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Ji on HK Basic Law

**More Flexible Policies
For Xiamen SEZ**

**INTERNATIONAL
ROUNDUP**



Leaders of the Lianjiangkou Reform-Through-Labour Farm discussing a play written by the prisoners.

A Special School

The Lianjiangkou Reform-Through-Labour Farm in Heilongjiang Province has added a special educational programme for the inmates. Guards at the reformatory conduct political, cultural and technical education among the prisoners to help promote the prisoners' ideological reform and raise their cultural and technical level.

The prisoners reporting their school records to the guards.

These three prisoners are enrolled in the Central Broadcasting School for Agriculture.



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COVER: Xiamen, one of China's four special economic zones.
 Photo by Chen Zonglie

HIGHLIGHTS OF THE WEEK

No Major Changes in Hongkong

There should be no major changes in Hongkong during the transition period from now to 1997, says China's State Councillor Ji Pengfei during a meeting with local representatives. He also calls on the Hongkong people to offer their suggestions and comments on the Basic Law before it is adopted by the National People's Congress in 1990 (p. 5).

Marxism Guides As Always

In a period of reforms, it is all the more important for Party members and officials to study Marxism. As a guide to action, it will raise their understanding of the world around them, refine their ability to analyse and solve new problems, and help them resist the corrosive influence of erroneous ideologies (p. 4).

Xiamen Implements More Flexible Policies

This special report on the Xiamen economic zone details the SEZ's achievements, problems, and new measures for gradually implementing the free-port policies. It also catalogues the widespread social changes that have emerged in the wake of these changes (p. 22).

China's 1985 Economy Reviewed

A State Statistical Bureau report presents an optimistic picture of China's economic performance in the year gone by. Most of the targets set for the Sixth Five-Year Plan (1981-85) were either fulfilled ahead of schedule or surpassed. This lays a good foundation for 1986, the first year of the Seventh Five-Year Plan (p. 6).

Sundshine and Shadows (II)

A veteran journalist provides thought-provoking sidelights on China's fast changing scene with reflections on his recent four in southwest and central China (p.14).

Anti-Apartheid Movement Gains Momentum

Pretoria found itself in greater isolation than ever before when its high-handed policy towards the black population brought about rising popular resistance as well as worldwide condemnation and economic sanctions (p. 11).

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Marxism Endures as Beacon

by An Zhiguo

Recently there have been a few Western observers who express the belief that China considers Marxism outdated. The assertion, however, is inaccurate and is, furthermore, a distortion of China's view. China holds that, as an ideological system, Marxism, which came into being a century ago, does have a few conclusions that are no longer valid. Its fundamental principles, however, still hold true today, and they remain to be the guidelines in our work. The Chinese Communist Party has upheld Marxism in the past, still upholds it today, and will continue to do so in the future.

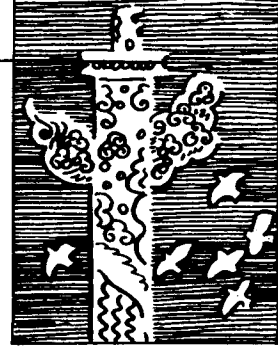
Cadres in China, especially leading cadres, are once again giving priority to theoretical study. This is proof that the Chinese Communist Party continues to attach great importance to Marxist theory. The importance of the current theoretical study campaign was once again emphasized at the Party National Conference held in September 1985.

Since China entered its new period of building socialism with Chinese characteristics, many new questions have cropped up for which the classic Marxist literature contains no ready answers. While the dogmatic way of copying sentences from classic Marxism mechanically is impracticable, deviating from the philosophy will lead us astray. Such being the case, it is necessary for us to integrate Marxist theory with reality, and uphold its fundamental principles while discarding some of its outdated conclusions. Though not an easy task, the process should result in its enrichment and development. The study of Marxist theory is a prerequisite for fulfilling a goal such as this one.

Since 1978, the Central Committee of the Chinese Communist Party has put forward a series of

policies and principles. These include upholding the four cardinal principles—socialism, the people's democratic dictatorship, the leadership of the Communist Party, and Marxism-Leninism and Mao Zedong Thought—the development of productive forces as the fundamental task of socialism; opening to the outside world and invigorating the domestic economy; reform of the economic structure; the simultaneous development of various economic forms centred around public ownership; the development of commodity economy based on public ownership; and building the material wealth while promoting the development of socialist culture and ethics. They all represent creative applications of the fundamental principles of Marxism in the new historic period and have been proven correct by practice.

