

Vol. 28, No. 36

September 9, 1985

BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF
NEWS AND VIEWS

A Call for Efforts Against New World War

Latest Developments in Education



Scenic Hangzhou Today

Shantou Special Economic Zone

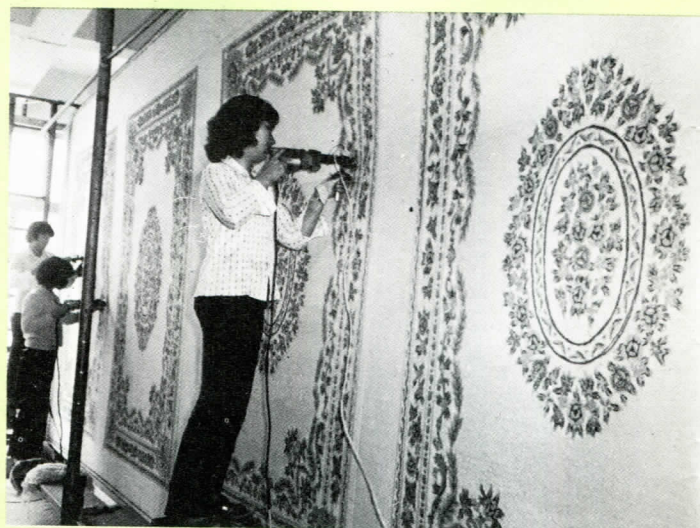
Situated in eastern Guangdong Province, the Shantou Special Economic Zone is one of China's four special economic zones. It covers an area of 52.6 square kilometres. Beginning in late 1981, the zone's industrial and agricultural areas embarked on rapid development plans.

At present, 24 factories in the industrial area have gone into operation. Their products include electronic toys, carpets, garments, ceramics and foodstuffs. By importing advanced technology and overseas capital for agricultural use, 200 hectares of land have been made productive, including an orchard, a vegetable farm, a rabbit warren and aquatic product farm.



A corner of the Shantou Special Economic Zone.

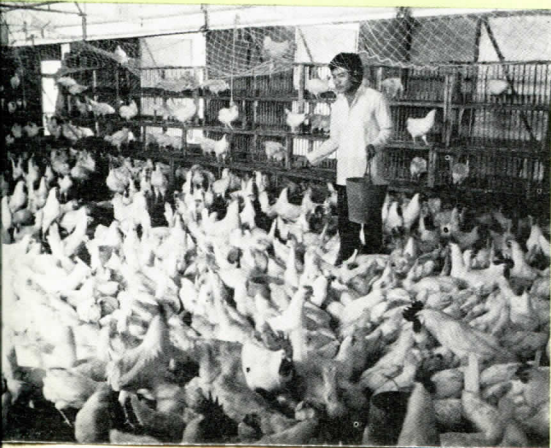
Shantou harbour.



Women at work on woollen carpets.

SPOTLIGHT

Chicken breeding.



The Huadabao Ceramics Factory.



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COVER: Artists in ancient costumes perform for tourists in the Huanglong Ancient-Imitation Garden of Hangzhou.	
	Photo by Gu Weibo

HIGHLIGHTS OF THE WEEK

China Firmly Stands for World Peace

Addressing a Beijing rally commemorating the 40th anniversary of V-J Day, NPC Chairman Peng Zhen says he believes a new world war can be prevented and peace maintained if people throughout the world work together. He pledges China's continued efforts towards that end (centre-fold).

Tibet: Pageant Marks Region's Birthday

As thousands in Lhasa took to the street celebrating the 20th anniversary of the founding of the Tibet Autonomous Region, a central government delegation pledged nationwide assistance to help deliver Tibet from poverty, backwardness and isolation (p. 6).

A Call for Public Attention to Education

Following the CPC Central Committee's decision on educational reform published last May, 3,250 Party and government cadres recently volunteered to train rural primary and middle school teachers. The move draws public attention to education, and thus propel the training of more talented people for China's modernization drive (p. 4).

Hangzhou: A "Paradise" on Earth

Hangzhou is taking action to save West Lake from pollution and protect its picturesque environment. Its development prospects are also promising. But poor communications and lagging urban construction still call for immediate improvement (p. 15).

Contadora Group Gets New Support

Argentina, Brazil, Peru and Uruguay form the Lima Group to join the Contadora countries in their search for peace in Central America. At a joint meeting last month, the foreign ministers of the two groups pledged co-ordinated diplomatic action on a peace treaty for the troubled region (p. 11.)

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Education Given Top Priority

by **XIN XIANGRONG**
Cultural Editor

Institutions under the government and the Central Committee of the Chinese Communist Party have sent 3,250 people to teach in various parts of the country. The move, which is aimed at training more primary and middle school teachers, will prompt the whole nation to give more attention to education.

China needs large numbers of talented people to carry out its programme for socialist modernization. The development of education, however, is handicapped by a lack of funds, inadequate materials, a dearth of teachers and, in some cases, unqualified instructors. All these problems call for urgent efforts to solve them. But the government deems it more important to increase public understanding of the importance of education in economic construction.

The Party and government have constantly stressed the country's need for education. Indeed, educational reform has been ranked with science, agriculture, energy and communications as a top-priority development project. Thanks to this stress, much fine work has been done in this regard. Unfortunately, there are still Party and government cadres who show less concern for education. Preoccupied with economic matters, they fail to see the urgent need to improve the quality of Chinese education. Some have even channelled funds earmarked for education into other projects and transferred teachers into the business

sector. Such short-sightedness is extremely harmful.

The CPC Central Committee published a decision on educational reform last May, reflecting its strong concern for the issue. The decision calls upon Party Committees and governments at all levels to strengthen leadership over education and make it one of their major tasks. The development of education has been gain-

Recently, 3,250 Party and government cadres were sent to train rural primary and middle school teachers. This is part of the effort to upgrade education for the fulfilment of China's modernization programme.

ing momentum since the issuance of the decision.

The development of education, however, not only requires efforts of educational departments; it also needs support from economic sectors across the nation. Because the original Ministry of Education was unable to make overall arrangements for the nation's education, the State Educational Commission was founded in June to take charge of this vital task. The commission is headed by Vice-Premier Li Peng, and its members appointed include vice-ministers of the State Planning Commission, the State Economic Commission and the State Science and Technology Commission, and vice-ministers of

Finance and of Labour and Personnel. These appointments make the newly established commission a highly authoritative state organization.

Under its guidance, departments under the CPC Central Committee and the State Council have begun formulating their own plans for educational development. These departments are now responsible for 271 institutions of higher learning.

The Beijing municipal Party committee and government in July called a conference to discuss ways of making the capital the best-educated city in China. It is envisaged that junior middle school education will be made universal in the city and its suburbs before 1987, and senior middle school education by 1990. Efforts will also be devoted to universalizing junior middle school education in rural areas by the end of the decade. The present enrolment ratio for vocational or technical schools and regular senior middle schools stands at 1.09:1. In the future, vocational and technical schools will be expanded and improved while universities and colleges under the direction of the municipal people's government will continue to enrol more students.

As a further move in this direction, Beijing has decided on ten solid steps, including increasing funds for education, upgrading school facilities, improving school food, and establishing an educational centre and a sanatorium for teachers. The municipal government has also decreed that every government organization, enterprise and undertaking

LETTERS

Good Article on World War II

Your magazine (No. 32, 1985) carried the article "40 Years After: Reassessing the War in China" to mark the 40th anniversary of the war against fascism. I think the motive for keeping up Sino-Japanese friendship and maintaining world peace lies in bearing in mind the lessons and the agony left by that war. But many Japanese don't quite understand. The "textbook" issue manifests the irresponsibility of some Japanese people.

The "Sino-Japanese War" is actually China's war of resistance against Japanese aggression on the basis of co-operation between the Kuomintang and the Communist Party of China. And China's war of resistance was an important part of the world anti-fascist war. If we don't understand that, Sino-Japanese friendship will merely be a castle in the air, and everlasting peace will be hard to guarantee. Your article is quite to the point and detailed.

Both nations are now driving forward, though we have different social systems. We should not allow any distortion of history; we should tell our younger generations about that disaster, and about the hard-won peace. To prevent a new world war, we need to do more.

Hiyomichi Kawamoto
Yamaguchi, Japan

Interesting Writing and Suggestions

I find your articles about Chinese acrobatics and people's lives very interesting, and those about sports are my favourite.

The magazine is good at writing about Africa. I hope you will use better paper, carry more colour

photos and give more coverage on people's lives.

Ngandzala Yves-Saint
Pointe Noire, Congo

This is a listing of a few recent articles which I found interesting and useful in my work: "Surplus Rural Labour Put to Work" (No. 21), "Bank of China Plays Key Role in Open Policy" (No. 22), educational reform and the one on the People's Bank (No. 23), the review of Shapiro's book and the article on rural structural reforms (No. 25), and the article on Wuhan (No. 28).

In my course on the Government and Politics of East Asia, I find particularly useful for my students and myself documents such as the Foreign Economic Contract Law and the Accounting Regulations (No. 27). Other articles of this type (for example, Constitutions, basic laws, etc.) are of great help to me.

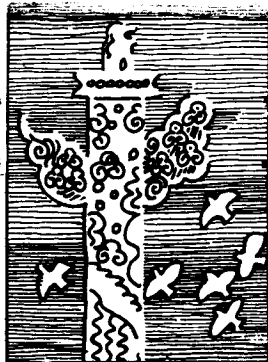
I also find considerable interest in the changes taking place in China as depicted in some of your articles.

Finally, I must congratulate you on frankly discussing China's problems and shortcomings as well as its successes. These "confessions" add to the quality and reliability of your magazine.

Richard Gripp
USA

I enjoy reading your magazine, especially the international column. I feel that you should write more about Africa — about the droughts, about South Africa, generally about the African condition. Yes, sometimes our demands are beyond your range. But you must know that Africans have deep feelings for you.

Mesgun Rasi
Ethiopia



maintain regular ties with a school or a kindergarten and give them all kinds of support. The decision is considered an effective way to enlist social support for education. Implementation of the decision has already helped solve urgent problems in many primary and middle schools.

In many areas, local governments have taken the lead in strengthening the leadership and management of the rural primary and middle schools. They have allocated money for the expansion or renovation of school buildings, and some have set up bonuses to reward model teachers.

In celebrating China's first national Teachers' Day on September 10, various areas are promoting activities to show respect for teachers and arouse more social concern for education.

Although this will take much time and effort, we believe that education will flourish if this drive is continued and furthered.



Lhasa Celebrates as Region Turns 20



Left: Hu Qili, Bainqen Erdini having a chat with Local Tibetans.

Right: Smiling faces are everywhere as the Tibetans celebrate the 20th birthday of the autonomous region.

The streets of Lhasa echoed with thunderous drum rolls and the deep booming calls of mountain horns last week as 30 thousand people gathered to celebrate the 20th anniversary of the founding of the Tibet Autonomous Region.

The rally, held on September 1 in the Tibetan capital, featured a colourful parade of more than 3,500 local residents, including hundreds of lamas who danced past the reviewing stands in front of the Potala Palace as clouds of pigeons and balloons were released into the clear Himalayan sky.

The crowds cheered as a central government delegation, led by Communist Party Central Committee Secretariat member Hu Qili presented regional officials a banner of congratulations. "Strive for a new Tibet with unity, prosperity and a high standard of socialist

culture and ethics," the inscriptions on the banner read.

Hu also relayed a message pledging nationwide support for Tibet's efforts to free itself from isolation, backwardness and poverty. "Building a new and socialist Tibet is the eager desire of the people of various nationalities in the region, and is of special importance to the nation's modernization programme," the message said. It also urged Tibet to work for further economic development by opening its doors to the world.

"With their ability to create a brilliant ancient civilization, the Tibetan people can certainly create a brilliant modern Tibet and make their due contributions to the effort to invigorate the Chinese nation and achieve modernization," added Doje Cedain, chairman of the regional government.

Earlier, addressing a rally attended by 3,000 local officials, Hu

and delegation member Vice-Premier Li Peng repeated that the central government would levy no taxes on Tibetan farmers and require no state purchases of agricultural products until 1990. They also called on local officials to follow the Party's policies of respect for the customs and religions of China's ethnic minorities. Tibet should fully exercise its right to local autonomy, Hu said.

Regional CPC committee secretary Wu Jinghua said Tibet has ambitious economic plans that will raise the average income of its farmers and herdsmen to 900 yuan a year by 1990. Agriculture and animal husbandry, the leading sectors of the local economy, were valued at 638 million yuan last year, up 89 percent over 1965 when the autonomous region was founded. That figure will increase to 1.7 billion yuan a year by the end of the century, he said.

Industry will yield 1.1 billion yuan annually while tourism, commerce and service trades will bring in a further 1.2 billion yuan. Tibet's industrial output has risen by 500 percent in the past 20 years, Hu noted.

Also attending the rally was the Bainqen Lama, who is a vice-chairman of the National People's Congress Standing Committee. All cadres working in the region should have a good command of the Tibetan language, and more temples should be opened for the followers of various Buddhist sects, he stressed.

During a late August press conference in Lhasa, the Bainqen Lama criticised the handful of Tibetans who, according to foreign press reports, have made trouble abroad or held demonstrations in front of the Chinese embassy in New Delhi. These acts were completely wrong, he warned, and could only destroy the progress achieved so far. Tibet has always been a part of China, through many changes of time, and calls for "Tibetan independence" can only harm the basic interests of the region's people.

The festival celebrations will continue through early September.

Abolish Apartheid, Zhao, Mugabe Say

Exchanges between China and Zimbabwe will grow following the establishment of a joint commission for economic, technical and trade co-operation between the two countries, officials said in Beijing.

According to an agreement signed during Prime Minister Robert Mugabe's visit to Beijing August 26-28, China will also provide Zimbabwe with interest-free loans.

Speaking at a banquet he gave for Mugabe and his party, Chinese Premier Zhao Ziyang said Sino-Zimbabwean contacts have increased steadily since the two countries established full diplomatic ties five years ago.

Zhao also condemned South Africa's apartheid system of white-minority rule, its brutal suppression of the country's black majority and its continued occupation of Namibia.

