calls, please.

Canada

More Transgenetic Plant Development

Northeast China’s Jilin Province is expected to become the national transgenetic plants experiment and industrial development base, according to the Ministry of Science and Technology.

Jilin, an important commodity grain base, started its research on a bean genetic transformation system as early as the 1970s. In the 1990s, scientists from the province had produced a group of transgenetic plants. In addition, Jilin boasts the largest domestic corn seed production and sales base.

After examining the feasibility studies and investigating on the spot, experts believe that the province is an ideal base for transgenetic plants experiments and production.

So far, more than 30 countries throughout the world have produced 35 kinds of transgenetic plants, and 51 agricultural genetic engineering species have been put into production.

by Huang Wei
ARTS / SOCIETY

China’s Largest Postcard

A 27.72-meter-long postcard, featuring a painting entitled Temple Fair, has been on display at the China ‘99 World Philatelic Exhibition in Beijing.

It took Li Zongyi, a painter born in Panjin, Liaoning Province, two years to complete the work. The painting, praised as “folklore encyclopedia of the Song Dynasty (960-1279)”, depicts 48,000 temple-fair visitors.

A Gift of Music To the 50th Birthday of New China

To commemorate the 50th anniversary of the founding of the People’s Republic of China, the China National Symphony Orchestra (CNSO) launched a dedication project inviting Chinese and overseas Chinese composers—leading professionals as well as amateurs—to submit new symphonic works for selection.

The results were released on September 3 and on the same day, a concert entitled A Gift of Music was held in Beijing Concert Hall when five of the six winning works were performed by CNSO.

The six selections are: Symphony No.9, Op.43 by Zhu Jianer, Night Mooring at Maple Bridge by Xu Zhenmin, Dance for Two Flutes by Xia Liang, Symphonic Prelude by Wang Ning, Train Toccata for Orchestra by Liu Yuan and Symphonic Choral Suite: China Rhapsody by Gao Songhua.

The project started in February to encourage talented composers to make a lasting contribution to the CNSO’s repertoire and to promote a stronger tie between composers and performers.

The response was tremendous, as the CNSO received some 150 pieces from more than 80 composers in China, Hong Kong, the United States, Canada, Australia and Japan.

According to Chen Zuohuang, the Artistic Director with the CNSO, they were greatly encouraged by the high-quality works and equally pleased to perform them, and these works will become part of the CNSO repertoire.

by Gao Kun

Zhi’en Sobering-Up

Zhi’en Brand Sobering-Up, made from natural plants in Yunnan by the Kunming Kind Natural Food Co. Ltd., can effectively dispel the effects of alcohol.

The product can not only prevent and reduce the production of acetic aldehyde, a pernicious substance, but also convert it into another substance, thus dispelling the toxicity of alcohol and creating a general feeling of well-being. Taking the product before drinking can prevent damage from long-term drinking, and taking it regularly protects the liver. Sobering-Up also helps ease inflammation and treats eczema and neural headaches.

Zhi’en Sobering-Up is a product recommended by the China ‘99 Kunming International Horticultural Exposition.

Kunming Kind Natural Food Co. Ltd.
Add: No.128 Guofanglu Rd., Kunming, Yunnan Province 650032, China
General Manager: Liu Zheng
Tel (Fax): (86-871) 4196814

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Tel (Fax): (86-871) 4196814
Drink Tea, Live Healthy

Step into a teahouse, wait for the waitress serve you the boiled water and fragrant tea. Afterwards, sit salutarily and allow your spirit to become tranquil, light and natural.

Tea, the beloved national beverage, is a way to immortality, a drink for body and soul, according to the Tang Dynasty scholar Lu Yu.

In 780, Lu Yu published his Cha Jing (Classic of Tea), a sort of "Tao of Tea": three volumes, 10 chapters and 7,000 words expounding on the techniques, virtues and philosophy of tea.

According to Lu, there are 24 steps to preparing tea. Miss one step, and it's a total waste of time: water from a slow-moving mountain stream should be boiled over a smokeless fire of charcoal made from olive pits. The water should then be poured over a quarter ounce of tea leaves in a white porcelain cup, thrown out, and more water should be added. The tea is then fit to be tasted.

In ancient times, Beijing teahouses were often regarded as retreats for gentlemen, and later for businessmen. Deals would be discussed and sealed in the neutral, relaxed surroundings of a teahouse, rather than in offices.

Today, the capital abounds with cool outdoor places where sensitive souls can while away the wee hours over a delicate cup of the fragrant stuff.

While tea to Beijingers is never quite the obsession that it was for their southern cousins, teahouses are still quite popular in the city. These vital outdoor teahouses may be the answer not only to summer heat, but to preservation of a vanishing culture.

Dreamy House

Built like a farmhouse near the former residence of Cao Xueqin, this new teahouse is a sleepy little affair with stone benches and tables.

The author of The Dream of the Red Mansions might enjoy tasting tea out of one of the Huang Ye Cun Jiu Guan's (Yellow Leaf Village Inn) delightfully tactile clay teapots.

Only the odd bugu (Chinese cuckoo) disturbs the calm as tatty red lanterns flutter in the breeze. Fish leave little bubbles in a nearby pond. A tourist train chugs past in the distance toward Sleeping Buddha Temple.

Surrounded by bamboo fences, the teahouse doubles up as a barbecue picnic spot, seating large parties tucking into beef, mutton, chicken, fish at 20 yuan and 5-yuan mushrooms, onions and sweet potatoes. Sauces cost 10 yuan.

Lu Yu would not have approved. By his definition, Yellow Leaf would not qualify as a teahouse. His idea of classical tea was a pure, serene drink taken without food and untainted by milk, rice, sugar, ginger, scallions or "a myriad of vulgarities" the peasants liked to put in their tea.

Drink Tea at Sheng Lan Xuan

Lu might well have approved, however, of the Sheng Lan Xuan Teahouse at Youth Lake Park.

This is a seriously cool teahouse and a popular park retreat that rewards its loyal customers by storing their own tea, a little like personalized beer mugs in a local English pub.

It's not much to look at from the outside, but inside it's well worth the investment. Young couples and middle-aged Beijingers take out tall glasses in the various rooms of this light emporium parked atop a little island—Huxindao (central island) in the 24-hour park not far from Andingmen.

In these high-rise Beijing days, the park is a popular place for a walk, crammed full of children and families by day, serene and romantic at night. Students from the Central Conservatory come to perform guzheng (a traditional Chinese music instrument) every Saturday and Sunday, 2-5 pm.

If you order a box of wulong tea, the waitresses in the house will deliver a free tea ceremony performance. The unfinished tea is stored with other customers' boxes or can be taken away for a further three yuan.