Taking the Party as a whole, however, the cadres' theoretical level still does not tally with the responsibilities they shoulder. For instance, only less than half of the nation's cadres have received systematic training in basic Marxism. Although the promotion of younger cadres to leading posts in recent years has significantly reduced the average age of the cadre ranks, and their average educational and professional level has been considerably raised, many of these new recruits are not well versed in Marxist theory. Some young cadres still show the influence of the "left" ideology that prevailed during the "cultural revolution." These cadres cannot tell that which is theoretically sound from that which is not. There are also other cadres who, though they are enthusiastic about acquiring professional knowledge and managerial expertise, show no interest in theoretical study. As a result,

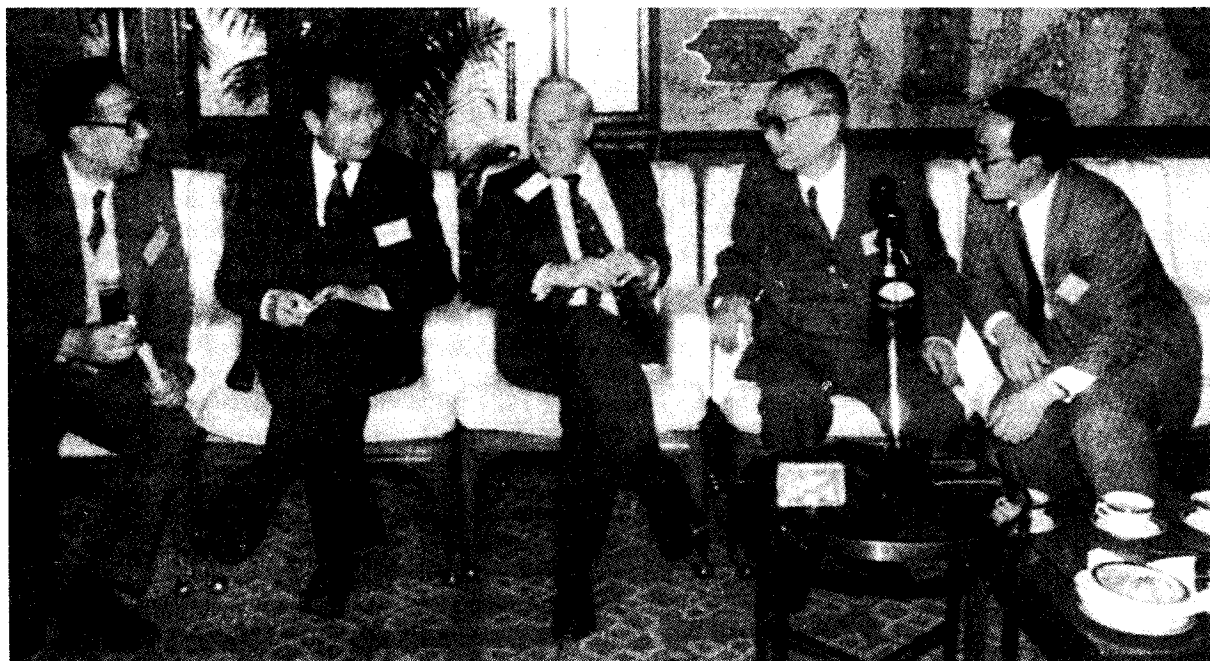


these cadres cannot provide satisfactory solutions to the new problems that have surfaced during the reforms.

Since China adopted the open policy, people have had more contact with capitalism's ideologies and realities. It is necessary, therefore, to use Marxist views to discern the difference between management methods that reflect the laws of modern production and those that are only applicable to a capitalist system. In the process of analysis, it is necessary to decide which is to be absorbed and which is to be discarded. The key to enhancing the cadres' abilities to distinguish right from wrong is to study Marxist theory.

The emphasis on studying Marxism also holds some meaning for veteran cadres. Such education will enable the older cadres to better develop the Party's fine traditions and to become more helpful to the middle-aged and younger cadres. Study might also discourage the abuses of power for personal gains that have been discovered among a handful of veteran cadres in recent years.

The Chinese Communist Party has always considered the study of Marxism an unshirkable duty for its members. Here let it be emphasized that Marxism is not a dogma but a guide to action. Our goal is to enhance the people's understanding of the world around us and raise their ability to grasp the essence of problems and to solve them, while also resisting the corrosive influence of erroneous ideologies, so as to do a better job for the reform and socialist modernization.