"The South African regime has brazenly intruded into neighbouring countries, posing a grave threat to their security and stability. They have propped up a transitional government in Namibia in a renewed attempt to block Namibia's independence. At the same time, the South African government talks glibly about "reform" in a bid to deceive world opinion, hoodwink its people and extricate itself from a worsening predicament," Zhao said.

"If the African people close their ranks and persevere in their struggle, they will certainly reach their lofty goal and win the liberation of all Africa," he added.

"Justice shall surely prevail over injustice and good over evil in South Africa and Namibia," Mugabe said.

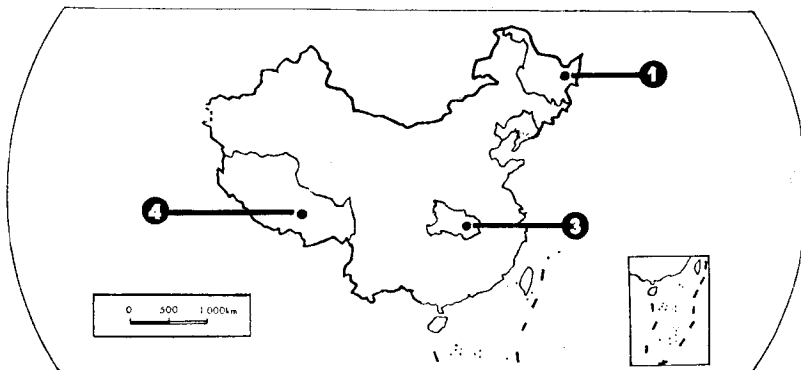
During his three-day stay in Beijing, Mugabe also met Chinese leaders Deng Xiaoping and Hu Yaobang.

Business Abuses Bring Reform Call

At first glance, Wang Zuxin seemed an unlikely man to hit the headline as a master criminal. In fact, the retired government official apparently had all the right credentials when he asked the Wuhan city government to issue a license for his new company, a concern dealing in scrap metal. His business, which he said was backed with 100,000 yuan in cash, had only 6,000 yuan in working capital. From behind this facade, he was able to sign phony contracts with a number of local firms — deals that he never intended to honour. Within a few months, this simple ploy earned him a reported 1.4 million yuan in illegal profits.

The case of Wang Zuxin is one of several to achieve notoriety in the Chinese press, and it highlights some of the problems that have begun to surface as the country's economic takeoff gathers strength. Commercial growth has meant

PLACES IN THIS ISSUE



1. Jiamusi (p. 10) 3. Wuhan (p. 7) 4. Lhasa (p. 6)

News in Brief

China's administrative spending, which increased by 25.5 percent in the first half of this year over the same period last year, dropped for the first time in July. The figure dropped 16.3 percent in July from the previous month, or a 2.47 percent reduction compared to that of the same period last year.

Construction will begin next year on a highway to link the southern Hunan with Jingxi and Fujian provinces. The 1,100-km highway scheduled for completion in 1990 will be built by the central and the local governments and will cost about 600 million yuan. It is expected the highway will accommodate about 5,000 motor vehicles a day.

Photo-journalists and film crews recently set out to retrace the 9,600 km route of the Chinese Red Army's Long March five decades ago. Their resulting data and film footages will be used to produce a book and television documentary scheduled for release in September 1986, the 50th Anniversary of the end of the Long March in which the Red Army moved from Jiangxi Province in the South, through central China to Yanan in northern Shaanxi Province.

added prosperity. But it has also provided new opportunities for unscrupulous operators to profit at the expense of honest — or more naive — businessmen and officials. **Shams.** Some of the false-front companies have no fixed offices or funds of their own. Operating with state loans or money obtained from dubious sources, they specialize in speculation, tax evasion, bribery or outright fraud. One much-used gimmick involves tout-ing important capital goods or scarce commodities to lure orders. While the money pours in, deliveries are mysteriously delayed. Sometimes the company simply disappears overnight.

Havens. Other businesses are actually former government departments renamed to provide a safe, often profitable haven for staffers trimmed from official positions in China's drive to streamline administration. Because many of these people are barely competent in management practices, the companies remain administrative offices living off the profits of the factories under their jurisdiction. According to one recent survey, 83.3 percent of the 144 companies in Chongqing, Wuhan and two other cities fall into this category.

Chameleons. Some non-profit government organizations find the opportunities offered by a burgeoning market too big a temptation to resist. Bypassing the statutes that forbid government departments from engaging in commercial activities, they pass themselves off as enterprises by taking new names, while also retaining the privileges of their official positions. This double identity is often used to gain access to inside market information that yields quick profits.

The problem is aggravated by loopholes in the legal system — particularly the lack of a corporate law. Lawyers and court officers are left floundering in complicated cases spun off from the country's

commercial explosion. Too, local governments often issue business licenses without looking into the applicants' economic situation. As a result, law-abiding companies often suffer losses due to lack of legal protection while criminals escape punishment.

The situation in the business world quickly caught the attention of top government officials. As a partial cure, the State Council issued a circular calling for the overhauling of all companies, along with more stringent checks on their financial status. "These problems should be solved in earnest because they have not only seriously stunted the healthy growth of lawful companies, but also threaten to derail the smooth progress of our economic reforms," the circular said.

Some progress has been made in this endeavour since the beginning of last year, it added, but incompetent leadership has slowed the pace of the overhauling in some areas. To speed the cleanup, the State Council further urged:

— The strict separation of government administration and commercial management. Economic ties between Party and government departments and enterprises should be severed, and government employees who also serve as company managers must give up one post to "serve one boss at a time";

— More stringent business registration procedures. Before authorizing the establishment of a company, state officials must carefully examine the applicant's qualifications. If the companies turn out to be fraudulent, the officials can be called to account, both economically and legally;

— Strict checks on new companies before they open. Businesses should have fixed places for production and management, sufficient facilities and staff, and a sound financial base. Companies which fail to meet any of these



Tibet Catches On With TV

The Tibetan TV Station was established on August 20. With advanced equipment, it provides its own Tibetan language programmes and relays shows broadcast by the China Central TV Station. Most urban residents of Lhasa now have TV sets, along with about one-fifth of the city's suburban households. Here, the new station's staff are dubbing a drama in Tibetan.

requirements are to be closed down; and

— The revocation of business licenses for companies involved in speculation, price-hiking, smuggling and other illegal activities.

Labour Companies Offer More Jobs

Only a few years ago people in China had to count on the government for jobs — and often got them after long years of agonizing waiting. But today, job-hunters enjoy the ready assistance of 38,000 labour companies that are helping ease the country's unemployment problem.

"My sister spent six years waiting for a government job after she returned from the countryside," said one Henan Province worker, "but when I left school and asked for work from the labour company, I got a good job from the several offered me within two months."

5.57 Million Jobs. To date, collective enterprises operated by labour companies have employed 5.57 million urban residents. They also provide over 1 million temporary jobs a year, according to Guo Shizhen, a Ministry of Labour and Personnel official in charge of employment.

This is a far cry from the pre-1979 situation, when Chinese cities were swarming with tens of millions of "educated youths" returning from years of labour in the countryside. All waited for jobs with much anxiety, but this huge army of the unemployed was more than government enterprises alone could handle.

The situation began to ease only after a switch in policy. While the government continued its efforts to create jobs in state-owned enterprises, local factories, neighbourhoods and jobless workers themselves were encouraged to pool their own funds and run collective businesses. People were also urged to open private businesses and become self-employed workers. The labour companies

were designed to help those who wanted to take the collective road. As a result, China's urban unemployment rate dropped from 5.9 percent in 1979 to 1.9 percent in 1984.

According to Yue Guangzhao, a special adviser to the Ministry of Labour and Personnel, it would have cost the government billions of yuan to generate the 5.57 million jobs which labour companies provided — an accomplishment made all the more noteworthy because it was done with little state assistance. "In fact," he added, "that would have been beyond the state's current financial abilities."

When labour companies cannot find enough work for all those who want it, they provide the applicants with pre-job training. Since 1980, some 3.82 million city people have been trained. To meet China's growing need for more skilled workers, 779 training institutions have been set up.

Growing Business. The 210,000 firms operated by labour companies in 1984 grossed 25.7 bil-

lion yuan from production, sales and service charges. On their net profits of 2.27 billion yuan, they paid 1.08 billion yuan in tax, more than double the amount the state spent in the same year on subsidizing labour companies.

These companies are quickly expanding from service trades and manual labour to technology-intensive industries and other fields. Their products run the gamut from basic consumer goods to high-tech products.

A commodities fair held by labour companies in Zhengzhou, Henan Province, drew 120,000 people in nine days, and earned 8 million yuan. "I couldn't believe it," said a visitor while browsing among an impressive array of products on display. "I thought these kids could only serve as waiters and waitresses or do repair work, but actually they are making some rather sophisticated things."

Even more surprising was a national exhibition which was opened on September 1 in Beijing's northern suburbs. The show presented four full floors of high-quality products from labour companies throughout China, clearly showing that the companies are emerging as a force to be reckoned with in the business world.

Helping Hand. The labour companies are versatile as well. Although they were set up mainly to serve urban middle school graduates, they are giving a helping hand to people others find hard to help or simply shun.

Hou Lianzhou, an aging worker in Jiamusi, Heilongjiang Province, was overjoyed when his two paraplegic sons found jobs at a local dyeing factory after years of enforced idleness. "It's like a heavy burden suddenly gone," he said.

Hou's sons are only two of the 137 handicapped people gainfully employed by the factory's labour

company since 1980. Altogether, they were paid 414,000 yuan in five years — no small amount considering that they were making no money at all a few years ago.

A Shanghai labour company scandalized the public in 1980 when it admitted 200 ex-prisoners into a 250-member packing and transportation team. But the team soon gained recognition by transforming the "outcasts" into productive, law-abiding citizens. In five years, the team served 400,000 passengers and transported 200,000 tons of cargo, amassed 1 billion yuan in operating capital, and finally earned a commendation from the central government. Said a team member: "All my fears of society turning its back on me were gone the moment I got my job as a porter. Now I'm happy I can do something useful, and I will not let society down."

A flourishing job market has also enabled labour companies to accommodate surplus rural workers. In Nanhai, Guangdong Province, they have helped channel 65 percent of the area's rural manpower into non-agricultural endeavours. In Jiangning County, Jiangsu, 36.97 percent of the farmers have found jobs in factories.

Challenges. But despite their gains over the years, Chinese labour companies are in for tough challenges in the near future. Some 10-20 million workers are to be trimmed from overstuffed state-run factories in the next five years, while an estimated 30 million urban youths will enter the job market. The biggest challenge of all, though, will be the 100 million surplus rural workers who are now looking for industrial jobs. Said He Guang, Minister of Labour and Personnel, "None of these problems can be solved until we have made breakthroughs in developing service trades and reforming our ownership system. And we think labour companies have a big role to play in this."

China & the World

Better to Study Than Forget

At a symposium to mark the 40th anniversary of the Chinese victory in the War of Resistance Against Japan on August 28, Hu Qiaomu, member of the CPC Political Bureau, emphasized the importance of remembering that war and all it stood for. There are people, Hu said, who would prefer to keep the Japanese young in the dark about the war and Japan's role as an aggressor. These people have used every means in recent years to reverse the verdicts of the Far East International Military Court, distort the nature of the war, gloss over and conceal war crimes, and have even tried to extol some war criminals as "national heroes."

Hu said that research into the history of the Chinese anti-Japanese war will be of a high educational value not only for the Chinese people, but also for the people of Japan, Asia and other countries.

Seoul Urged to Return Crew

A Chinese Foreign Ministry spokesman said in a recent statement that China "strongly demands" that the South Korean authorities return the entire crew of a Chinese military aircraft that landed there after losing its course on August 24.

The statement said: "We are deeply disappointed when the South Korean authorities announced that the pilot of the Chinese military aircraft would not be returned."

Central America

A Hopeful Step in the Peace Process

Central America's peace efforts get new hope with the founding of the Lima Group, which pledges support for Contadora Group's peace initiatives.

by REN YAN

THE foreign ministers of the Contadora Group and the Lima Group held their first joint meeting on August 24-25 in Colombia.

The Lima Group, which consists of Argentina, Peru, Brazil and Uruguay, was formed last July in the Peruvian capital. Born at a time when Contadora countries were experiencing difficulties in their search for peaceful solutions to Central America's problems, the new organization was meant to give much-needed support for their faltering initiatives.

The Contadora Group has made repeated efforts to realize its calls for the exclusion of Central American conflicts from the East-West rivalry, and for negotiations to solve disputes in the troubled region. It is primarily due to this peace effort that Central America has been spared an explosion ignited by its own growing frictions. However, the peace moves have largely been thwarted this year by the stubborn interference of the United States and growing clashes among the Central American countries. Peace seemed further away than ever when the region's third plenipotentiary meeting, due to open last June, was suspended by mounting tensions between the United States and Nicaragua.

According to a communique issued by the meeting, the Lima

Group will seek peaceful solutions to the region's problems through frequent exchanges of information and negotiations aimed at co-ordinating diplomatic action. Further diplomatic activities will be design-

ed to support the Contadora Group, push for the signing of a Central American peace treaty and ensure its effective implementation.

The ministers pledged to increase diplomatic contacts so that the Central American countries can sign the proposed treaty of peace and co-operation at their earliest convenience. They also called for "permanent" solutions to the regional crisis as well as invigorated economic growth.

Singapore

Economy Shows Signs of Stagnation

Singapore has developed at a remarkable pace since its independence from Malaysia in 1965. But that progress has now been derailed by an economic decline in the first half of this year.

by LI YONGMING

SINGAPORE, perennially a major force in booming Southeast Asia, has found itself in an unaccustomed position since early this year: Its economic growth rate dropped 7.2 percent in the first quarter of 1985 and then, instead of recovering, continued to slide to a sickly minus 1.4 percent for the second quarter. That negative figure was only the third in the past 26 years, and it convinced Singaporean leaders that the country is heading for a protracted period of economic stagnation.