It's a good deal for locals and regulars. Next visit, they just pay 10 yuan for water and drink the tea stored there.
WHAT TO SEE

Exhibition Scene
Ancient Chinese Carpets
Carpets collected from locals, temples and lamaseries in Beijing, Shanxi, Qinghai, Ningxia, Xinjiang and Tibet. Jiangsai Lou Building, 4 Tiyuguan Lu, Chongwen District Daily, 9 am-5 pm

Architectural Exhibition
Nine themes: cities, palaces, altars and shrines; monasteries, temples and mosques; residences, gardens, mausoleums and tombs. Xiannong Altar, Beijing Museum of Ancient Architectures, 21 Dongjinglu, Xuanwu District Daily, 9 am-4 pm

Chinese Cultural Relics
Han Dynasty bronze horses from Xi'an and other works from museums and archaeology institutes nationwide. The National Museum of Chinese History, east of Tian'anmen Square August 13-October 17, 9 am-4 pm

Confucius Temple
Beijing history exhibit. Daily, 8:30 am-5 pm

Returned to Light
Buddhist statues from Qingzhou. The National Museum of Chinese History, east of Tian'anmen Square July -December, 9 am-4 pm

Art Scene
Beijing Concert Hall Gallery
Chinese Painting Reproductions, Reproductions of masterpieces of Chinese painting. 1 Bei Xinhua Jie, Liubukou, Xi Chang'an Street, daily

Century Art Center
Antique Furniture. Chinese and Tibetan furniture for sale 10 am-4 pm, (closed Monday)

Chaoyang Cultural Center
Portraits, still-lifes, figures and landscapes by Female Painters Ma Qun, Huang Yingcong and Yang Yuming. Xiaozhuang

Forbidden City Palace Museum
Traditional Architectural Paintings. Paintings of palaces, temples and gardens from the Tang, Song, Yuan, Ming and Qing dynasties. Until September 22, 9 am-4 pm

Concerts on Poems of Tang and Song Dynasties
Time: September 24-30
Place: Beijing Concert Hall

Music Gala
More than 40 concerts will highlight the second International Music Festival on October 18 in Beijing. Some 1,200 musicians from all over the world will perform.

Traditional

Chinese and Tibetan music will also add much glamor to the festival. In addition, the National Symphony Orchestra and some local orchestras from Beijing, Shanghai, and Guangzhou and chamber orchestras from Hong Kong and Macao are also scheduled.

Revolutionary & Romantic Ballet
The National Opera and Ballet Theater will present a special performance to celebrate the 50th anniversary of the founding of the People's Republic of China.

The performance showcases Yellow River based on composer Xian Xinghai's Yellow River Cantata, Romantic Life—the last four songs based on a Johann Strauss piece, and the classic Fairy Lady.

Time: 7:30 pm, September 21-24
Place: Beijing Exhibition Center Theater
Tel: 64055512

INFORMATION PLEASE
This is an interactive column, in which you, the reader, play a key role. If you have found an interesting, out-of-the-way restaurant, with a superb chef, which you think others might enjoy—let us know. Are you organizing a musical performance, an art exhibition, an unusual event? Let us know. And, if there is anything you want to see in the column—again, let us know.

All correspondence by fax to Xiao Tang at: 010-68326628
After storming into the Hong Kong market in the 1950s, Tsingtao Beer further knocked open the doors of Macao, Singapore, Indonesia, Malaysia, the Philippines and other Southeast Asian markets. Over the past decades, it has won favor from consumers for its superb quality and unique flavor.

Tsingtao Beer once occupied 70 percent of the Hong Kong beer market. Despite the influx of various foreign brands and their imput of investments in advertising, Tsingtao Beer has remained the top choice for Hong Kong citizens. As a representative of Chinese products that enjoys a worldwide fame, the beer is readily available in Chinese-style restaurants, bars and supermarkets. The advertisements of Tsingtao Beer on buses and by the roads add a touch of beauty to Hong Kong. In Singapore and Indonesia where there a large number of Chinese descendants, Tsingtao Beer enjoys an exceptional popularity. If you enter a bar or coffee shops and ask for a can of Tsingtao Beer, Chinese compatriots living there will greet you warmly, uttering their deep affection toward the motherland.

Since the Tsingtao Brewery Imp&Exp Co. Ltd. was established, it has attached greater importance to the management and development of overseas market while tapping the domestic market. On the one hand, the company has further tightened controls on product quality, and developed an increased range of superior products to satisfy the market demand. On the other hand, it has focused on market management by setting up branch companies abroad, changing the practice of supplying its products to local wholesalers to selling the products directly to consumers. By directly participating in the sales on overseas markets, the company can timely get market information about the different requirements of consumers, which enables it to explore a wider market.

Financial crisis hit Southeast Asia at the end of 1997, affecting the economies of various countries. The long-term depression in the catering industry sent unprecedented shock waves to the sales of Tsingtao Beer. The company attached great importance to the situation, launching various promotional activities oriented to the market. In 1998, it successfully conducted the '98 Gold Lottery in Macao and promoted sales in Hong Kong and Singapore by trading gifts for the lids of bottled beer. Thanks to full control of market information and various publicity activities, the activities received warm response from the consumers. According to statistics, the company exported US$6.3 million worth of beer in 1998, basically lifting the adverse affects of the financial crisis.

At present, while strengthening the management of the existing markets, the company is making efforts to expand its overseas markets through various channels. It has successfully entered the market in Cambodia, Viet Nam and Brunei. With the growth of the company, Tsingtao Beer is sure to enjoy a broader prospect in Southeast Asia.

Tsingtao Brewery Imp&Exp Co. Ltd.
Add: Tsingdao Beer Building, May 4th Square, Hong Kong Rd. Central, Qingdao, Shandong Province 266071, China
Tel: (86-532) 5712437 Fax: (86-532) 5714533 Email: Sale@Tsingtao beer.com.cn
Viola Vogel is building the world’s smallest train set. Apart from an endless supply of ingenuity, this requires a careful choice of raw materials. And in her lab at the University of Washington, Vogel has discovered the perfect combination: Teflon and cow brains.

Her trains are made from fragments of microtubules, protein filaments one thousandth the diameter of a human hair that crisscross the inside of nerve cells—including those in cow brains. Slice these filaments into minute segments, drop them onto thin Teflon tracks and the tiny trains race off. “We are learning how to engineer a monorail on a nanoscale,” says Vogel, a physicist turned bioengineer. “We want a molecular shuttle that moves from point A to point B and which can be loaded and unloaded.”

Her nanotrails are not only fun, they may also be central to the next industrial revolution, as predicted by techno-visionary Eric Drexler. In his 1986 book *Engines of Creation*, Drexler describes a world in which molecular machines take the place of factories. These tiny “assemblers”, as Drexler calls them, will build everything from computers to cars, molecule by molecule, from vats of raw materials. In this world, nanobots self-replicate and self-repair, and since they work in parallel, are speedy and incredibly cheap. Someday, says Drexler, people will grow everything from plastics to rocket engines.

But it’s hard to imagine how to create the first nanomachine, without a nanomachine to build it. Even though we already have many nifty nano-components—silicon wheels and carbon nanotubes, for instance—there is still no reliable way to shuttle them about, position them exactly where you want and assemble them.