Ji Pengfei talking with Hongkong bankers and entrepreneurs.

HUANG BENQIANG

Ji Pengfei on Hongkong's Basic Law

Though minor changes can be made, there should be no major changes in Hongkong during the transition period. Major changes can be made only after consultations." These remarks were made by China's State Councillor Ji Pengfei on December 20, during a meeting in Hongkong with about 80 representatives from Hongkong's labour and education circles.

The transition period Ji spoke of refers to the 12 years before China resumes sovereignty over Hongkong in 1997 in accordance with the 1984 Sino-British Joint Declaration on Hongkong.

Ji, who is also director of the Hongkong and Macao Affairs Office under the State Council, said consultation on major changes should be held between the Chinese and British governments.

As for the local administration in the transition period, Ji said, the

British will remain in charge as stipulated in the Joint Declaration. "We will by no means meddle in Hongkong affairs during these 12 years," he said.

Ji said the Basic Law Drafting Committee (BLDC) of the Hongkong Special Administrative Region (SAR), which Ji chairs, will send a number of working groups to Hongkong to hold consultation sessions with the members of the BLDC in Hongkong and with members of Hongkong's widely representative organization—the Basic Law Consultative Committee (BLCC). Ji said his working groups will keep in touch with people from all sectors of Hongkong's population—the upper and middle class as well as people at the grass-roots—and solicit suggestions and comments from among them.

Ji called on the Hongkong people to offer their opinions and suggestions. "We are not afraid of

people speaking. We encourage them to say what they will," he said.

The Basic Law would be adopted by the Standing Committee of the National People's Congress in 1990, Ji said. Before then, he said, a draft of the Basic Law will be repeatedly placed before the Hongkong people for review.

Two days earlier, when referring to the drafting work of the Basic Law, Ji called the future SAR a unique and complicated "mansion" that "requires the collective wisdom of people from various quarters in order to design the best layout."

The Joint Declaration has provided the essentials for drafting the Basic Law. However, the Basic Law, which will be more detailed than the Joint Declaration, Ji said, must avoid being too specific as this could impinge on Hongkong's high degree of

autonomy in the future.

In line with the principles of the Basic Law, Hongkong's legislative body may make specific laws in the light of the development of the region's situation.

When some of the Hongkong representatives expressed the hope that Hongkong's future political system would be discussed first in drafting the Basic Law, Ji said this would be considered at the second plenary session of the BLDC, which is to be held in Beijing in April 1986. Ji said the Chinese government has not formed a fixed idea as to what political system would be practised in Hongkong when the policy of "one country, two systems" is enacted.

When asked if the present political system in Hongkong would remain entirely unchanged, Ji answered: "Not necessarily." In drafting the Basic Law, Ji said, "It is necessary to proceed from Hongkong's actual conditions and consider carefully how to apply the principle of 'one country, two systems.'"

"After we listen to the opinions of the Hongkong people from various quarters, we will consider this issue and decide what system will be practised in Hongkong," he said.

Ji acknowledged that Hongkong's political system was a very important part of the Basic Law. He said the BLDC might discuss this issue before others.

Brief Look at 1985 Economy

After slowing down the once overheated industrial development in the third quarter of 1985, China is now re-examining the pace of its economic growth. A report from the State Statistical Bureau recently announced that

total industrial and agricultural output value last year was expected to increase by about 14 percent over the 1984 figure.

The report said most of the targets set for the Sixth Five-Year Plan (1981-85) had been met and some even been surpassed, laying a solid base from which to launch the next Five-Year Plan this year.

In the first 11 months of 1985, state revenue totalled 168.5 billion yuan, 34.8 percent more than that for the same period of 1984.

The nation's total grain output, according to the bureau, was somewhat lower than that of 1984 because of reduced grain acreage and natural disasters. The acreage set aside for grain was reduced from 78.3 percent in 1984 to 75.6 percent last year. And in some areas, grain production was not given proper priority, the bureau reported.

However, the output of cash crops such as sugar, oil-bearing crops, jute, tobacco, and of meat, dairy products, fish and sea products increased by a wide margin. Therefore, the bureau estimated, China's total agricultural output value in 1985 still went up by about 10 percent. The proportion of farm output value decreased from 58 percent in 1985 to 51 percent, while forestry, animal husbandry, and fish production increased from 42 percent in 1984 to 49 percent last year.