The island nation's problems are partly the result of poor economic conditions worldwide, especially in the United States. Singapore relies heavily on exports, most of which go to the American

market. The manufacturing sector, one of Singapore's main economic supports, has been particularly hard-hit. Its average growth rate of 5.3 percent, maintained for the past five years, slipped to a dismal minus 5.7 percent in the first half of 1985. The US\$1.1 billion Singapore earned on manufactured exports last year was worth less than half what the sector took in during 1981. Moreover, falling petroleum prices have weakened Singapore's refineries at a time when cutbacks in offshore oil exploration have also wounded its supporting industries, notably shipyards specializing in building or repairing drilling platforms.

Also implicated in the economic downturn is waning domestic demand in important areas such as construction, shipbuilding, electronics and petrochemical industries. The construction industry,

which accounts for a fifth of the country's gross domestic product, has been experiencing especially difficult times since last year. Many projects have been completed and few building starts are now being recorded. Its growth rate for the first half of 1985 was minus 7.5 percent, compared with 22.6 percent in the past year.

Too, high business costs led by excessive wage increases have helped lead Singapore into its current dilemma. From 1979-84, total wages rose at an annual rate of 10.1 percent, compared a 4.6 percent rise in productivity. Furthermore, tax increases, rent hikes and high interest rates have combined to boost production costs.

The island's negative growth rate has aroused deep concern and touched off heated discussions on how to deal with the unaccustomed slump. Community leaders have called for emergency steps including setting up institutions to coordinate the business and government sectors, draw up practicable economic plans and collect ideas from the public. Confidence and courage will be needed, the administration has said, to overcome the present hardships and get the country's economy back on course.

To raise productivity and reduce product costs, many Singaporean businesses have called for longer working hours, shorter production times, greater work efficiency.

While limiting wage rises, the government has also cut taxes and reduced interest rates on industrial loans to 7.5 percent from their former 9 percent. The steps are designed to encourage small factories and plants to ask for loans, which will in turn help commercial enterprises lower their production costs.

The economic crisis has forced Singaporeans to pull together in the face of adversity. Labour organizations have announced that

they will forego wage rises until the pinch eases. If higher productivity and lower costs can be achieved, said Singaporean Prime Minister

Lee Kuan Yew, the country can expect to be competitive on the world market again in two or three years.

Bonn-Paris

Leaders Linking Up to Fortify NATO

Security co-operation between France and Federal Germany is meant as a strong pillar of support for NATO.

by MA WEIMIN

WHEN meeting in Fort de Bregancon on August 24, French President Francois Mitterrand and Federal German Chancellor Helmut Kohl stressed issues including mutual security interests, East-West relations, the US Strategic Defence Initiative, the "Eureka" co-operative programme and European jet fighters.

The two leaders decided at their meeting that a direct "hot line" would be set up between Paris and Bonn shortly to improve top-level communication.

"The subjects of conversation imposed themselves," Mitterrand told reporters after the talks. "East-West relations obviously include strategic balances. We have decided that French-West German relations in this area must be strengthened and the field of action enlarged."

"We've made great progress, but there are still things to do," Kohl added. "We would like, in this area, a link as close as possible between France and West Germany. This is in no way a contradiction of our ties to NATO and the United States of America."

When French Defence Minister Charles Hernu talked about the common security interests of France and Federal Germany two months ago, his words aroused an

extensive debate. West German Foreign Minister Hans-Dietrich Genscher concluded that the French act was "significant" not only to France and Federal Germany, but also to European security as a whole. Security co-operation between the two countries did not mean establishing a combat force against the United States; rather, it was aimed at building one strong pillar instead of several minor ones to support NATO, according to the minister.

However, Kohl-Mitterrand talks did not appear to reach a consensus on all topics covered, notably the question of building a new jet fighter for NATO's European forces. The French also thought Bonn was more interested in the US "Star Wars" Strategic Defence Initiative than in the "Eureka" space technology project proposed as an alternative by Mitterrand.

On the eve of the meeting, some observers predicted that the summit would signal an automatic French nuclear involvement in the two countries' security arrangement. Mitterrand's remarks on strengthening and enlarging co-operation were taken as evidence to support this view. This was not borne out, however, and it seems France and Germany will continue to move cautiously towards a growing identity of interests on both European construction and the touchier, but vital, issues of East-West relations.

Uganda

New Government Walks a Thin Line

Nearly six weeks have passed since the July 27 coup which toppled the government of Milton Obote. The situation in Uganda now yields some hope, but the future is still fraught with danger.

by LI ZHILIANG

THE new Ugandan government has been working hard for national reconciliation and stability. After consultations with the country's various factions, it appointed a cabinet with broad representation. Most of the 18 ministers are representatives of the opposition parties, members of the former Obote government, older politicians, engineers and businessmen.

Since the coup, the new government has arrested only a small number of former officials. The rest remain free and still work for the new government. Over 1,000 political prisoners of the former regime have been released, a move that has won widespread approval.

In addition, the new government has reached an understanding with all of Uganda's major opposition forces, with the exception of Yoweri Museveni's National Resistance Army (NRA). Co-operation is now under way between the government and the three major parties — the Freedom Movement, the Democratic Union and the Front for National Salvation. The government is talking with them and making preparations to enlist their forces into the government army.

With Museveni's forces, the regime has shown patience and is keeping the door open for an eventual reconciliation. Foreign minister Olala Otunu has maintained his contacts with Museveni, winning high praise from many in Uganda.

After issuing statements condemning violence and crimes, the government has moved to enforce discipline in the army. This has succeeded in bringing normalcy to large parts of the country.

However, the new government still faces numerous difficulties stemming from the deep-rooted hostilities between Uganda's political parties and tribes. The much-heralded peace talks between the government and Museveni, which started August 26 after the new government sacked Prime Minister Paulo Muwanga the day before, failed to resume as originally scheduled on August 27. But the two sides agreed to make further consultations.

The Ugandan media have report-

ed widespread public concern over the postponement of the talks. Even if the meetings are resumed, observers add, there is still fear that the situation may yet deteriorate in case of a breakdown.

Terrorist activities by followers of former President Milton Obote have become another headache for the new government. But the regime often cannot take strong action to prevent political murders and robberies because some regions are still in the hands of the guerrillas. Local sources say that these security problems will not be easy to resolve unless the government and the resistance agree to join hands and work together to save the country from the ravages of a continued civil war.

Added to this are the country's economic woes. Rampant crime which broke out during and after the coup has helped plunged the country's economy into a near-depression. The government has called for emergency measures, however, and this is seen as a good sign for improvement.

US-Japan

US Bristles Over Trade Imbalance

Despite a total output double that of Japan's, the United States exports to Japan only three-fifths of the amount it imports from that country. US officials and lawmakers, unsettled by the yawning trade deficit, have proposed various protectionist measures that could, if adopted, add further fuel to a potentially explosive trade war.

by ZHANG ZHENYA

AN all-out trade war is threatening to break out between the United States and Japan — the two economic superpowers in the capitalist world. After a resolution to impose an additional 20 percent customs duty on imports from Japan was unanimously adopted by the US Senate, a group of Demo-

crats presented more bills that will, if approved by the Senate and the President, impose a 25 percent surcharge on all imports from countries whose trade surplus with the United States is "too big."

Though the meaning of "too big" is difficult to define, it seems the term was used in reference to Japan, whose trade surplus with the United States will reach

US\$50 billion this year.

While Japanese cars, video tape recorders and electronic products flood the world, American producers of comparable goods have suffered significant losses. In the first half of 1985, the United States, which registered only 1 percent growth, watched 160,000 labourers lose their jobs in the manufacturing industry. The annual growth of US domestic demands is nearly four percent. The lion's share of that growth, however, has been seized by foreign exporters, especially the Japanese, which has resulted in a lower than normal increase in the production rate. This situation has made US businessmen, trade unions very uneasy, which explains the increasing regularity of protectionist bills introduced in the US Congress.

Japan, with a strapping trade surplus year after year, and its own set of protectionist measures, has become the business world's whipping boy. In order to appease some of the island nation's critics, Japanese Prime Minister Yasuhiro Nakasone announced in April that Japan would cut tariffs on 1,800 imported industrial and agricultural products by 20 percent. In addition, Nakasone said, Japanese customs procedures will be eased, while various non-tariff-barriers that hinder imports also will be reduced. The Prime Minister himself has called on the Japanese to buy more foreign goods. Nakasone also has travelled to Europe and has sent cabinet members and special envoys to the United States and throughout Southeast Asia in an effort to explain the new policies and ease the tensions his nation's productivity has inspired. On July 30, the Japanese government and the ruling Liberal Democratic Party adopted an "action programme" for opening home markets to foreign trade over the next three years. A high-ranking official of Japan

has said that 70 percent of the beef and half the oranges consumed in Japan come from the United States, and that Japan imports more US industrial products than Federal Germany and Great Britain. Despite all this, the US reaction has not been positive and can still be characterized more by suspicion than trust.

That portion of the US trade deficit caused by the US-Japanese imbalance is the largest of any single country's, because the United States is Japan's major market for its automobiles and electronic equipment. The United States' total output is double that of Japan's, yet American exports to Japan reach only about three-fifths of its Japanese imports. The United States also runs up deficit with

Canada, Latin America, Western Europe, Southeast Asia and the Gulf countries. The deficits can be attributed to various factors. First, half the oil consumed in the United States is supplied by foreign countries, an annual expense of US\$50-70 billion. Second, the high US dollar exchange rate makes US exports more expensive, and the imported goods cheaper. Thus, even if the trade imbalance between the United States and Japan levels out, the US trade deficit will only lessen some and no radical change in the imbalance of US foreign trade as a whole will be forthcoming. The goal of balance can be finally attained only through the co-operation of international financial circles and long-term efforts by the various countries in coordinating their economic policies.

Kampuchea

Guerrilla Leader Bows Out

Pol Pot announced his retirement in a recent major reshuffle of the Khmer Rouge faction of the Coalition Government of Democratic Kampuchea. He is replaced as army chief by Son Sen.

by XIN XI

SON Sen has become commander in chief of the General Headquarters of the Democratic Kampuchea National Army, replacing the retiring Pol Pot.

Pol Pot was chairman of the Supreme Military Commission of the National Army of Democratic Kampuchea. The commission ceased functioning on August 24, according to Radio Democratic Kampuchea.

The radio on September 2 broadcast a communique from Khieu Samphan saying that his faction of the tripartite coalition — the Democratic Kampuchea Side — had set up its own presi-

dency and army general headquarters. Khieu Samphan was named president of the faction and Son Sen also moved up to the vice-presidency.

Pol Pot has been appointed head of the Academy of National Defence, an agency which will review, study and publicize defence information, the communique said.

Army and government officials of the Democratic Kampuchea Side are required to retire at age 60, it added. Retiring officials will have the right to choose new jobs: They can become experts, advisers and professors at army and government institutions, but will no longer have the political influence they used to wield.

China Pledges to Maintain World Peace

At the September 3 assembly in Beijing marking the 40th anniversary of victory in the War of Resistance Against Japanese Aggression and the international war against fascism, Peng Zhen, Chairman of the Standing Committee of the National People's Congress, delivered a speech calling on all peace-loving countries and people to unite in a joint effort to safeguard peace and prevent a new war. The full text of his speech follows. — Ed.



by PENG ZHEN

THIS year marks the 40th anniversary of the victory in the War of Resistance Against Japanese Aggression and in the International War Against Fascism. People from the capital are gathered here today at this august assembly to commemorate this great, historic event. In the 1930s, the Japanese militarists launched a war of aggression against China, followed by the German and Italian fascists' war of aggression in Europe, bringing about a second full-scale world war. China, the Soviet Union, the United States, Britain, France and many other countries formed an anti-fascist alliance and waged a long and extremely arduous struggle against German, Italian and Japanese fascists, finally defeating the aggressors at the cost of countless lives. The scene of exuberant rejoicing in celebration of the victory throughout the world 40 years ago is still fresh in our memory today. What an unforgettably festive occasion it was for the triumphant people of

China and of the other parts of the world! This unprecedentedly savage war was eventually brought to an end, human civilization was saved and the people's sacrifices were repaid with historical progress. After the changes of the past 40 years, the Chinese people, together with the people of the other countries, are commemorating this historic occasion by reviewing the far-reaching significance of the victory in this just war and its rich experience, which will undoubtedly advance both China's national construction and the cause of world peace.

The War of Resistance Against Japanese Aggression was the greatest war of national liberation in modern Chinese history; it was of particular significance in the overall revolutionary course of the Chinese people. Suffering untold miseries under imperialist enslavement, the Chinese people had waged many heroic wars against foreign armed aggression, all of which ended in defeat. However, the anti-Japanese war ended differently. The Chinese people won total victory for the first time in their wars against imperialist aggression. Thus, it cleared the nation of the humiliation of defeat in every battle since the 1840s, accomplished the miracle in the annals of war of a weak semi-colonial country defeating an imperialist power, and demonstrated the immense strength of an awakened and united Chinese nation in an age of progress. The victory in the war of resistance greatly quickened the tempo of the Chinese revolution and laid a solid foundation for the rapid achievement of final victory in the Chinese people's democratic revolution. As a result, not only were all Japanese imperialist forces driven out of China, but any other imperialist forces trying to ride roughshod over the Chinese people were doomed to utter defeat and the Chinese reactionaries whose rule depended on the imperialists were doomed to destruction. Baptized in the flames of the war of resistance, the Chinese people made unprecedented progress ideologically, politically and organizationally. As the vanguard of the Chinese nation, the Chinese Communist Party applied Marxism to the practice of the Chinese revolution and came up with scientific predictions and effective guidance with regard to the anti-Japanese war and the developments after victory. At long last, the Chinese people were liberated from the intolerable



The Beijing assembly marking the 40th anniversary of victory in the War of Resistance Against Japanese Aggression and the International War Against Fascism.

ble miseries of national and feudal oppression and marched triumphantly towards the goal of an independent, unified, democratic, prosperous and powerful New China.