This is where Vogel’s trains chug into the picture. Although she doesn’t yet envisage them building computer chips or single-handedly hauling us into Drexler’s world, her nanotrails could be the first devices to fill nanotechnology’s locomotion gap.

“What you need for all these science-fiction devices is transport,” she says. “This may be the first step.”

Of course, nature has always known about the need for transport, and that’s what drew Vogel to cow brains. Every animal and plant cell contains a transportation network which carries raw materials, finished products and waste to their destinations. These highways are long protein rods called microtubules. Tiny molecular motors race along these microtubules, hauling chemicals from one end to the other. Nerve fibres, the longest cell extensions in the body, are stuffed with these highways.

Vogel’s colleague Jonathon Howard in the biochem-
Among the these diminutive rolling hills, the microtubules no longer move at random. Instead, snagged by the kinesin, they race off parallel to the grooves. Vogel has attached a fluorescent dye to her microtubules, so all the action is visible.

The scene through the microscope resembles a bird’s eye view of a busy railway goods yard. The glowing microtubule trains move together in parallel or glide past one another in opposite directions. Once in a while, a microtubule appears to switch tracks by veering off to the left or right, and then travels parallel to the other microtubules once more.

To control her trains, Vogel must learn how to constrain them so they always follow a particular track. This could be tricky. For one thing, when kinesin is spread on the surface, it can stick in the grooves or onto the Teflon hills on either side, causing random track switching. Worse, each kinesin is about 75 nanometres long—three times longer than the depth of the grooves—so the trains may be riding well above the grooves on kinesin posts, like a miniature monorail. At this height, the trains can easily be pulled out of alignment by kinesin molecules stuck to the hills on either side, and jump tracks.

Luckily, Vogel and student John Dennis have found a way to bend a stiff microtubule in half, for instance. But random motion is of little use, so Vogel has devised a way to create microscopic tracks to guide her tiny trains. She rubs the surface of a glass slide with a block of Teflon, a polymer used in nonstick coatings. The result is a pattern of parallel ridges about 25 nanometres high, separated by about the same distance. Finally, she spreads kinesin molecules across the slide and drops her trains on top.

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a way to stop her trains from changing tracks. They altered the concentration of kinesin on the surface and watched the trains through a microscope. As Vogel and Dennis will report in the December issue of Nanotechnology, only at an intermediate concentration do the trains actually follow the tracks. They speculate that only when all the grooves are filled do they start sticking to the ridges. Now that Vogel has learnt how to keep her trains on track, the next phase can begin: building more complex layouts with curves and junctions.

Technologies already exist for making single grooves on a nanoscale. Beams of electrons or X-rays, for instance, can etch ultra-fine patterns in silicon, but these techniques produce grooves around 100 nanometres wide—far too large to restrict a nanotrain to a single track.

But chemist Chad Mirkin and his colleagues at Northwestern University in Evanston, Illinois, have a new technique that could solve this problem. They have learnt how to sketch out nanoscale ridges with a very fine “pen” adapted from an atomic force microscope (AFM). The nib of this pen is only a few dozen nanometres across and is held just above the writing surface without touching it.

In January, Mirkin reported in Science (vol 283, p 661) that “dip-pen” nanolithography could write lines as thin as 30 nanometres across. Now he says the resolution is down to 10 nanometres, and he expects it to get even finer. That means the technique could easily create grooves the right width for microtubule trains by writing two parallel lines just nanometres apart. “Dip-pen would be perfect for that,” he says.

Complete layouts, with kinesin-energised tracks laid in loops, figures of eight or any other pattern, may not be far off. And Vogel has already begun to imagine how she will equip her trains to do useful work in their molecular domain.

To assemble anything from an ocean-going liner to a molecular motor, each component must be brought to a precise location exactly when it is needed. Vogel and Howard imagine this is how their trains will work—loading components at a stockpile, unloading them at the assembly site and then heading back for more.

Among the cargo could be nanotubes—rolls of graphite that resemble a tubular buckyball. Computer chips made of carbon nanotubes would be a thousand times smaller than current circuits, but the technology to build them doesn’t yet exist. One solution, says Marvin Cohen, a physicist at the University of California at Berkeley who is working on ways to build nanocomputers, is to test random assemblies of nanotubes until you find one that works as a computer.

But Vogel’s next step is not nearly so elaborate. First she must prove that her trains can carry anything at all, have found ways to make the trains stick to the ridges. This is how they will be able to stick to the surface without touching it.

One reason for this is the concentration of kinesin on the surface. The trains will only stick to the surface when the concentration of kinesin is just right. This concentration is determined by the concentration of kinesin in the solution. They have found that when the concentration of kinesin is just right, the trains will stick to the surface without touching it.

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BILINGUAL CLUB

BEIJING REVIEW, SEPTEMBER 27, 1999
let alone nanotubes. So the first cargo the trains haul will be simple to see: tiny fluorescent beads. To attach them, Vogel plans to make microtubule trains covered with molecules of avidin—a vitamin found in egg yolk. Beads coated with the protein avidin would stick irreversibly to the microtubules, since avidin and biotin bind tightly together. In a year or so, Vogel hopes to watch these fluorescent beads zip around on her trains.

By loading different colour beads on trains travelling in opposing directions, Vogel could also see how close cargoes can be brought together and whether they can make contact without derailing the train—important factors when it comes to real assembly. Howard even envisages the energy of these collisions being used to power synthetic chemistry.

For an assembly line to work, nanotains need a few more components and controls. For instance, avidin and avidin aren’t suitable for cargo that needs to be unloaded, because once together they are very hard to separate. Instead, molecular loads will hang on by special bonds that break when illuminated with a burst of light.

For now, there is no way to make the trains reverse. So getting them back to the start of the assembly line to reload will probably involve a simple looped track.

But their speed should be easy to control. Although the top speed will remain around one micrometre per second, the trains slow down if less ATP is around.

If the nano world is ever to see legions of nanobots transform a soup of chemicals into a spaceship, for instance, something like a nanotrain will be needed. For Vogel, it’s some of the steps in between that are hardest to imagine. “It’s important to have long-range goals,” says Vogel. “The ideas are fascinating, but what we will really do with this in 20 years is anyone’s guess.”

New Scientist, June 19, 1999

Barbie: her secret story

Barbie, the curvaceous blonde doll beloved by little girls around the world, has become an icon of American femininity. Somewhere between a child and a woman, she is the very essence of the American girl next door. She is also the most long-lived toy on the world market, a fact that was celebrated throughout the globe when she turned 40 this year.

Like many stars, Barbie is not quite what she seems. Not only is she older than her official age, but Barbie is not her real name - and what’s more, she isn’t even American, but German.

Barbie’s real name is, in fact, Lili. She is 45, not 40, and was born in a small town near Nuremberg. But
instead of making his fortune when his doll was adopted worldwide, Rolf Hausser, the toymaker who devised her, lost everything he owned.