China's War of Resistance Against Japanese Aggression was an integral part of the international anti-fascist war. It was the first battle front to be launched in the war and the longest lasting. China was the primary theatre in the fight against Japanese fascist aggression. From a strategic point of view, it effectively assisted the war against fascism in Europe, the Pacific and other areas in Asia. In the protracted war of resistance, China fought and contained the bulk of Japan's ground forces and a good part of its air and naval forces, wearing down Japan's strength year after year. This served to foil its scheme of aggression, upsetting its plan to join forces with Germany by conquering China quickly, and to delay the outbreak of the Pacific war. China dispatched an expeditionary army to Burma in direct support of the allied forces in their fight against Japan in the Far East. The Chinese people suffered tremendous sacrifices and made historically indelible contributions to victory in the international anti-fascist war. By the same token, victory in the anti-fascist war in Europe, and the heavy blows dealt to the German fascists by the Soviet Union in particular, provided strong support for China. The Anglo-American Allied Army's counteroffensive

against Japan in the Asian and Pacific region and the participation of the Soviet Union's armed forces in the war against Japan in northeast China greatly hastened victory in the anti-Japanese war. The people of Southeast Asia also contributed to the defeat of the common enemy by their struggle against Japanese aggression. The Soviet Union, the United States and other countries in the Anti-Fascist Alliance provided China's resistance forces with manpower and material assistance. In addition, Communists and progressives in Korea, Viet Nam, the United States, Canada, India, Japan and other countries contributed various forms of internationalist support to China's war effort. We are sincerely grateful for all this and will never forget it. The Chinese people set great store by the militant friendship they forged with the people of other nations in the war against fascism and draw immense inspiration from it in their endeavour to maintain world peace and promote human progress.

The victory in China's War of Resistance Against Japanese Aggression was a victory achieved by the entire nation through unity in the resistance. As everyone knows, the Chinese people embarked on the war of resistance as early as the Incident of September 18, 1931. However, owing to the non-resistance policy of the Kuomintang government and to other constraints, partial resistance by patriotic troops and the people, starting from the Northeast

to Shanghai and then to the various passes along the Great Wall, northern Qahar and eastern Suiyuan, failed to check the Japanese invasion against China. Confronted with increasing loss of territory, the Chinese Communist Party repeatedly proposed an end to the civil war, unity against Japan and the formation of an anti-Japanese national united front. This proposal won warm and immediate support from people of different strata, democratic parties and noted patriots, including many members of the Kuomintang. It was obvious that, as the Chinese people were threatened with national subjugation at the hands of Japanese imperialist aggressors, China's only hope for survival lay in united resistance by the entire nation. Therefore, every social class and political group in China would have to raise the national interest above all else, link its destiny with that of the nation and subordinate its interests to the supreme national interest of resistance to Japanese imperialist aggression. Herein lay the future of every social class and political group. This conclusion, shared by the Communist Party and many other patriots, answered the needs of the times. Thanks to the efforts of various patriotic forces, especially the peaceful settlement of the Xian Incident, the Kuomintang authorities came to realize that their own survival hinged on resistance and that successful resistance depended on co-operation. They decided to stop the decade-long civil war and co-operate with the Communists in a united resistance against Japan. Consequently, following the Incident of July 7, 1937, a national war of resistance came into being under the banner of the anti-Japanese national united front, on the basis of the co-operation between the two parties, and with the participation of the workers, peasants, businessmen, students and teachers, and soldiers, people of all nationalities, democratic parties, anti-Japanese organizations, patriots from different social classes and overseas Chinese. Thus, the War of Resistance Against Japanese Aggression was unprecedentedly broad in scale and powerful in the history of the Chinese national struggle, and was therefore able to stand tremendous ordeals over a long time.

During the war of resistance, the national united front experienced internal troubles on a number of occasions. The Communist Party, the democratic parties and the patriots strove energetically for continued resistance, unity and progress. Taking advantage of their special positions, a number of far-sighted and patriotic Kuomintang leaders, high-ranking army officers and senior government officials played a positive role. Against the general trend of nationwide opposition to capitulation, a split and retrogression, the self-interests of a handful of diehards had to give way to the righteous cause of the na-

tion. This ensured national unity against Japan and provided the essential guarantee for persevering in the war and winning final victory. This is worth recalling by both the Communist Party and the Kuomintang as well as the other parties and individuals that took an active part in the resistance.

In modern China, saving the nation from subjugation and achieving national independence and unification constitute the sacred mission of the Chinese people of all nationalities and the primary condition for building a democratic, prosperous and modernized China. All political parties or groups that sincerely desire prosperity and progress for the country will naturally do everything possible to accomplish this sacred mission. Whichever party or group exerts itself most and makes the greatest contribution will win the support and love of the people. This lesson, too, stands out as we review the history of the anti-Japanese war.

A striking feature of China's War of Resistance Against Japanese Aggression was that it was in essence a protracted people's war, or a long-term war of total resistance waged by the broad masses of the people as well as the regular armies. Under the guiding concepts of people's war and protracted warfare formulated by the Chinese Communist Party with Mao Zedong at its head, the Eighth Route Army, the New Fourth Army and other people's armies penetrated areas behind the enemy lines to mobilize the masses for guerrilla warfare and established many anti-Japanese base areas in northern, central and southern China. The Northeast Anti-Japanese United Army put up sustained resistance in an area between the Changbai Mountains and the Heilong River despite exceptional hardships. In the anti-Japanese base areas, a new type of people's armed forces, guided by correct strategies and tactics and characterized by a high degree of political consciousness, a strict sense of organization and discipline and close ties with the people, grew steadily in strength through arduous battles. Under their influence, people of all trades and professions in the base areas were aroused to support the army in a variety of ways, including even direct participation in the fighting at the front. Meanwhile, they engaged in political, economic and cultural activities to further strengthen the rear areas. Thus, a people's war in which the front and the rear, the army and the people joined efforts with and relied on each other came into being and won splendid victories by crushing many brutal enemy "mop-up" operations with the force of a turbulent torrent. Large numbers of Japanese and puppet troops were pinned down and annihilated on battlegrounds in the liberated areas, which became the mainstay of

the war of resistance. Fighting on the front-line battlegrounds in the Kuomintang areas, numerous patriotic officers and men of the Kuomintang armed forces, including the Northeastern Army, the Northwestern Army and other local troops, and patriotic officials of the Kuomintang government also made important contributions by doing their utmost to resist the enemy in defence of the motherland. Especially in the early days of the war, the Kuomintang troops fought heroically at Lugouqiao, Shanghai, Xinkou, Taierzhuang and other battles, boosting the fighting will of the army and people across the land and destroying the enemy's illusion of conquering China in a matter of months. In the face of numerous obstacles, people of various social strata in the Kuomintang areas launched repeated movements in favour of resistance and democracy. In spite of the hardships of wartime, they went all out to support the front, with the rich contributing money and the able-bodied rendering services. Sharing a bitter hatred of the enemy, our compatriots in Taiwan, Hongkong and Macao and those residing abroad enthusiastically supported the war or joined the resistance where they were. In enemy-occupied areas, the people rose up against the rule of the Japanese aggressors, dealing blows at the enemy and punishing collaborators to frustrate the aggressors' scheme of "using Chinese to subdue Chinese." It was through the trials of this magnificent and momentous war of national liberation that the Chinese people gradually gathered strength and finally won a bright future and progress as well as the war.

At this august commemorative assembly, let us pay our profound tribute to the cherished memory of all the martyrs who fought heroically and laid down their lives for the defence of the motherland, all the patriotic officers and men of the armed forces and government officials and all the worthy sons and daughters of the Chinese nation who contributed to victory in the war of resistance! Let us pay our profound tribute to the cherished memory of the martyrs and the worthy sons and daughters of other nations who heroically sacrificed their lives during the international anti-fascist war! Their militant spirit and heroic deeds will live forever in the people's hearts from generation to generation! Now, I propose that everyone present here rise for one minute's silence in tribute to those who died a glorious death during the anti-Japanese war and the international anti-fascist war.

The victory in the War of Resistance Against Japanese Aggression and in the International War Against Fascism is the victory of world peace and democracy and the victory of human progress. The German, Italian and Japanese fascists consumed vast regions of the world in the flames of war,



The participants stand up as the Chinese national anthem is played.

unscrupulously ravaging human civilization. Cities and villages in many countries were destroyed, people's property was plundered, their freedom was trampled, tens of millions of lives were lost, and hundreds of millions of families drifted from place to place in anguish over the death and maiming of their loved ones. In the face of savage and barbarous fascist aggression, many nations, irrespective of their differing social systems and ideologies, and hundreds of millions of people of different races, nationalities, cultural traditions and religious beliefs allied themselves into an international united front against fascism. Increasingly encircled and exposed to the resolute counterattack of this formidable united front, the once insufferably arrogant fascist aggressors were finally defeated.

The triumph of the international anti-fascist war had a far-reaching impact on post-war developments throughout the world. The war laid bare the hideous nature of fascism and militarism and dealt them a devastating blow. It also seriously weakened a number of colonialist and imperialist countries. The Soviet Union, which suffered the most painful ordeal in the war, made the greatest contribution to its triumph and extended the influence of socialism. In the war against aggression, Communists in many countries won the love of the people and enhanced the prestige and strength

of the Communist Parties by their great heroism and staunch patriotism. In the wake of the victory over fascism, one socialist country emerged after another. Under the leadership of the Chinese Communist Party, the Chinese people soon achieved success in the democratic revolution and founded the People's Republic of China, thus radically changing the international balance of power in political terms and giving powerful impetus to the struggle for independence and national liberation in colonies and dependencies. In vast areas of Asia, Africa and Latin America, the movement for national liberation and people's democracy surged forward irresistibly. The former colonial and semi-colonial countries won independence one after another. The rise of the non-allied movement and the formation of the third world have enabled the small and medium-sized countries and the developing countries to play an increasingly important role in international politics. Workers', youth, women's and progressive intellectuals' movements rose to new heights in many countries. The mass movement for peace and disarmament and against war grew steadily throughout the world. All this, along with the accelerating post-war technological revolution, has dramatically transformed the entire world. The progressive trend towards peace, democracy, national liberation and socialism and the advance of science and technology mark a huge step forward in human history.

Thanks to these tremendous improvements in the world situation since the war, the outbreak of a new world war, whose prospect haunts people the world over, has been averted, even though imperialists and hegemonists have never ceased their aggression and expansion and regional conflicts and local wars have continued unabated over the past 40 years. Looking ahead, we believe that so long as people throughout the world work together so that factors inhibiting war increase, a new world war can be prevented and world peace can be sustained.

Of course, we must squarely face the hazard of war that persists and is growing today. The superpowers are engaged in a relentless arms race, each striving for military superiority by extending the strategic arms race from land, sea and air to outer space on the pretext of maintaining a balance of power. They are vying with each other to deploy medium-range nuclear missiles in Europe, sharpening confrontation there. They do not hesitate to use armed force or to back regional hegemonists in their expansion in the third world, giving rise to incessant military conflicts and local wars. Unless efforts are made to change this state

of affairs, the peril of war will escalate as time goes by, posing an increasing threat to human security.

The past, if not forgotten, is a guide for the future. The remains of the victims of the Nanjing massacre are still with us, as is the site of the Auschwitz death camp. The catastrophe of World War II was too great to be forgotten. War is not only devastating for the people of the invaded countries, it also brings grave misfortune to the people of the aggressor nations. Experience demonstrates that the people of the world and all peace-loving countries must unite to prevent war before aggressors can start it and take effective measures to stop local wars after they have been begun by aggressors. In no case should they tolerate or connive at aggression in return for temporary ease or reprieve. On no account should they attempt to avoid danger at the expense of other nations' security. Today, as we recall the sufferings of the people of the world in the aggressive war, including those of the citizens of aggressor nations who were subjected to fascist rule and the calamity of war, we should learn together and, under the current historical conditions, promote friendship and unity of all nations and prevent the outbreak of a new world war.

We, the Chinese people, are engaged in socialist modernization with all our might and main, trying to create a bright future through our own hard work and wisdom. To accomplish this, we need more than anything else an enduringly peace-

People going to place wreaths at the Monument to the People's Heroes.





Zhao Bo, a battle hero in the anti-Japanese war, telling students war stories. As the leader of a guerrilla unit fighting Japanese invaders on the Baiyangdian Lake in Hebei Province, Zhao killed more than 500 enemy soldiers in 100-plus battles and captured hundreds of weapons.

ful international environment. China is pursuing a foreign policy of independence and peace. In its relations with other countries, it has consistently adhered to the Five Principles of Mutual Respect for Sovereignty and Territorial Integrity, Mutual Non-aggression, Non-interference in Each Other's Internal Affairs, Equality and Mutual Benefit, and Peaceful Coexistence. On the basis of these principles, China is ready to establish and develop friendly relations with all other countries and good-neighbour relations with all countries on its borders. China supports efforts from any quarter to ease international tension, as well as efforts conducive to disarmament, the prohibition and destruction of nuclear weapons and the peaceful settlement of international disputes. We welcome the meeting between the heads of the United States and the Soviet Union and hope that the two nations will achieve positive results through negotiations in ending their arms race and drastically reducing their nuclear arms and that they will reach an agreement that is practicable and will not damage the interests of other countries. Recently,

the Chinese government decided to reduce the People's Liberation Army by one million men. This demonstrates once again China's sincerity and determination for disarmament. China is a force firmly standing for world peace. Its growth means the growth of the world's forces for peace. Economically prosperous and politically stable, a powerful China will play a greater role in the maintenance of world peace.

China and Japan have established a good-neighbour relationship, which is the product of the joint efforts of the two countries' governments, people and individuals of vision and the crystalization of the historical experience of the two countries. The hostilities started by Japanese militarist aggression have come to an end. They must never be repeated. However, a handful of people in Japan are attempting to revive militarism, which is against the will of both the Chinese and Japanese people and to the detriment of friendship between the two countries and of world peace. We are, nevertheless, convinced that the governments and people of the two great nations will act in accordance with the four principles agreed upon between the leaders of the two countries, namely, "peace and friendship, equality and mutual benefit, mutual trust and long-term stability," and continue to cement and develop their good-neighbour relationship, so that their friendship will last from generation to generation.

On this solemn occasion of the 40th anniversary of victory in the War of Resistance Against Japanese Aggression and in the International War Against Fascism, we call on all peace-loving countries and people to unite in a joint effort to safeguard peace and prevent a new war. We also call on statesmen of vision from all countries to act responsibly towards their people and the people of the rest of the world by taking the road of peace, which entails respect for other nations' independence and sovereignty, and by forsaking the road of war and the subjugation and oppression of other nations. Together with all the peace-loving countries and people of the world, the Chinese government and people will continue to contribute to preventing war and maintaining peace.

We are now in the new historical period of China's rejuvenation. The Chinese Communist Party and the Chinese government have put forward three major tasks for this period. These are, internationally, the maintenance of world peace and, domestically, the complete reunification of the motherland and the success of the socialist modernization programme. All Chinese should work hard with one mind for the accomplishment of the three major tasks.

The victory in the War of Resistance Against Japanese Aggression enabled Taiwan to shake off Japanese imperialist colonial rule and return to the embrace of the motherland. For more than three decades now, however, Taiwan has been artificially separated from China's mainland. This separation is an outcome of long years of domestic trouble and foreign invasion and a result of foreign intervention. It runs counter to the will of the Chinese people, including those in Taiwan. For many years, the Chinese people have waged an unyielding struggle for national independence and reunification. China's complete reunification with the ending of the separation between Taiwan and the mainland will represent the culmination of this struggle. Nurtured by several thousand years of civilization and tempered by the century-long struggle against foreign colonialism and imperialism, we the Chinese nation have developed a powerful, cohesive patriotism. A deep concern for the destiny of the home and the motherland has always linked together the hearts of Chinese people of all nationalities, and no force on earth can ever separate us.

We have now successfully settled the Hongkong question in accordance with the concept of "one country, two systems." Although the Taiwan question differs in nature from the Hongkong question in that it is a question of peaceful reunification rather than the resumption of the exercise of sovereignty, it can also be resolved according to the concept of "one country, two systems." This can be described as "seeking common ground while reserving differences" in the broadest sense. "Seeking common ground" means the Chinese people on both sides of the straits seeking the common goal of "one country." "Reserving differences" means reserving differences in their social and economic systems and life styles. Peaceful reunification ensures that neither side will coerce the other. The mainland will not ask Taiwan to change its existing social system. And, naturally, the Taiwan authorities cannot change the social system practised by the people on the mainland.

To jointly carry out peaceful construction within a unified country, with the mainland and Taiwan retaining their existing social systems; to enable relatives on both sides of the straits, who have long been separated, to be reunited; and to promote co-operation between Taiwan and the mainland in such fields as the exploitation of natural resources, trade, and scientific, technological and cultural exchanges—all this will contribute to China's rejuvenation. A finally reunited China, a China on the road to rapid modernization as a result of this reunification, will enjoy even more

respect and exert even greater influence on the world.

The historical experience of co-operation between the Kuomintang and the Communist Party during the anti-Japanese war demonstrated that their co-operation conforms to the fundamental interests of the Chinese nation. Why can't the two parties join hands once again in a third round of co-operation today for the great cause of peaceful reunification of the motherland and for the rejuvenation of the Chinese nation? We hope that the Kuomintang authorities in Taiwan will heed the historical trend and make a wise decision. We hope that the people in Taiwan, including those from the industrial, commercial, scientific, technological, educational, literary and artistic, journalistic and other circles, will contribute together to the cause of peaceful reunification of the motherland. We also hope that all the sons and daughters of the Chinese nation, whether at home or abroad, will strive for reunification by various ways and means. All those who contribute their share to the eventual reunification of the motherland will win the support of the entire nation and the praise of future generations.

The success of socialist modernization will provide a solid foundation for safeguarding China's independence and security and the chief means of

Zhao Shoufu, a militia hero nicknamed "the Explosion Prince" because he killed 138 enemy soldiers with mines during the anti-Japanese war, telling young people stories about the guerrillas.



achieving the country's rejuvenation. Over the past 30 years or more since the founding of the People's Republic, we have scored enormous achievements in socialist construction. Particularly in recent years, China's national economy has registered sustained, stable and balanced growth, scientific, educational, cultural and other undertak-

ings have prospered steadily and people's living standards have improved markedly. China's economic, scientific and technological, and educational restructuring as well as the building of socialist democracy and the legal system have proceeded in a profound and comprehensive way. People throughout the country are confident that reforms in various fields will be accomplished and that the magnificent objective of economic development by the end of this century will be attained. To ensure that reform and construction continue to advance along the socialist path, we are striving to build a culturally and ideologically advanced socialist civilization while building a materially advanced one.

The Chinese people have a long tradition of patriotism. Their historical sense of responsibility for the destiny of the nation, their firm resolution to fight the national enemy to the end, and their heroism in unhesitatingly sacrificing their all for the defence of the motherland — all this constituted the great moral strength which enabled us to defeat a savage enemy despite our inferiority in weaponry and equipment in the anti-Japanese war. It is an essential aspect of our patriotism. Closely related to this is another essential aspect, namely, facing the outside world and learning what is advanced from other countries in the interest of the nation's reform and progress. Both aspects serve to promote the fundamental emancipation and rejuvenation of the Chinese nation. They are the basic characteristics of patriotism in China's modern history. The victory in the war of resistance was inseparable from the Chinese people's efforts to carry out reform and make progress along the road of new democracy. Under the new historical conditions, it is all the more necessary for us to carry forward the tradition of patriotism. We should surmount all difficulties in the course

of our advance with the same heroic fighting spirit displayed in defeating the aggressors in those years. Facing the outside world and striving for innovation, we should study hard and learn all advanced scientific, technological, ideological and cultural achievements of other countries and learn from their strong points so as to accelerate China's reforms and development, bring about socialist modernization, and win glory for the nation.

During the War of Resistance Against Japanese Aggression, the Eighth Route Army, the New Fourth Army and the other armed forces of the people led by the Chinese Communist Party were model armed forces that were brave and skilful in battle, feared no sacrifice, worked hard and maintained close ties with the people. The anti-Japanese base areas were model areas where political democracy and progress prevailed and the vast majority of cadres were honest in performing their official duties and wholehearted in serving the people. In those days, many fair-minded Chinese and foreigners saw in the base areas the light and hope of China when they witnessed the fighting and construction that was going on there. This is a glorious page in the history of the Chinese Communist Party and the Chinese revolution, which fills us with pride and will never be erased. We in the older generation should maintain and disseminate this revolutionary tradition and the younger generation should appreciate, carry forward and develop it, with a view to improving our Party's work style and enhancing moral standards in society at large, so that our great motherland, which has been defended with the blood and lives of martyrs, will continue to flourish and the revolutionary cause, which has been launched amid hardship by our predecessors, will surge ahead like the Changjiang (Yangtze) and Huanghe (Yellow) Rivers!

Hangzhou - A 'Paradise' Under Repair

Authorities in Hangzhou have adopted a series of effective measures to save the world-famous West Lake from pollution and protect the city's picturesque landscape. The prospects for development are promising. However, insufficient transport and communications facilities still pose a serious headache and the slow pace in urban construction still leaves much to be desired. The authorities are seeking co-operation from abroad to give the city a face-lift.

by JIAN CHUAN
Our Correspondent

HANGZHOU'S summer is hot, hitting 38 degrees centigrade this year. But the scorching heat did not stop the influx of millions of tourists from abroad and other parts of China.

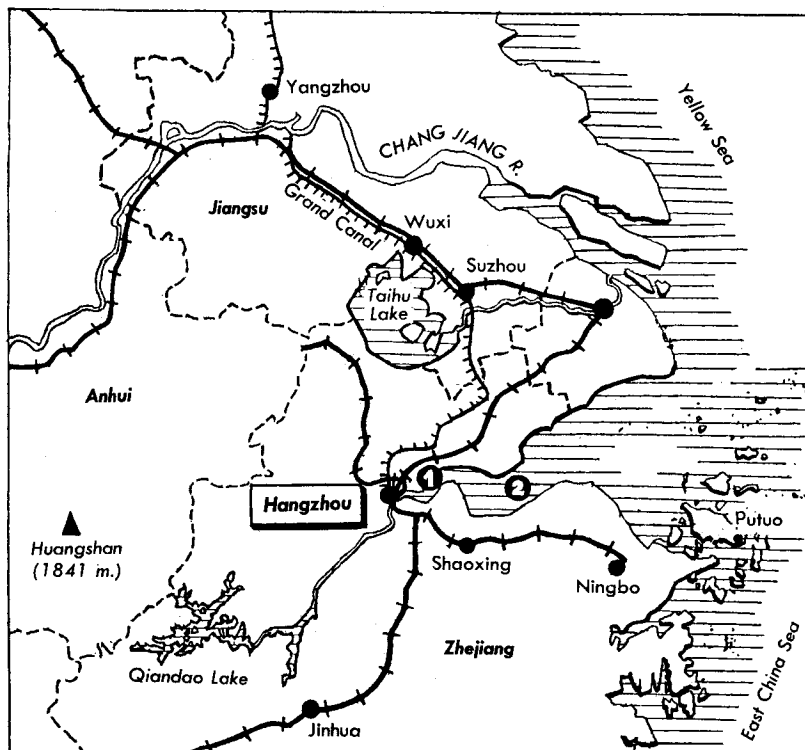
When I followed a crowd of people out of Hangzhou's railway station, my first impression was that the city had only changed slightly in the four years since my last visit. Apart from the few neon lights on the large buildings facing the railway station, Hangzhou had retained its ancient look, with the same old, small houses, a few shops and the bustling crowd under dim street lamps. Those who made the city seem noisy were only people who vied with each other to find boarding for tourists, an indication that tourists need not worry about where to stay as they did a few years ago.

According to one of the city's tourist officials, the difference between busy and slack seasons in Hangzhou's tourism has been diminishing. Even in the scorching heat this summer, more than 50,000 tourists visited Hangzhou. In 1984, about 180,000 overseas tourists and more than 13 million domestic tourists visited Hangzhou. Compared with 1978, the figures represented 200 percent and 100 percent increase respectively. In the first half of this year, the number of overseas tourists reached 110,000 and that of domestic tourists also increased by a wide margin.

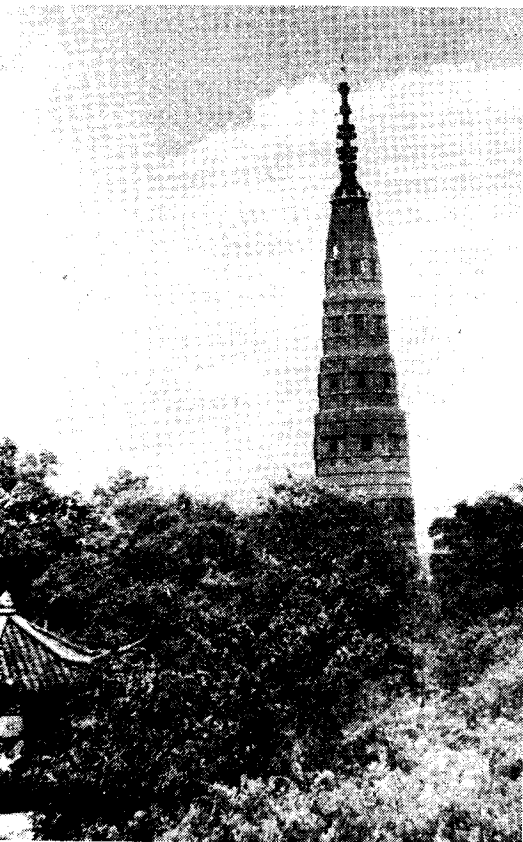
Because of this rapid development, the city authorities have adopted a more flexible policy that allows collectives and individuals to run service trades. In 1983, there were 297 hotels in the urban areas with 55,773 beds. Now, the number of hotels has increased to 591, of which 116 were run by individuals with 74,537 beds, an increase of 33.6 percent. At the same time, the city has imported five instant food production lines and designated Wushan Road as a special street for local delicacies. These efforts have to a degree alleviated the boarding and dining problems of the past.

Despite such progress, transport

and communications inadequacies remain a major headache for the city authorities. Now and then, tourists are inconvenienced by the inadequate services. Such inconveniences include changing plan reservations to train tickets because of lack of room on a flight, or merely delaying a scheduled flight for similar reasons. Domestic tourists are also occasionally troubled. Although they can usually go to Hangzhou easily, it is often difficult for them to obtain train tickets home. I met four tourists from Ningxia at the railway booking office. They complained: "We arrived at noon and



1. Qiantang R. 2. Hangzhou Bay



The Baoshu Pagoda in Hangzhou.

looked for a place to live in the afternoon. After supper, we came here immediately to queue for tickets back to Ningxia. We have been here an entire day and still have not had a glimpse of West Lake."

In order to improve Hangzhou's transport and communications facilities, the state has listed the double-tracking of the Hangzhou-Shanghai and Hangzhou-Ningbo railways in its Seventh Five-Year Plan (1986-90), and has planned to open new air routes through the city to other parts of China and to buy bigger planes that will be able to serve more passengers. It is estimated that by 1990 Hangzhou will be able to accommodate 500,000 overseas and 20 million domestic tourists per year.

In 1983, the State Council approved a general plan for Hangzhou's urban construction. The plan clearly stipulated that Hangzhou should be built into a "beau-

tiful, clean, civilized and prosperous tourist city." At the same time, the plan also listed what would be Hangzhou's key construction projects and goals and how they would be realized. Since then, the work to repair the "paradise" has been undertaken in a systematic way.

Rebuilding of Scenic Spots

Hangzhou, which was designated as a county in the Qin Dynasty (221-207BC), is one of the six ancient capitals in China. The superb natural landscape of its famed West Lake has been made even more attractive through human endeavour. Pale blue water, green mountains, and numerous historical and cultural relics have earned the city its reputation as a "paradise on earth."

With a water surface of 5.6 square kilometres, West Lake is divided into five parts by the Bai Causeway which runs north and south, and the Su Causeway, running east and west. Four islands dot the centre of the lake. They are Gushan, Lesser Yingzhou, the Mid-Lake Pavilion and Ruangongdun. Along the banks of the lake are elegant stone bridges and

charming pavilions nestled in green hills. Its beauty and wonder have driven some visitors to compare West Lake to Geneva's Lake Lemman.