It was in 1952 that Lili was born in her first incarnation—as a cartoon character for the daily German newspaper Bild Zeitung. The cartoonist Reinhold Beuthin had been ordered by the paper’s editor to draw something—anything—to fill a space left by a story that had been dropped. Beuthin drew a cherub but was told: “Readers don’t want to see pictures of babies.”

Keeping the innocence of the cherub’s face, he went to work on the body and within an hour had come up with Lili, sexy without being sexual, risque but not rude. Above all, she was essentially innocent, with a snub nose and a face like an angel.

Lili was supposed to be a one-day wonder but the day after she appeared Beuthin’s mailbag was so huge that the newspaper’s editors realised they would be mad to kill her off so soon. Lili soon became an institution a much-loved part of her readers’ lives. By 1955 she was so popular that Beuthin suggested that a doll be made for visitors to the newspaper. He went to 12 toy manufacturers, asking each to try to turn his cartoon character into a doll. They all failed and Beuthin was close to despair when he was finally told about Rolf Hausser.

Rolf, who knew about Lili, was fascinated by the idea of making a doll the shape of a mature woman and agreed to put his chief designer, Max Weissbrodt, on to it. When Beuthin saw the first mould he told the toymaker: “You are the only person who could realise my ideas.” When he opened his office door and his two children, who had been waiting outside for a “surprise”, fell on the doll with delight, crying “There’s our Lili”, the men knew that they had created something special.

Lili the doll went on the market on August 12, 1955, and became an overnight sensation. Unlike any other dolls of her time, she was not a baby but a fully grown, modern young woman. And—revolutionary in doll terms—she had flexible legs, unlike conventional dolls, whose limbs were rigid. She became popular all over Western Europe, and was also sold in America and Britain—although in much smaller quantities.

Within weeks there were so many orders that O&M Hausser could not fulfil them all. Lili had 100 different outfits, all made by Martha Maar, Rolf’s mother-in-law and the owner of the dolls’ clothing company MMM. Lili had beach clothes, skiwear and formal dresses. She also had miniskirts years before they came into fashion.

Demands came in from all over Europe—many from wealthy women who wanted personalised Lilis. Rolf still remembers the woman who wanted—and got—a Lili dressed in mink, for which she paid thousands of marks.

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Most of all, of course, he wants to talk about what happened when a woman called Ruth Handler saw her doll in a shop window in Lucerne, where she was on holiday with her husband Elliot, daughter Barbara and son Ken in 1956.

Ruth and Elliot Handler were the co-founders and directors of Mattel, a big toy manufacturer in the United States. When Barbara, then 15, pointed out the Lili doll, which was sitting in the shop window, dressed in ski clothes and on a rope swing, Mrs Handler was intrigued. She had never before seen a doll that was a mature adult figure, and at once saw the potential for the American market. She bought a doll and took it home in her suitcase.

Back in the States Mrs Handler sent two of her employees to Japan with instructions to find a manufacturer who could make a similar doll. By 1959 the doll had been perfected and was being sold in America—having being renamed Barbie, after Ruth’s daughter.

Ruth Handler has always admitted that she took Lili back to America with her, and that Barbie was inspired by the German doll. However, she insists that the dolls’ likenesses were only approximate. In a recent interview with Radio 4 she stressed that she had asked the Japanese manufacturers to make a doll that was only “something like” Lili. Yet when you put an original Barbie and a Lili together, they seem largely identical.

Rolf Hauser, of course, had no idea that a version of his Lili, with American clothes and a new name, was rushing to the top of the toy charts in the US: “I knew nothing about what was happening in America. We didn’t even have a radio and there was nothing in the newspapers here about Barbie.”

The first he heard about Barbie was when he visited a toy shop in Nuremberg in 1963. There was an array of Barbie dolls, and when he asked the shop owner if he could get one for him, he was told yes, but only from an outlet in Italy.

The following year, 1964—eight years after Ruth Handler had taken Lili back to America in her suitcase, and five years after Barbie first went on sale in America, Rolf Hauser saw a large advertisement in the German newspapers announcing the arrival of the Barbie doll in Germany. Shortly afterwards, at the annual toy fair in Nuremberg, he saw on the Mattel stand a large selection of Barbie dolls. “I was furious that they had taken my Lili doll and used her like this, but I still didn’t know just how popular she was.”

He decided that he had to sue Mattel in every European country where Barbie was being sold. Still not understanding how popular Barbie was in the US, and what a phenomenon she was about to become, he was desperate to save his own corner of the European toy market. But his brother Kurt, aware of the influence
of the rival toy giant, persuaded him that taking Mattel to court would end in financial ruin for the smaller German company. Instead, he suggested that O&M Hauser sell the doll’s patent - probably the worst thing the company could have done.

“I had no choice but to sell the patent,” Hauser says now, with great bitterness. “Even then Mattel was a multimillion-dollar corporation and by comparison I was nothing.”

In the end Hauser sold the world rights to his doll for DM 59,500, about $20,000 by today’s exchange rates. Although this sum was not tiny in 1964, it was a fraction of what the Haussers would have earned had Mattel agreed to the percentage deal Rolf wanted.

The consequences of signing such an agreement were dire; O&M Hauser was soon to go bust. Without Lili, who had become their mainstay, the company suffered huge losses and soon went into debt. The Mattel payment was not nearly enough to save the company—it went into liquidation just months after the deal was struck, and Rolf Hauser was declared bankrupt. He claims that it took him another 20 years to pay off all his debts.

The Times, August 3, 1999

On their feet again?

This week South Korea announced the spectacular break-up of Daewoo, the country’s second-biggest conglomerate. In Thailand, non-performing loans are still rising, five months after the finance minister said they had peaked. Malaysia’s state-owned oil giant, Petronas, has been bailing out favoured companies.

All this bad news must, however, be placed in perspective. Although it casts doubt on the extent of the region’s structural reforms, it will do little in the short term to dent Asia’s prospects for recovery. In South Korea, for example, the rebound has been extraordinary. Year-on-year industrial production was up 30% in June, and private economists are now forecasting 5-8% GDP growth this year. Thailand and Malaysia are also turning around quickly. Even Indonesia, which has sustained a 20% drop in output, is now expected to start expanding in the second half of this year.

Although some economists have predicted a rebound, its speed and extent have taken even optimists by surprise. Take the change in sentiment in the region’s stockmarkets. Over the past 12 months those in Thailand and Malaysia have doubled. The main indexes in Seoul and Singapore are now above where they were in mid-1997, when the collapse began. Markets have slipped of late, but investors are still cheery.

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会重新站起来吗?

韩国本周宣布该国第二大财团大宇公司分化,引人注目。泰国的未偿还贷款仍在继续增加,早在5个月以前泰国的财政部长就说过,这样的贷款已经达到最高点。马来西亚石油巨头国营石油公司已经不在受宠的公司之列。

然而,对所有这些坏消息必须合理地加以分析。尽管这给该地区结构调整蒙上阴影，但是在短期内不会给亚洲的复苏前景造成多大影响。比
Purring not roaring

If Asia’s governments fail to deliver on their promised reforms, they will have failed to lay the groundwork for the more efficient use of capital and faster growth in productivity. At best, such a failure would be a drag on economies that will almost certainly continue to grow anyway during the next decade. At worst, the lost opportunity could ensnare Kuala Lumpur’s “Growth” monument as a symbol of the past.

This does not mean that Asia should focus solely on the long term, and take its imminent recovery for granted. Recessions have a way of grasping from the grave, and the region is still exposed to a number of potential hazards, especially shocks from abroad. But it does mean that the region’s leaders should distinguish the impact of the business cycle from Asia’s imposing collection of structural challenges.

Without such a distinction, it is hard to make sense of the mixed news that is streaming out of the region—or the market’s reactions to it. News about the pace of reforms undoubtedly affects confidence in the region, and also has some effect on the recovery itself. But for the most part, the litany of proposed reforms has less to do with terminating Asia’s recent recession than with making the next one less vicious and promoting faster growth in between. So it should not be surprising that the recession is ending, even though so few reforms have actually been carried out.

Recovery has, nevertheless, taken many people by surprise. Less than a year ago—after Russia had defaulted on its debts and a prominent hedge fund had collapsed—the world financial system seemed to be teetering on the brink. And, as one ministerial summit after another failed to deliver solutions, it seemed the region, scene of one economic “miracle”, needed another.

Instead, far-fetched as it seemed at the time, the recession appears to be ending for the reasons recessions usually end: because households, investors and firms have at last begun to consume and invest again. Statistics, as always, have played their part: after such a virulent downturn, year-on-year comparisons of output were, sooner or later, bound to start looking better.

Tiger balm

Also crucial, however, was the decision to abandon the restrictive fiscal policies initially urged on many countries by the IMF. After at first tightening their belts, Indonesia and South Korea will be running deficits of more than 6% of GDP this year, with Thailand and Malaysia not far behind. Some will pay for rescuing banks. But most will go towards traditional fiscal-stimulus programmes, including everything from tax breaks to infrastructure projects.

如，韩国的经济复苏非常强劲，以年度计算，工业生产今年6月增长3%。私人经济学家预言，韩国今年的国内生产总值将增长5%到8%。泰国和马来西亚也在迅速好转。就连产值下降20%的印度尼西亚，也可望在今年下半年开始出现增长。

尽管一些经济学家预言经济会出现回升，但其中回暖速度与程度甚至连乐观派都感到意外，就像该地区股票市场的气氛变化来说，在过去的12个月中，泰国和马来西亚的股市增加了1倍，而汉城和新加坡的主要指数现在都已超过1997年中期开始崩溃时的指数。最近有所低落，但是投资者仍然感到乐观。

是鼾声而不是咆哮

亚洲各国如不履行改革诺言，就不能够为更有效地利用资金加快提高生产力打基础。从乐观的方面看，这会拖经济发展的后腿，几乎可以肯定，在今后的10年里经济会继续增长。从最糟糕的方面说，丧失发展机会有可能使吉隆坡的经济“增长”成为过去的象征。

这并不是说，亚洲只应当着眼于长远，认为即将到来的复苏是理所当然的。衰退即将过去，但阴魂不散，而且这一地区仍然容易受一些潜在危险的影响，特别是来自国外的冲击。但这确实意味着，亚洲应当把商业周期的影响与来自亚洲内部的结构性挑战区分开来。

没有这样的区分，那将很难使出自该地区喜忧参半的消息具有什么意义。有关改革速度的消息毫无疑问会影响到对这一地区信心，而且对复苏本身也会产生影响。但就大部分而言，提议中一系列的改革与亚洲最近这次经济衰退关系不大，而同如何使下一次的衰退不那么严重以及加快两次衰退之间经济增长二者之间的关系较大，因此，衰退结束不应使人感到意外，尽管许诺要进行的改革实际上很少得到实现。

然而，复苏的出现使不少人感到意外。在不到一年以前，也就是莫斯科未能按期还债和已经许诺的套利基金瓦解之后，世界金融系统似乎濒临解体。由于一次接一次的部长级会议没能提供任何解决办法，看来亚洲这个经济“奇迹”的发源地需要再召开一次部长级会议。

相反，此时看来这是靠不住的，促使衰退结束的原因正是通常导致衰退的那些原因：家庭、
As domestic demand revs up, so do exports within the region. Such trade, which accounts for around half of the total in the region, helped to accelerate its collapse. The severity of the downturn hammered exports: trade balances turned positive initially only because credit lines dried up and imports fell even faster.

Now, export volumes are beginning to lift off, especially within the region. The even more rapid recovery of imports is actually eating into some countries’ current-account surpluses, but the process-confirming that a demand-driven recovery is under way—is a healthy one. In addition, Malaysia and the Philippines, which have big electronics sectors, have been helped by exports outside the region. And South Korean conglomerates, with well-honed marketing skills, have altered their export patterns.

The obvious risks to this recovery come from outside South-East Asia. Since a stinging Japanese economy has helped provide some demand for everything from electronics to tourist services to timber, a reversal there would be bad news. If China, which has kept growing through the downturn, were to have a crisis of its own, accompanied by a sharp devaluation of its currency, the yuan, regional confidence would, at the least, take a knock. Should America’s economy—and especially demand for electronics-falter, it would also deliver a sharp blow. And then there is the financial havoc that might be caused by a Wall Street collapse.

There is also another hazard lying within the region: its ailing banks. Compared even with other emerging markets, bank credit plays a huge role in East Asia’s economies. In Malaysia, for example, total loans outstanding at the end of May amounted to almost 150% of GDP. In Brazil the corresponding proportion at the end of 1998 was 43%. If firms are to keep pace with demand growth, they must borrow to do so. Since demand has been so weak during the past two years, the banks’ problems have not been a constraint on many healthy firms. Such companies had little desire for investment capital and chose to run down their current assets rather than borrow at sky-high interest rates.

But now that rates have come down and demand is picking up, those firms will need fresh working capital. If the banks are not prepared to lend, the recovery could stall. That is why the rush to repair Asia’s banks has been a race against the clock.

**Capital inadequacy**

Despite these risks, Asia’s economies are indeed showing clear signs of bouncing back. But the long list of proposed reforms to laws, regulations and business practices has had little to do with it. Those reforms, touted as essential by the World Bank, the IMF and foreign investors, are not intended to stimulate demand so much as to improve the efficiency with which Asia’s investors and companies have finally begun to increase investment. This is similar to what China experienced after the 1997 financial crisis. The same risks that would be caused by a financial crisis on Wall Street could also set off a region-wide economic downturn, especially if domestic banks were not prepared to finance it.

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**Cooling Down**

However, another important difference is that the financial crisis in Asia was caused by a collapse of the region’s financial markets, whereas the financial crisis in the US was caused by a failure of its financial institutions.

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economies marshal their resources. That means: stronger banking systems with more foreign involvement; less meddling with the local price of capital; more transparent dealings between governments and the private sector; a better system for handling bankruptcy; and incentives for people to learn more and to make less wasteful use of natural resources.