West Lake is also named Xizi Lake because Su Dongpo, a famous poet in the Northern Song Dynasty (960-1127), compared it with a woman called Xi Shi, one of ancient China's great beauties.

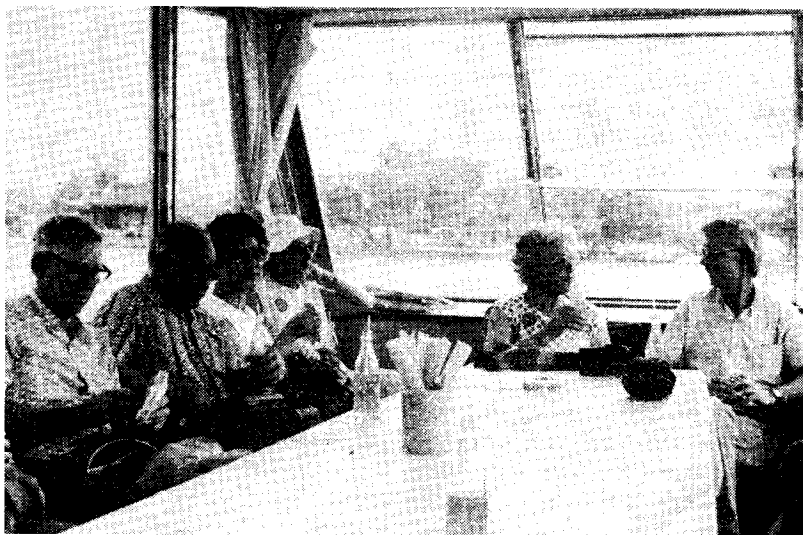
In the 13th century, the famous Italian traveller Marco Polo arrived in Hangzhou and was so moved by the city's landscape that he proclaimed the city an Eden on earth.

An official in charge of gardens and parks said Hangzhou has more than 100 spots of historic interest, about 40 of which have been opened to the public since recently being renovated. Two of the most interesting sites are the two gardens modelled after Southern Song Dynasty gardens (see cover).

"Do you wish to know what Hangzhou looked like in the Southern Song Dynasty?" a friend of mine asked me when I first arrived. When I said "I would," he suggested I visit the Huanglong Ancient-Imitation Garden.

Located north of West Lake, the

Australian tourists sightseeing by boat on West Lake.

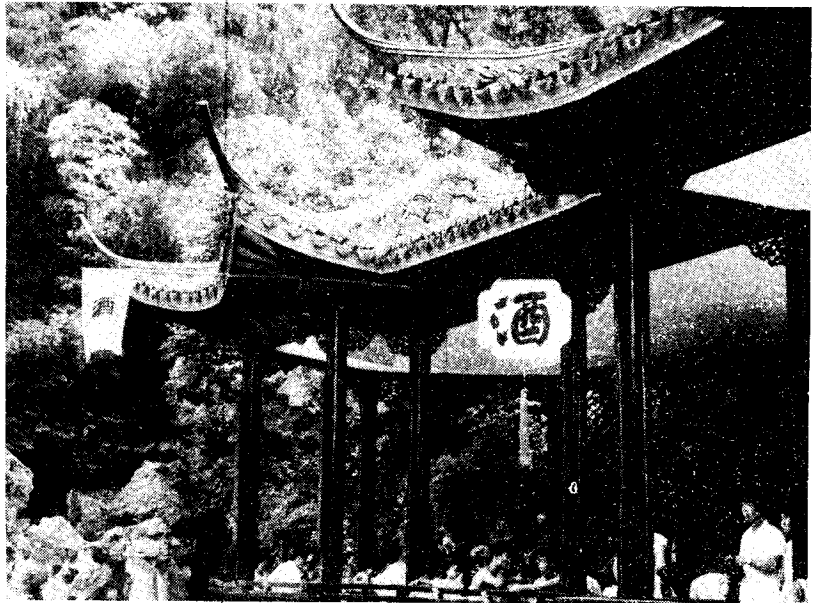


Huanglong garden occupies an area of five hectares. The second of its kind in Hangzhou, it was opened to tourists in February this year. The costumes of the staff and all the furniture and decorations in the garden are modelled after the Southern Song style.

"Welcome! Welcome!" said a man wearing the costume of a clan head and accompanied by a group of servants. I followed them into the garden which was decorated with scores of ancient lanterns. I felt as though I was being ushered into a Southern Song village.

Entering the second gate, we arrived at the Jicuijian Courtyard, the major part of the garden. In a pavilion in the middle of the courtyard, amid burning incense, I saw three girls in ancient costumes playing southern Chinese music on *guqins*, a seven-stringed instrument similar to a zither. On one side of the courtyard were wine shops and tea houses, all outfitted with Southern Song style furniture. I went into a tea house, a servant dressed in shorts as his predecessors did in the Song Dynasty immediately served me with superb *longjing* (dragon well) tea. Not far from where I sat, a few guests asked for several dishes and yellow wine, a highly famed Zhejiang liquor, for which they paid in Southern Song style copper coins that they had exchanged earlier with Renminbi. Apart from buying tea and wine, the copper coins were also used to pay for the musical and other performances to which the visitors are treated.

According to historical records, Hangzhou's commerce was fairly developed in the Southern Song Dynasty. To recapture the scene, a few shops were set up along the winding paths amidst the rock gardens. Recreational activities are also available and they include lion dance, magic shows and shuttlecock kicking.



A wine shop in the Huanglong Ancient-Imitation Garden.

The establishment of the Huanglong Ancient-Imitation Garden gives tourists an opportunity to know the customs of the Southern Song Dynasty and Hangzhou, which was the dynasty's capital for 150 years. From February this year when the garden opened to July, the garden had received 350,000 domestic and foreign tourists.

Saving West Lake From Pollution

In its better days the beauty of West Lake has always been a popular tourist attraction. When I visited Hangzhou in 1981, however, the water was black and permeated the area with a repugnant odour. Around the lake, rather than seeing the tranquil scenes of today, one saw chimneys belching palls of black smoke. I worried then that the legendary beauty of West Lake would become a thing of the past if the pollution were allowed to go on. Now, however, my fears have been assuaged by West Lake's rejuvenation.

In recent years, people in Hangzhou have made concerted efforts to save West Lake from pollution. A 10-plus-kilometre sewer was dug

around the lake to stop the 10,000 tons of sewage released by restaurants and factories every day from flowing into the lake. The 60 diesel boats on the lake were replaced by power-driven ones, while special boats have been bought to dredge the lake bed. As a result, the water depth has increased from 0.55 metre to 1.8 metres, and the lake's storage capacity has gone up from 3.07 million cubic metres to 10.06 million cubic metres in the past few years. Twenty-seven factories that produce serious pollution have been moved out of the West Lake area. In addition, a canal was dug to divert water from the Qiantang River to West Lake. Efforts also have been made to improve the 650 boilers around the lake to alleviate the air pollution they cause. Furthermore, all the buildings that were built without approval have been pulled down, and it is now illegal to build high buildings in the lake area.

Sun Shunyou, who is in charge of environmental protection in the city, said that in the future when a new tourist resort is opened, its own environmental protection programme must be drawn up and approved by the city authorities

before a building or operating permit is issued.

Economic Structure

In 1984, Hangzhou became one of China's ten cities with an annual total output value of 10 billion yuan, of which light industry contributed 62 percent.

Shu Changui, a member of the city economic commission, said although the city's industrial setup will basically remain the same, its industrial layout will be reajusted. The readjustment will include the elimination of factories from the West Lake area. The processing factories and labour-intensive enterprises in the urban area will also be gradually moved to suburban counties, while the city will concentrate on developing the silk,

County, which is 20 kilometres west of the downtown area.

Importing Managerial Know-How

The city has recently emphasized the importance of importing tourists' accommodations.

Hangzhou now has seven restaurants and hotels for overseas tourists, with a total of 2,800 beds. Three more are under construction, and will have 2,362 beds. The hotels and services, however, are still lacking due to outdated equipment and poor management.

Hangzhou Hotel, nestled in hills and green trees, opened in 1956. It had operated at a loss for 23 years because of improper management. To help turn the situa-

rooms. Each of them had brightly coloured bedsheets made of famous local silk, inlaid ebony desks, antique bedside cupboards, adjustable bedside lamps, refrigerators, air-conditioners and smoke sensitive warning devices.

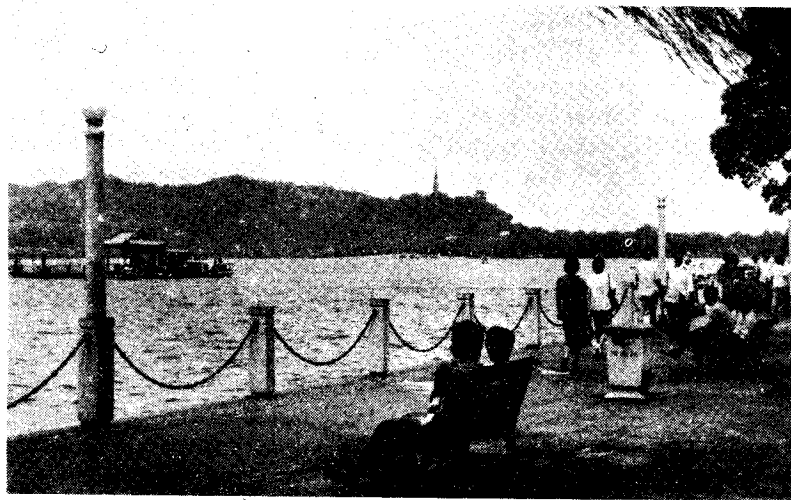
"The improvement of management, however, is not quite as easy as that of equipment," Wang said.

"At present, the most important and difficult task is to convince the staff that there is a better management method than the traditional Chinese one," said Wolf-Dieter Flecker, general manager of the hotel.

Flecker, 38, is an Austrian, and has worked in nine countries and managed four hotels. In January 1985, Flecker was asked to be the general manager of the Hangzhou Hotel by the Shangri-La International Hotel. Not long after he arrived, Flecker ordered a suit of Chinese-style clothes and adopted a Chinese name. It seemed he was willing to meet the Chinese half-way.

The first thing Flecker did was reorganize the management setup of the hotel, merging the former 10 sections into five departments: Finance, canteen, room service, personnel and marketing. In addition, he made clear the responsibilities and rights of every department and individual. Even with the reorganization, however, disputes still occurred from time to time, but their frequency has lessened.

Flecker also has reformed the hotel's personnel system, putting all newly promoted managerial personnel on probation for the first six months of their service. When the probation period expires, those who are up to their new posts will remain and those who are not will return to their former positions, and their pay will be reduced accordingly. In the first half of this year, two managers were demoted, two others who were



A view of West Lake.

electronics, clothing, food and tourist industries, Shu said.

According to the general plan for urban construction, a scientific and cultural area will be built on the southern bank of the Qiantang River. An electronic industrial area will be built around the Liuxia Township, the location of institutions of higher learning and scientific research; and a chemical industrial area will be established in the Xiasha district in Yuhang

tion around, the hotel went into co-operation with the Shangri-La International Hotel for a term of 12 years. The aim of the co-operation was to import foreign equipment, as well as foreign managerial know-how.

Accompanied by the hotel's public relations department director Wang Yongqiang, I visited one of the newly finished buildings and was astonished by the furniture and decoration of the

invited from Hongkong were fired together with 13 staff members for shirking their duties. A few more might go also in the second half of 1985, revealed Zheng Anhua, the Chinese deputy general manager.

Some of the Chinese staff were not accustomed to this kind of strict management. Feng Hehua, a section head of room service with 15 years of experience in hotel work, said that the work was demanding, as did Cao Jianjun, who said he found cleaning 11 rooms in a day very difficult at first. He has now however become accustomed to the chores. Despite the hard work, Cao said, it was worth it since he earned three times what other young people did.

Inviting foreigners to be general managers is new to Hangzhou, and has inevitably caused some problems. However, Wang Rongchang, the Chinese chairman of the board of directors, dismissed the problems. "Since our management is poor, why shouldn't we invite a foreigner to be our general manager?" he said.

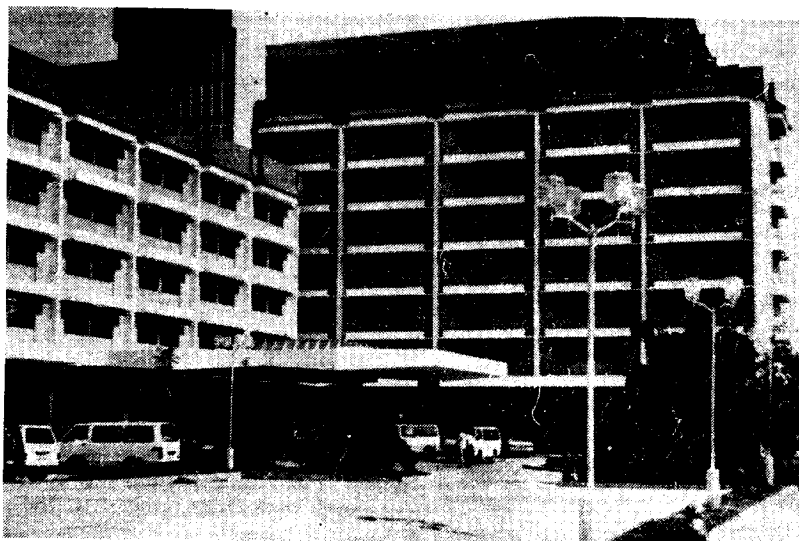
Wang said he did not interfere in the management of the hotel but only periodically reminded the general manager of the importance of combining advanced managerial expertise with China's actual conditions.

Tourist Centre in Southeastern China

The long-term plan is to build Hangzhou into one of China's major tourist centres.

As a communications hub along China's southeast coast, Hangzhou is linked with the rest of the country by four railways and five highways. It is also a hub of water transport through the Qiantang River and the Grand Canal.