The most pressing changes involve capital markets. The region’s economies have simply outgrown their existing financial systems. Reform should have twin aims: to fix the banks so they become more reliable; and to create a broader array of mechanisms for bringing savers and borrowers together.

The starting point must be the banks’ ghastly ailments. Their origin is clear enough: for far too long, money was lent by banks that did not care about credit risk to companies that cared even less. Bad loans were replaced with fresh ones like so much dirty linen. Worse, many banks were part of bigger business groups, into which they funnelled bank deposits, unhampered by regulatory checks. Of course, Asia’s economies differ; and this description does not fit all of them perfectly. Singapore and the Philippines were spared disaster partly because they prevented their banks from getting into trouble. In Malaysia, too, bank regulation was in many ways prudent—one reason its economy has fared better than some neighbours. In South Korea, by contrast, the government actually ordered banks to make bad loans, lest they fail to do so of their own accord.

Efforts to clean up the banking messes have been under way ever since the crisis struck. But recapitalising banks and buying up bad loans will not cure the underlying problem—hich is that Asian bankers are a menace. If that is to change, banks will have to be infused with new credit cultures and then carefully watched. In some places the watchers are getting help: the World Bank, for example, has been helping to train bank regulators in Thailand. But without more foreign competition, and an injection of new expertise, the region’s banks will always remain suspect.

That is why so many investors were encouraged last year, when countries such as Thailand and South Korea were promising to open up their banking sectors to foreigners.

Even if the region had decent banks, some companies would inevitably go bust. Yet Asia’s bankruptcy laws are in even worse shape than its banks. Thailand passed fresh bankruptcy and foreclosure laws earlier this year, and Indonesia altered its own rules last year under pressure from the IMF. But in neither country do investors have any faith in the courts, and the mountains of bad debt continue to sit and rot.

Besides bank loans, East Asia will also need to develop new ways for firms to raise capital. In particular, year it would be said not to be a deterrent. However, some companies did not have the Leverage to improve capital structures, and their willingness to take on new debt was limited.

As the region moved into a new phase of economic expansion, banks were faced with the challenge of financing a growing economy. This required not only the injection of new capital, but also a more efficient and transparent financial system. The region’s economies had grown beyond their existing financial systems, and reform was needed to strengthen banks and promote more efficient use of resources.

The starting point was the banks’ problems. The root cause was that Asian banks were a menace. If this was to change, banks would have to be infused with new credit cultures and carefully watched. In some places, external help was provided by the World Bank, for example, in training bank regulators in Thailand. However, without more foreign competition and new expertise, the region’s banks would remain suspect.

Efforts to clean up the banking messes had been underway ever since the crisis struck. But recapitalising banks and buying up bad loans was not enough to cure the underlying problem. Asian bankers were a menace. If this was to change, banks would have to be infused with new credit cultures and carefully watched. In some places, external help was provided by the World Bank, for example, in training bank regulators in Thailand. However, without more foreign competition and new expertise, the region’s banks would remain suspect.

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Besides bank loans, East Asia would also need to develop new ways for firms to raise capital. In particular, the region needed to create a broader array of mechanisms for bringing savers and borrowers together.
Beyond the cycle

In one area, Asia’s reformers do appear to have made great progress. That is monetary policy. Neil Saker, of SG Securities in Singapore, argues that central banks have learned one of the chief lessons of the financial collapse—that they cannot follow targets for both inflation and the exchange rate—and have rightly chosen to stress price stability. That new attitude is now being tested, as inflows of foreign capital are putting upward pressure on currencies. Many government ministers will want to keep interest and exchange rates low. But Mr Saker believes central bankers will maintain their focus, and raise interest rates if necessary.

Better monetary policy would indeed be a huge improvement, since misguided exchange rate policies had much to do with the region’s collapse. But this change of focus itself serves to highlight the importance of carrying out further reforms. When exchange rates were kept at artificially high levels, East Asia’s economies were able to borrow in dollars at ludicrously cheap rates, reinforcing a broader tendency to invest without regard to the cost. If the region’s economies are to grow strongly in the future, they will not please, not again—be able to resort to such short-term tricks.

Fortunately for Asia, it doesn’t need them. Its economies are growing rapidly long before the bubble formed, and could do so again. But if the economies are to get the most from some of their great advantages—high savings rates and clever entrepreneurs, to name but two—they will have to make better use of their existing resources.

Besides overhauling capital markets, there are many other ways to achieve this. One is to keep business and the government from mingling too closely, so that government contracts go to the best (rather than the best connected) bidders. Another is to invest more in education (especially in Thailand and Indonesia, where schools have failed to produce workers with the skills their economies require). That goes for companies as well as governments. Skewed incentives have encouraged Asian companies to invest in physical assets such as property, rather than the human ones the region will need.

_Economist, August 21, 1999_
Colourful World of Stock Market

by Edward Chancellor

The London stock market that emerged in the coffee houses of Exchange Alley in the City about 300 years ago had its fair share of manipulators: "sharers" or "bubblers", as they were then called. And it had its deluded victims, or "cullies".

Around this time there was a craze for investing in companies that held patents for diving bells designed to salvage Spanish treasure. The boom lasted a couple of years, during which the shares of diving companies soared.

After the crash that inevitably followed, all these companies disappeared.

The experience of the 1690s has been repeated many times and in many places. In the early 1970s, it was widely expected that computers would render the markets so efficient that they would become rather dull, like a reliable car. But it is not so.

If anything, the markets are becoming more colourful - with the currency crises, rogue trader scandals, and stock market bubbles of recent years.

The lack of any noticeable advance in financial sagacity would have come as no surprise to John Maynard Keynes, the economist whose understanding of markets was informed by his private speculations.

Keynes argued that market behaviour could not be rational, or subject to improvement, since "our existing knowledge does not provide a sufficient basis for a calculated mathematical expectation" of investment returns. This observation is particularly true when the object of speculation involves the application of a new technology, such as the internet.

Modern financial theory attempts to surmount the problem of an unknowable future by suggesting that returns can be predicted by measuring the past volatility of share prices - shares that exhibit higher volatility are expected to yield greater returns. Yet this assumes the future will be a continuation of the past - like steering a car by looking in the rear-view mirror.

Investors therefore remain heavily dependent on their emotions. The feelings of "greed" and "fear" that drive markets remain constant throughout the ages.

The psychology of the market has two aspects. First, there are the compulsive attractions of gambling, described by the 17th century poet Charles Cotton as "an enchanting witchery, gotten between idleness and vice... (that) renders a man incapable of prosecuting any serious action". The undulating
moods of the stock market, alternating between its bull phase of energy greediness and grandiosity, and the bear phase of timidity, anxiety, indecisiveness and self-doubt, reflect the manic behaviour of the gambling addict.

Speculation, however, differs from most gambling activities, such as roulette or horse-racing, in that the beliefs of the participants affect the results. In certain circumstances speculators are capable of creating self-fulfilling prophecies.