Two ancient cultural cities, Shaoxing and Ningbo, are to the



The new Wanghu (Lake View) Hotel.

southeast of Hangzhou. Along this route, tourists can visit the famous Lingyin and Jingci Monasteries in Hangzhou, Tiantong Monastery in Ningbo, as well as the Putuo Monastery in Zhoushan, one of China's four Buddhist centres. To the south, there is the Double-Dragon Cave in Jinhua County along with mountain resorts located in northern Fujian. To travel north along the Grand Canal, one can reach Taihu Lake, as well as the cities of Suzhou, Wuxi and Yangzhou, which are all famed for tourism. If one is in Hangzhou on any of the three days after the Mid-Autumn Festival, one should not miss the opportunity to see the spectacular tidal bore on the Qiantang River, when a huge wall of water rushes in with a thunderous roar. West to the Qiantang River are the scenic Fuchun and Xinan rivers, as well as the famous Qiandao (Thousand Islands) Lake summer resort. About 100 kilometres northwest of Qiandao Lake is the famous Huangshan Mountain in Anhui, which is renowned for its peculiar pine trees that grow in all directions from the hill slopes, its weird-shaped rock formations, its sea of clouds and its waterfall.

The future of Hangzhou's tourism is promising. The diffi-

culty at present is the lack of funds, which makes foreign investment all the more needed. In order to address this need, in the first half of this year the Hangzhou City Economic Development Corporation conducted business talks with 174 groups of business representatives from Hongkong and more than 20 countries. Through the talks, agreements were signed for eight joint ventures and two co-operative enterprises, sparking US\$56.72 million worth of investment, half of which will be used for tourism.

Recently, Hangzhou listed 56 projects for absorbing overseas investment. Talks will be held on these projects at the Zhejiang Provincial Foreign Investment Forum in September.

Although Hangzhou is not one of the 14 open coastal cities, it is an important tourist centre. The central government has granted Hangzhou the power enjoyed by a province, giving the city authorities the power to approve productive projects costing less than US\$5 million and unlimited authority over all tourism projects, regardless of cost. The measure, it is hoped, will facilitate the pooling of funds and the development of economic co-operation with other countries. □

Prosperity Eluding Most Peasants

from "RENMIN RIBAO"
(People's Daily)

ALTHOUGH Heilongjiang Province in northeast China has reaped good harvests in the past two years, the peasants' per-capita income is still just above the average level in China.

A recent investigation made by relevant departments in the province's 11 counties shows that the number of prosperous families (those with an annual per-capita income of more than 500 yuan) only accounts for 18 percent of the counties' total peasant households. Of these, those with an annual income of 10,000 yuan make up 0.18 percent. All these families have strong labour power, adequate means of production, tractors and other farm machines. Apart from farming, most of them also engage in one or two other businesses that supplement their incomes.

In Heilongjiang's rural areas an average peasant's annual expenses come to about 239 yuan. Currently, about 60 percent of the province's rural households have a per-capita income between 200 and 500 yuan a year, which means they only make enough to dress and feed themselves. Those families with per-capita incomes of 200 to 300 yuan a year account for 27 percent, while those with per-capita annual incomes of 400 to 500 yuan make up one-third of the total. There is a big gap between the living standards of these two groups of families. Some of the lower-income families are short of labour power and farm tools, very few of them engage in other kinds of production except farming, and have incurred burdensome debts. Their

houses are old and poorly furnished and they have to live frugally.

The number of families making less than 200 yuan a year per person accounts for 20 percent of the province's total peasant households. Heavily in debt, many rely on state loans and subsidies for support.

It is true that after the introduction of the contract system based on the household size, peasants' lives have improved. The improvement, however, has been achieved to varying degrees among different families. Together, the number of poor and average-income families still accounts for 80 percent of the country's total peasant households. This shows that the majority of China's peasants remain far from affluent.

Population Education for Young

from "JIANKANG BAO"
(Health Paper)

MORE than 4 million middle school students attended courses on population education from 1981 to 1984, while at the same time 19,000 demographics teachers were trained to provide instruction in middle schools.

Students below the age of 21 account for half of China's population. Furthermore, middle school students will marry and have children a few years later. Therefore, it is necessary to educate them in demographics and give them a better understanding of the significance and demands of China's family planning.

With a poor foundation, China's agricultural system will have to rely mainly on itself to develop. The peasant households are both consuming and production units. Currently, they spend about 40 percent of their incomes on living, and 10 to 20 percent on different taxes and fees. The rest of their incomes is spent on production or buying farm tools.

After the introduction of the contract system, the peasants have only contracted land from the collective and no other means of production. They have to buy farm machinery and other equipment with their own funds, and some are even asked to pay debts owed by their production teams.

To make our rural work a success the leadership must have a proper understanding of the peasants' present conditions and the situation of the rural areas in general.

According to the special needs of middle school students, the department concerned has published a textbook on population education that is easy to understand, explaining the concept in simple terms. The content of the course includes Marxist theory on population, population and environment, the situation of the world's population, the situation of China's population, the relationship between population and China's modernization drive, China's policy on population, personal hygiene at puberty and the importance of family planning in preventing birth defects.

This is the first time a course on population has been offered in middle schools. Students have said

that after attending the course, they have better understood the subject's importance and the

harmfulness of having a love affair, marrying and giving births to children too early.

Virus Sheds Light On Cancer Cause

from "WEN HUI BAO"

(Wen Hui Daily)

THE main causes of liver cancer are becoming clearer. According to China's cancer experts, the culprits are believed to be B-type liver virus, yellow-toxin and a carcinogenic substance found in drinking water. The levels of selenium in blood are also related to the disease.

China has the highest incidence of liver cancer in the world. The disease, which often kills within six months, is most prevalent in the coastal areas of Shanghai and Jiangsu and Guangdong Provinces.

While carrying out research in Jitong, Jiangsu Province, the late professor Su Delong, a noted

Shanghai scientist, discovered liver cancer occurred more often among people who drank river water than those unpolluted water drinkers. He traced the problem to large amounts of hexachloride and DDT remnants that remained on the surface of the streams. A crash programme to clean up the area's waterways led to a drop in the incidence of liver cancer.

Work is also being done on preventing the disease. Professor Sun Zongtang of the Tumour Research Institute of the Chinese Academy of Medical Science is researching strategies of immunization. In one experiment, he vaccinated more than 2,000 newborn babies with small amounts of B-type vaccine, greatly reducing their carrying rate of B-type virus.

Enrolment Potential for Colleges

from "SHANGHAI GAOJIAO YANJIU"

(Shanghai Higher Education Research)

SINCE 1949 when the teacher-student ratio in China's colleges and universities was 1:7.3, the number of students in institutes of higher learning has declined significantly, leaving China with fewer than four students for every teacher.

In order to catch up with nations such as Japan, whose teacher-student ratio is 1:12, the Federal Republic of Germany, where the ratio is 1:8, the Soviet Union, where the ratio is 1:15 and the United States, where it is 1:17, China will have to enrol more students each year. To achieve at

least a low teacher-student ratio of 1:8, about 1.2 million more students could have been enrolled in China's colleges and universities.

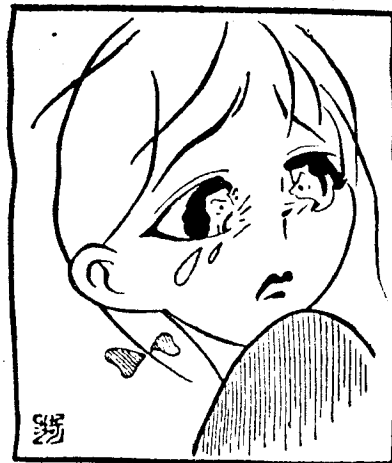
Enrolment expansion in China is hindered by the fact that the majority of the college students take their rooming and boarding at school. This should be changed before more students can be enrolled.

Elderly Playing The Mating Game

from "JIEFANG RIBAO"

(Liberation Daily)

THE readers' service department of *Modern Family* in Shanghai



Growing up amid fierce fighting.

Cartoon by Wang Binyl
(from Shanghai's
Xinmin Evening News)

a month ago opened a matrimonial consulting service devoted exclusively to the elderly, and has since been flooded with spouse-seeking customers.

More than 800 people have visited the office since it opened, in hopes of finding a partner for themselves, or for their now-single mothers and fathers. Loneliness and the need for companionship, registrants have said, is what has driven them to enlist the help of the magazine in finding compatible partners.

Despite what seems to be an intense desire to share their lives with another, some of the elderly clients are particularly demanding in their requirements for a partner. One 62-year-old customer wrote on his registration form that he hoped to find a wife who was "about 50 years old, very hygienic, and who would help with my work and show great concern for my daily life." Others have been less discriminating in their quest for someone to share their latter years with and say they are only looking for a mate who is healthy and has free medical care.

China, Indonesia to Fix Trade Ties



China will send a textile and light industrial delegation to Indonesia this month to discuss and sign a contract on direct trade between the two countries. China will also send a timber and chemical group to Indonesia this year.

Wang Yaoting, chairman of the China Council for the Promotion of International Trade, who is responsible for non-governmental trade with other countries, told *Beijing Review* last week that he visited Indonesia from August 9 to 19. His trip was held in return for the earlier visit of Sukamdani S. Gitosardjono, president of the Indonesian Chamber of Commerce and Industry, who was in China from July 27 to August 3. The exchange of visits was the first by high-ranking Chinese and Indonesian officials since the two countries suspended their diplomatic relations in 1967. It was carried out under a memorandum of understanding on direct trade signed by representatives of both countries on July 5 in Singapore.

Wang noted that these contacts and mutual visits have already yielded positive results, including the signing of eight letters of intent and a contract involving a total of several hundred million US dollars. Under the new agreements, China will sell Indonesia 2 million tons of coal and 50,000 tons of cotton. It will also import 30,000 tons of rubber, 250,000 tons of cement, 50,000 cubic metres of plywood and smaller amounts of synthetic fibres, timber, cashew nuts, coffee and cocoa.

Although Sino-Indonesian diplomatic ties were suspended for 18 years, Wang said, their indirect trade never ceased. Conducted through a third country, these exchanges have been valued at US\$500 million a year. Direct trade relations between the two countries will aid the friendly exchange of visits by economic and trade figures from the two countries and help promote friendship between the Chinese and Indonesian peoples, he added.

Overseas Bank Returns to China

Foreign banks, which were closed in 1949 when New China was founded, are again permitted to set up branches in China.

The first overseas bank to take advantage of the new decision was the Hongkong & Shanghai Banking Corp., the largest banking group in Hongkong. The Hongkong-based bank received its license to upgrade its representative office in the Shenzhen Special Economic Zone to a branch bank

from the People's Bank of China, the central bank of the state, on August 16.

The services of the branch bank include:

- Making loans in foreign currency and providing discounts on foreign currency notes;
- Handling remittances from abroad, as well as from Hongkong and Macao;
- Helping settle accounts on imports and exports and handling bill purchase;
- Handling exchange of foreign currency and cashing foreign currency bills;
- Making investments in foreign currency;
- Providing foreign exchange guarantees;
- Undertaking trust business and providing credit information and advisory services;
- Handling remittances abroad on behalf of overseas Chinese- and foreign-funded enterprises, as well as Sino-foreign joint ventures and co-operative enterprises;

• Receiving foreign currency deposits from overseas Chinese- and foreign-funded enterprises and Sino-foreign joint ventures and co-operative enterprises, as well as from individual foreigners, overseas Chinese and Hongkong and Macao compatriots; and

• Handling foreign exchange deposits from other countries, as well as from Hongkong and Macao and providing foreign exchange loans.

The People's Bank of China announced that China welcomes overseas banks enjoying sound reputations and showing willingness to co-operate with China's monetary institutions in setting up

branches in the special economic zones. Many foreign banks have applied to do so. Whether they can set up branches in other open coastal cities will be decided by China's economic development and the needs of the open policy.

Sino-French Oil Co-operation

The successful trial production in the South China Sea of a high-yield oil well, built by the Nanhai Western Oil Co. and the Total (China) Oil Co. of France, has rekindled the hope of China's offshore oil development.

The No. 8 oil well of the "Wei 10-3 Oilfield," located southwest of Weizhou Island in the north-eastern part of the Beibu Gulf, drilled to 2,520 metres and now produces 445 cubic metres (2,800 barrels) of light crude oil and 51,540 cubic metres of natural gas a day.

Wei 10-3, which comes under the direction of the China National Offshore Oil Corp., is the first oilfield to be opened up in the

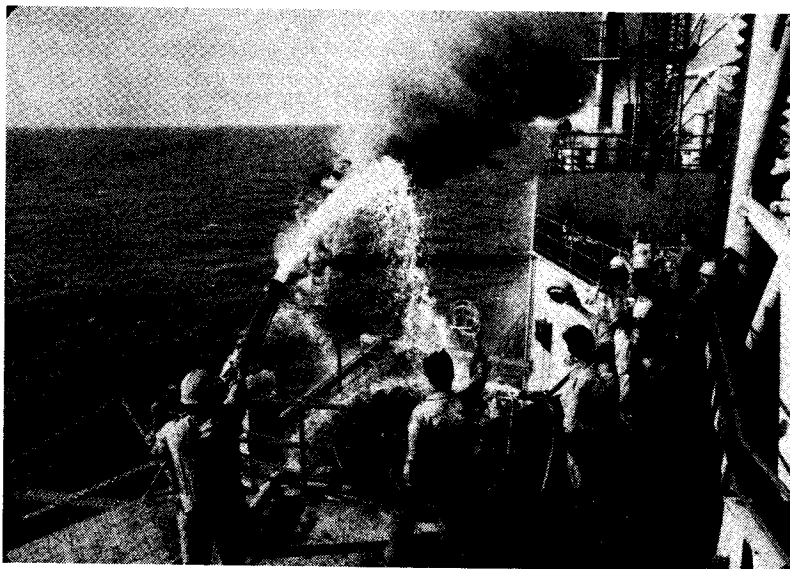


Signing contracts for the Shenyang-Nihon Parkerizing Co. Ltd.

South China Sea. All the drilling work was done by the Nanhai No. 1 platform of the Nanhai Western Oil Co. The refitting of the oil tank and the invitation to bid on exploration will begin soon.