This is what George Soros means when he refers to the “reflexivity” of markets. Success in speculation is ultimately dependent on finding someone else to buy your shares at a higher price than you paid for them. Every speculative bubble resembles a chain letter in that profits are provided by late entrants to the market. Everyone is attempting to anticipate the immediate intentions of his competitors. In such circumstances, paying attention to shifts in market psychology becomes essential.

The crowd mentality remains a potent source of investor irrationality, whether in the coffee houses of the 17th century or in the internet investment bulletin boards today.

Freud identified the key features of a crowd mentality: invincibility, irresponsibility, impetuosity, contagion, changeability, suggestibility, collective hallucination and intellectual inferiority. Again, we find these traits during the later stages of a bull market.

What makes matters even worse is that speculators as a group are susceptible to “cognitive dissonance” - they block out negative, or dissonant, information and focus only on the positive aspects of their position.

This explains why speculators pay little heed to warnings, whether they are buying a tulip bulb for the price equivalent of a townhouse in the 1630s or internet stocks at 1,000 times projected earnings today.

Why are people unable to escape the lure of the crowd? The answer can be found in the nature of our material ambitions. The quest for wealth is not calculated in absolute but in relative terms. We measure our fortunes against those of our contemporaries.

Many people find it too painful to remain inactive while others are speculating and making money. The individual has little to lose by assuming the same risks, because when the market turns, his relative position is unaffected.

The only way to avoid this fate is to maintain a contrarian position—go against the market psychology—which is both lonely and involves a great test of will.

More normally, speculators appear to forget their painful experiences more quickly. Hence we find the recurrence of speculative booms at roughly 10-year
intervals. As an anonymous pamphleteer commented, shortly after the collapse of the South Sea Bubble: “There must be a vast Fund of Stupidity in Human Nature, else Men would not be caught as they are, a thousand times over, by the same Snare; and while they yet remember their past Misfortunes, go on to court and encourage the Causes to which they were owing, and which will again produce them.”

Financial Times, July 24-25,1999

You pays your money...

Charles Keating, the boss of an American thrift, Lincoln Savings and Loan, was once asked whether the $1.3m he had donated to five senators’ campaigns had influenced their behaviour. “I certainly hope so,” he replied.

The use of money to buy political influence is as old as democracy itself, and as fresh as today’s headlines. In Britain this week, the Labour government unveiled new proposals to regulate political funding, just when (by coincidence, says the government) questions were being raised about Michael Ashcroft, a major donor and party treasurer of the Conservative opposition. In America, the Democrats have said that they aim to raise a record amount of money to compete with the enormous war chest of George W. Bush, the Republicans’ front-running presidential candidate.

Just as Catholics believe that you cannot have humanity without original sin, so political scientists accept that you cannot have democracy without money. Democracies are based on political parties. And in order to exist, organise, campaign and communicate, those parties need money. Even in America, where raising and spending campaign money is overwhelmingly the business of individual candidates rather than their parties, parties provide an invaluable cover for the raising of unlimited “soft money”. Speech may be free, but making oneself heard is not.

Indeed, the costs of politics keep going up. In America, political broadcasting accounts for a growing share of candidates’ costs. Cable and satellite channels, and the Internet, offer new means of communication. Computers make possible the management of large databases and the analysis of complex opinion polls. Parties that fall behind in the technology race may end up falling behind at the polls.

Costs have also been pushed up by the professionalisation of politics. Just as the 17th century witnessed the transition from ad hoc militias to standing armies, so this century has seen a change in political parties. They now need to be permanent, expensively staffed

为什么人们无法摆脱从众的倾向？答案也许可以从我们物质欲望的本质中找到。对财富的追求并没有绝对的计算的标准，而只有相对的比较。我们总是参照同时代的人来衡量自己所拥有的财富。许多人觉得，谁在别人投机挣了大钱的时候，自己很难按兵不动。对个人而言，大家都承认同样的风险不会有多大的亏可吃，因为当市场转向时，各人所处的相对地位并不受影响。

避免这种厄运的唯一方法是保持一种逆反姿态——即逆市场心理而为，这不再是孤独的，而且在意志方面要受到严峻的考验。

更为常见的情况是，股票投机者会相当迅速地忘掉他们痛苦的经历。于是我们发现，大约每隔十年就会出现一次投机热潮。正如一位作者在一次泡沫破灭后写道：“在人的本性中，肯定存在一种愚蠢的东西，否则人们就不会千百次地落入同一个陷阱中。尽管他们仍然记得以往的不幸，但投机的动机却又蠢蠢欲动。这样的动机正是以往不幸的根源，并将再一次导致新的不幸。”

英国《金融时报》1999年7月24-25日

西方国家政党的经费来源

以前曾有人问美国林肯储贷协会会长查尔斯·基廷，他向五位参议员提供的130万美元竞选捐款是否影响了他们的行为。他回答说：“我当然希望如此。”

用金钱换取政治影响同民主政治本身一样古老，同时又象如今的头版头条一样新鲜。本周在英国，就在人们对反对保守党的主要捐款人兼财务总监迈克尔·阿什克罗夫特提出疑问时，工党政府公布了管理政党经费筹集的新提案（政府说是巧合）。在美国，民主党人说，他们打算筹集巨额纪录的经费，以便同共和党领先的总统候选人乔治·布什的巨额专款相抗衡。

没钱就没有民主

正如天主教徒认为没有原罪就不可能有人道一样，政治学家也承认没有钱就没有民主。民主政体是建立在政党基础之上的。为了存在，建立组织、竞选和交流，政党需要钱，即便在筹集和花费竞选经费主要是各个候选人而不是政党的事
organisations, not just groups that crystallise temporarily for elections and then melt away again.

It is easy enough to legislate against (if not always to detect) politicians using public office for personal enrichment. It is much harder to prevent politicians becoming unduly beholden to the groups or individuals who finance their campaigns. Britain’s present government has been attacked for changing its policy on fox-hunting and tobacco advertising in sport shortly after the Labour Party received big donations from interest groups. In America, the persistence of peanut and sugar subsidies has been directly linked to the political generosity of growers.

Raising the money

How can parties raise the cash they need without incurring these obligations? Some sources of money are unobjectionable. In most countries, parties will raise money from their supporters in membership fees. In some countries, such as Germany, parties require elected officials to give a proportion of their salaries to party funds.

So far, so uncontroversial. Parties that need to build a mass membership will be encouraging a healthily widespread political participation. No individual member can expect his membership fee to sway his party’s policies. And if the levy on professional politicians is compulsory and uniform, their contribution does not give them greater influence on policy than they already enjoy through their position in the party.

But dues and membership fees inevitably fall short of parties’ total needs. Membership fees cannot be set high without deterring potential members, and parties will be reluctant to bleed their own officials too hard. So what limits should be placed on parties’ attempts to pass the hat around more widely?