In the past four years, the Chinese and French have drilled four oil wells in the area that have proven to be high-yield sites, with two of the wells yielding more than 1,000 tons of crude oil a day. The No. 8 well is the third of six wells planned to be drilled during the trial production period.

Oil gushes out.



News in Brief

- The Shenyang-Singapore Polyurethane Products Co. Ltd., a joint venture financed by the Shenyang Petrochemical Plant and Chee Eng Hang (PTE) Ltd. of Singapore, was established in Shenyang last month.

The company has a total investment of US\$600,000. When it goes into business next year, it will turn out 500,000 pairs of shoes and 10,000 sets of high-grade furniture annually. Eighty percent of its products will be exported. It is estimated that its annual output value will reach US\$1 million.

- The Shenyang-Nihon Parkerizing Co. Ltd., a Sino-Japanese joint venture, was also established in Shenyang early in August.

This joint venture, with a total investment of 3 million yuan, is jointly funded by the Shenyang Auxiliary Agent Factory, the Nihon Parkerizing Co. Ltd. and the Chori Co. Ltd.

The annual designed capacity of the joint venture will be 1,000 tons of metal surface treatment agents and other chemical products. It is expected that its annual output value will hit 3.5 million yuan.

It Happens on a Stormy Night

The snowstorm is over and the sun rises over a dense, snow-covered birch forest. A girl stands motionless carrying her rifle — all is quiet. But, she with the rifle is frozen to death.

This is one of the gripping scenes from the TV series *There Is a Snowstorm Tonight* produced by Shandong TV. The young girl who died from exposure is depicted in the series as one of the 400,000 educated youth who went to the northeastern border areas to work the barren land during the "cultural revolution." There the pioneers spent long years at back-breaking labour, losing the opportunity of going to school, being drained of their youth, their love and finally their lives.

The *Snowstorm* story takes place

Pei Xiaoyun dies from exposure while standing guard.



during one night when the young workers found out that they would now be allowed to return to their homes in the cities following the downfall of the gang of four. Their leader had tried, and failed, to keep the good news from the youths. When the group discovered what their leader was doing, they stormed the headquarters from all directions. . . .

Against this setting and during the course of the night, the characters' pasts are unravelled for the audience.

Pei Xiaoyun, whose family origin is neither worker, peasant nor soldier, is discriminated against by her friends and always bullied by the leftist political instructor. That night, however, for the first time, she is permitted to stand sentry with a rifle, as a sign of their confidence in her. In a display of bitter irony no one comes to replace Pei, because they are all preoccupied with the evening's events. Pei dies on duty.

The political instructor Zheng

Yaru was at one time a Red Guard during the "cultural revolution." She is selfish and strongly influenced by leftist ideas. In the end Zheng loses her boyfriend and the respect of her comrades.

Cao Tieqiang is a man of character, analytical and with his own ideas. He has sympathy for and looks after those who are discriminated. When most of his comrades return to the cities, Cao stays behind in order to carry out the behests of his deceased parents, and his forbears who gave their lives to the land.

Scenes from the movie have touched audiences whose members can recall similar experiences from their past. In one scene, the despised girl, Pei, took her first hot bath in seven years, when the others left the camp for a Spring Festival holiday. Her slow, sinuous movements, without one spoken word, portrayed to the audience her denial and suffering, which had built up for years and gushed out in sobs as she bathed.

The film does not stop at only describing the sad fate of these

Pei Xiaoyun with her leader Cao Tieqiang.



young people, but it also reaches into their yearning, bravery and heroism. The contribution they made in making something of border area is indelible, and at the same time in the face of their stamina they are also victims of the ultra-left line.

Artistically, *Snowstorm* has its special features. In the beginning when a meeting is being held to discuss whether the youth should stay or return to cities, the screen is filled with close-ups of the characters' eyes in an effective effort to reveal their thoughts and feelings.

The director, Sun Zhou, 30, was once a cameraman, and has broken some conventions in making the film, particularly with his unique use of lighting and scene composition. Sun also uses the rustic wild terrain of the northern border area, its howling wind and deserted stretches blend ingeniously with the evolution of the storyline.

Snowstorm is based on a novella of the same title by Liang Xiaosheng. Liang is the first author to give a positive picture of the educated youth going to the countryside, a movement with a tragic end. As one of those 400,000 youth who left their homes for the countryside, Liang has given an objective description and has avoided lambasting the movement. As the famous writer Wang Meng said, "He does not write with his pen, but with his heart, blood and tears."

Speaking of his future plans, Liang said, "I love the people of my generation. It's that simple. It is true they have left the land, but the hard life they led has given them a quality of morality and strength that has made them the backbone of our present construction. My aim is to trace their footsteps as they proceed and to continue to write about them."

This film which depicts the

destiny of thousands of youth during the years of turmoil has stricken the hearts of millions in its TV audiences, and won Golden Eagle Awards at the Third Popular TV Golden Eagle Awards for best film, best actress and best supporting actor. At the Fifth National Feitian Award ceremony for TV films, the first prize also went to *Snowstorm*, which again received awards for the best supporting actor and best director, music, sound effect and photography.

Divers Go Down From on High

Chinese frogmen late last month made a pair of dives in one of the world's highest lakes, the Yamzhog Yum Lake in the Tibet Autonomous Region. Going down 18 metres on one dive and 30 metres on the other, the divers conducted experiments on the physiological effects of diving at an altitude of 4,442 metres.

Yamzhog Yum Lake, one of the five largest lakes on the Tibet Plateau, covers about 649 square kilometres. The frogmen stayed at the depth of 30 metres, where the water temperature was 4 degrees Celsius, for 15-45 minutes while scientists conducted their tests.

The frogmen conducted experiments on stage pressure reduction in deep water and surface pressure reductoin. Post-dive examinations determined that the high-altitude plunges did not damage their physical or mental health.

The effects of diving at high altitudes are being studied by scientists in several countries around the world. Studies help scientists understand the limits and capabilities of the human body. Previously, only Swiss scientists had conducted diving tests at altitudes higher than 3,000 metres.

Qing Classic Revived in Stone

A giant jasper screen carving, perhaps the largest in the world, has been completed by the Beijing Jade Carving Factory. It is 114 cm long, 79 cm wide and 20 cm thick.

The screen's design is based on a famous scene from the Chinese classic novel, *A Dream of Red Mansions*, which chronicles the rise and fall of a feudal noble family, concentrating on the tragic love of two young people.

The carving, entitled "Chrysanthemum Poets' Society," shows a party of young aristocrats attending a poetry reading in a formal garden setting, surrounded by blooming chrysanthemums and cranes in flight. Its lakeside pavilions and winding covered pathways vividly recreate the Qing Dynasty (1644-1911) romance.

The work is ordered by a Hong-kong businessman, who obtained the jasper from Canada. It will be displayed in Beijing's Cultural Palace of Nationalities during a handicrafts exhibition in September.

CORRECTION: In issue No. 35, p. 30, in the "1982" column of the Table "China's Balance of International Payments," the figure for Short-Term Inflow should read "244," not 224 as printed.



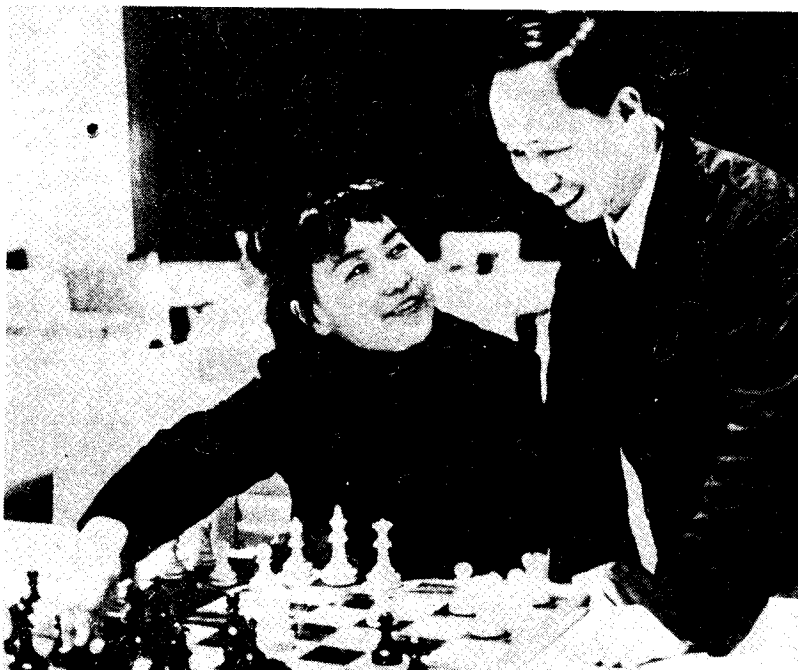
New Grand Master Makes the Right Moves

Chinese chess player Wu Minqian took another giant step in her quest for the international chess crown when she placed second in the world women's interzonal chess tournament held in July in the Soviet Union.

For her outstanding performance in finishing only 0.5 points behind the more experienced Soviet player Marta Litinskaia, Wu was named an International Grand Master — only the second Chinese woman to earn that honour.

Wu, 24, was introduced to the game by her father, Wu Weiwen, himself a former Chinese regional champion. Although she was only ten years old, her talent was already evident, as was her exceptional determination and a strong drive to win. After three years of tutoring at home, she was admitted to a spare-time sports school in her hometown of Hangzhou, in eastern Zhejiang Province. With this new regimen of systematic study, and continued guidance from her father, she made fast progress.

Wu Minqian studying chess under the guidance of her father, Wu Weiwen.



By 1976, when she was 15 years old, Minqian had improved enough to win championship at the Zhejiang juvenile chess tournament for mixed teams. Encouraged by this achievement, she began to set her sights on a seemingly impossible goal: Beating her father in one of their frequent matches. Using all the wiles learnt in a lifetime of play, the older man time and again forced her onto the defensive, inspiring her to devise ever more inventive strategies. Finally, one evening, Minqian earned a draw against her father.

Just three years later, at the age of 18, she finished second at China's Fourth National Games in Beijing.

Chess, Minqian had learnt by this time, requires far more than mental agility. A hard-fought championship match can last up to ten hours, while an international tournament can stretch on for 20 days or more, making tremendous demands on the players' stamina. At

the urging of her coaches, she began a strict programme of physical training that includes swimming and skating — both sports that put a premium on strength, flexibility and endurance. For relaxation, she enjoys reading detective stories and listening to classical music.

Wu's first international match came in 1980, when she travelled to France to take part in the Fourth World Women's Invitational Tournament. The trip proved to be a learning experience. After defeating competitors from Switzerland and Hungary, she had to fall back on her reserves of grit and tenacity, eventually finishing eighth in a field that included many older, more polished players.

Since her selection for China's national team, Wu has developed and refined her characteristically aggressive style of play under the tutelage of coach Li Zhongjian. By her own admission, however, she owes most to her first teacher, her father. Recalling elder Wu, who died of cancer during the tournament in which she won her Grand Master's title, she said, "He was the best father in the world. His deep love for me was completely reflected in his devotion to teaching me chess."

Wu's success on the international circuit has helped boost the level of the game throughout China. At the 26th Olympic Chess Tournament in Greece last year, the Chinese men's team jumped from their previous best finish of 40th position to eighth, putting them in the ranks of the sport's A-level squads. The women's side, too, bested their previous 5th place finish, rising to 4th position in a competition that involved some of the toughest competitors in the world of chess.

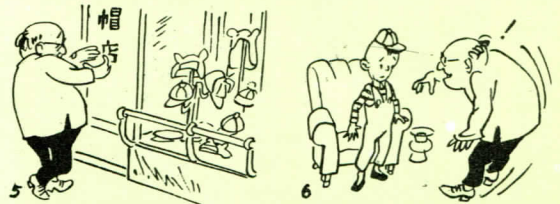
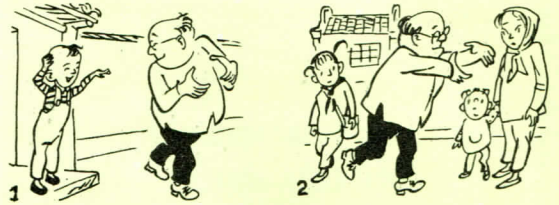
Humour in China

Zhang Leping's 'Father and Son'

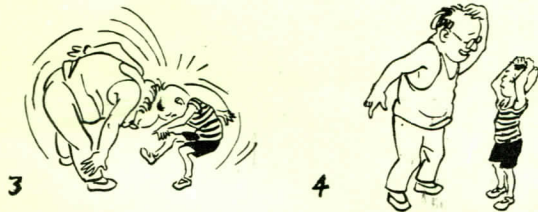


Zhang Leping and Sanmao.

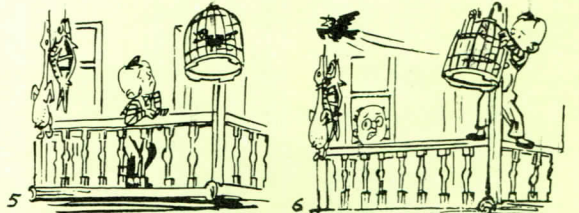
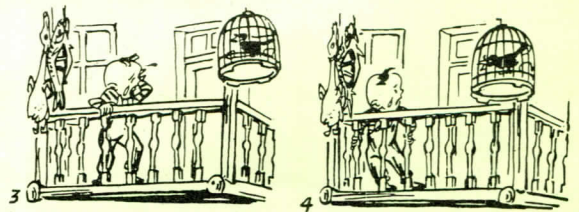
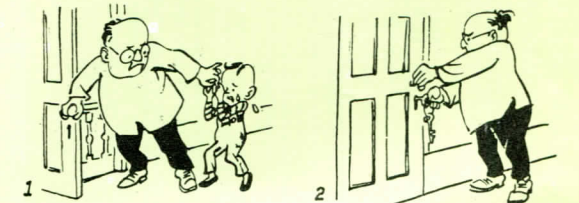
Zhang Leping, born in 1910 in Zhejiang Province, is now the chief editor of *Cartoon World*, a monthly humour magazine. Zhang created Sanmao (the boy with three hairs) in 1935 and the character soon became well-known throughout the country. His "Father and Son" series is featured here.



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