One approach is to ban political donations from certain sources. America bans political gifts by foreigners, and the British government said this week that it planned to do the same. Others limit gifts by institutions. Japan, for example, prohibits political donations by companies most likely to be affected by public-policy decisions; money from subsidised private enterprise, for example, or from companies in deficit, is now taboo. In some countries firms or trade unions may need the consent of their members or shareholders before they can give money. And in Japan, only parties, not individual politicians, are meant to receive it.

Many countries now require donations to be reported. In America, candidates have to report the source and size of any donation over $250. Although the requirement to report donations may not stop would-be influence-peddlers, it makes politicians and parties

情的美国，政党也为候选人筹集无限量的“专款”提供了非常重要的借口。演讲可能是免费的，但让别人听到自己的演讲就不是免费了。

实际上，政治活动的费用正不断上升。在美国，候选人在广播电视中竞选的开支在候选人开支中所占的份额越来越大。有线电视和卫星频道，加上因特网，提供了新的通信途径。计算机使人大数据库的管理和对复杂民意测验的分析成为可能。在技术竞争中落后的政党可能最终也会在选举中失利。

政治的职业化也使费用上升。正如临时召集的民兵在17世纪发展成常备军一样，本世纪也目睹了政党的变化。它们现在需要成为永久性的、配备职员因而开支巨大的组织，而不是为了选举临时组织起来、选举结束后再解散的团体。

制定法律惩处利用公职中饱私囊的政界人士很容易。阻止政界人士为其竞选提供经费的团体和个人过多地承担义务就困难得多。英国现政府因为在工党受到收益集团的大笔捐款后不久就改变关于猎狐和体育比赛中香烟广告的政策而受到批评，在美国，花海和糖的补贴之所以保持至今，与种植者对政党的慷慨捐赠有直接关系。

如何筹集经费

政党怎么能筹集它们所需经费而不招致这些义务？有些经费的来源是不会引起反感的。在大多数国家，政党通过收党费筹集经费。在德国等一些国家，政党要求当选官员把一部分工资捐作党费。

迄今为止，这些都未引起争议。需要吸收广大党员的政党将鼓励人们积极广泛地参政。任何一名党员都不能指望他的党费动摇其政党的政策。当然应缴的款额和党费必然无法满足政党的总体需求。党费如果定得太高，就会使潜在的党员望而生畏，政党也不愿过多地从官员身上榨取款额。

对政党更加广泛的募捐行动实际限制的一个办法，是禁止某些来源的政治捐款。美国禁止接受外国人政治捐款。英国政府表示打算出台同样的规定。其他国家限制机构捐赠。例如，日本禁止最有可能受政府的政策决定影响的公司提供政治捐款；接受补贴的私有企业或者亏损企业的捐款现已成为禁忌。在有些国家，公司或工会可能需要先得到成员或股东的同意才能提供捐款。
much more wary of taking their money, and ensures that they will have to justify any decisions that are in the interests of their donors. A number of countries feel that reporting, by itself, does not go far enough. So they impose limits on the size of individual contributions. Americans are not allowed to donate more than $1,000 to the campaign of any individual candidate, although they are also allowed to give $5,000 a year to a political action committee (PAC), which can then campaign on the candidate’s behalf.

But limits are seldom watertight. Money can help a party or candidate without being paid directly into their funds. Interest groups associated with a candidate—a union, for example, or an anti-abortion group—can raise and spend money effectively on their behalf. And in America limits to donations apply only in federal elections. This allows state parties to raise unlimited amounts to spend on state elections, even though this cash, in reality, is often designed to help federal candidates too. Ensuring that this so-called “soft money” is used only for general campaigning purposes by the party or lobbying group concerned, and is not channelled to individuals, is a regulator’s nightmare.

Enter the state

The tighter the restrictions on private fund-raising, the greater the likelihood that parties’ or candidates’ private incomes will fall short of their necessary expenditure. So in every democracy, some political finance is now provided by taxpayers. In Britain, apart from some small increases announced this week, taxpayers pay only for some token help for opposition parties in Parliament. Spain, in contrast, after a number of scandals in the early 1980s, passed a law to limit parties’ private fund-raising to 5% of their state subsidy.

It is not hard to make a case for some public funding of political parties. If parties are necessary to democracy, citizens can reasonably be expected to contribute to the cost of keeping democracy alive. But the greater the taxpayer subsidy, the greater the risk that parties will become institutions of the state rather than voluntary associations of their members.

The most basic systems of state finance simply use the state as a collection agent. The so-called tax deduction allows individuals to indicate on their tax return that they want to pay extra, which the government then passes on to the relevant political parties. A variation is the tax check-off, where individuals pay no more tax, but a small amount of their existing tax ($3 in America) goes towards a government pot to finance presidential candidates.

Economist, July 31, 1999

在 日 本, 只 有 政 党 能 接 受 捐 款, 政 界 人 士 个 人 则 不能。

许多国家现在要求上报捐款。在美国，候选人必须报告每人次超过 250 美元的捐款来源和数额。虽然报告捐款的要求可能无法阻止潜在的政治家，但它使政党人士和政党在接受这些人的捐款时谨慎得多，并能确保他们在作出有利于捐款者的决定时必须证明决定是正当的。许多国家认为仅仅报告还不够，所以它们限制每笔捐款的数额。美国人为每位候选人提供的竞选捐款不得超过 1000 美元，但它们可以每年向政治行动委员会捐款 5000 美元。政治行动委员会可以用这些钱为候选人搞竞选活动。

但限制很少是天衣无缝的。捐款人可以向政党或候选人提供帮助而不需要把钱打入其经费，与候选人有关的利益集团——例如工会或反堕胎组织——可以有效地为候选人筹集和花费经费。在美国，对捐款的限制只适用于联邦选举，虽然实际上这些经费也常常用于帮助联邦候选人。

对针对个人筹集竞选经费的活动限制越严格，政党或候选人的自有收入不足以应付必要开支的可能性越大。因此在每个民主政体中，都有部分政治经费来自纳税人。在英国，纳税人只象征性地为议会中的反对党提供帮助。而在西班牙，经过 80 年代初的一些事件，政府通过了一项法律，把政党从个人那里筹得的经费限制在国家补贴的 5%以内。

国家的资助

国家为政党提供一些经费，其理由并不难找。如果政党的存在对民主政体来说是必要的，就应理由要求公民为保持民主政体的存在承担费用。而纳税人的补贴越多，政党成为国家机构而非原员组成的民间社团的危险性就越小。

国家提供经费的最基本的体系是把国家作为募集机构。所谓的附加专项税允许个人在税单上表明他们希望多交税金，政府将把多交的部分转给有关政党。一种变化的形式是税金扣除，即个人不再多交税，而从现有的税款中扣除一小部分（美国是 3 美元）存入政府基金，用于资助总统候选人。

英国《经济学家》1999年7月31日
Courage and power show—Chinese drum beating.

High and above—Belgian performers walk on 5-meter-high stilts.

Touch of Romania.

New Zealand's Maoris dance.
Fresh and Mellow
Long Lingering Aftertaste

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