Total industrial output value in 1985 was estimated to have reached 820 billion yuan, an increase of 17 percent over 1984. Light and heavy industries developed more proportionately last year. The energy and raw materials industries, and consumer products whose output targets were set under the state's economic programme reached their targets with the exception of fertilizers, insecticides and salt, handicapped by either poor markets or natural disasters.

Transportation also made much headway in the year 1985. In the first 11 months, the volume of railroad freight was 1,170 million tons, an increase of 5.4 percent over that of the same period of 1984. And the number of passengers was more than 1 billion, up by 0.7 percent compared with 1984, while ocean and river transport, air traffic and the volume of communications also rose sharply.

Investment in capital construction by state-owned enterprises that had grown too rapidly in the early months of 1985 was brought under control by August last year. From January to November, the total investment in capital construction hit 75.5 billion yuan, 36.6 percent more than that of the corresponding period in 1984. And it is estimated total investment in capital construction will have increased about 40 percent by the end of 1985.

The construction on 169 key state projects went along at a breakneck speed last year. The floor space of new homes built in the first 11 months came to more than 37 million square metres, 2.9 million square metres more than that in the same period for 1984. The first phase construction of Baoshan Iron and Steel Complex in Shanghai was completed and began trial production in November last year.

From January to November, retail sales totalled 383 billion yuan, representing a 17 percent increase over the same period in 1984. Both urban and rural markets were brisk with big increases in retail sales of commodities, especially of consumer items.

Total retail sales and sales from private businesses registered a 100 percent increase over 1984.

During the first 11 months of 1985, the bureau report indicated that retail price index rose 8.5 percent—11.2 percent in urban

areas and 6.4 percent in the countryside.

The average income per person in urban areas reached 750 yuan in 1985, a 10 percent increase over 1984 after deducting price fluctuations. The average per-capita income among farmers also rose by 9.5 percent to some 4,000 yuan.

Savings deposits in urban and rural areas soared to 158 billion yuan by the end of last November, 36.5 billion yuan more than in early 1984.

According to customs statistics, imports and exports in 1985 were valued at about US\$60 billion, yielding a 26.5 percent increase over 1984.

In 1985, as the state brought credit funds under tight control, cash income in the first 11 months rose by 33 percent, compared with the same period of 1984.

CPC Foreign Ties Aimed at Peace

A major item on the agenda of the Chinese Communist Party is to establish or resume contacts with friendly political parties and to work together with them for world peace through extensive exchanges, said Hu Qili, member of the Political Bureau.

"Practice has shown that this is an effective way to safeguard world peace," said Hu, who is also a member of the Secretariat of the CPC Central Committee.

The majority of the world's political parties are unwilling to go against the people's wishes, Hu said, and most communist, socialist, social democratic and labour parties and political parties in the third world are working for the relaxation of international tensions, disarmament and peace.

"This is the greatest point in common among them," he added.

The Party official also disclosed that the CPC now has contacts of different forms with some 200 progressive parties in the world. At least 30 to 40 principal leaders of foreign parties visited China in the past year, Hu said. The CPC also sent delegations abroad at the invitation of foreign parties.

Hu visited Yugoslavia and the Federal Republic of Germany last November. In late December 1985, a CPC delegation led by Qian Liren, member of the Party Central Committee and director of the *Renmin Reibao* (People's Daily), visited Bombay as guests of India's Congress I Party.

On the principles followed by the Chinese Communist Party in developing relations with political parties of other countries, Hu said the CPC develops its relations with other communist parties on the basis of Marxism, while pursuing the policy of transcending ideological differences to seek mutual understanding and co-operation in its contacts with socialist, social democratic and labour parties.

Hu said the CPC attaches great importance to developing friendly relations with political parties in third world countries. Such relations, he said, are conducive to the unity and co-operation between China and other third world countries, and to world peace and economic development.

Hu said the CPC is willing to establish and develop relations with all friendly progressive political parties and organizations. The principles of independence, equality, mutual respect and non-interference in each other's internal affairs, Hu added, are the basic norms guiding the CPC in its ties with other political parties.

Hu said he was confident that there will be better and more extensive ties between the CPC and other political parties in the new year.

China & the World

Beijing Ties Strings With Sister Cities. Beijing now has sister-city ties with Belgrade, Lima, Madrid, New York, Tokyo and Washington, city officials said recently. It has sent 38 groups to these cities since 1983, including official delegations and study groups. These involved 600 people, ranging from Beijing Mayor Chen Xitong to businessmen, workers, farmers and students. Meanwhile, Beijing has received 40 delegations and more than 2,300 visitors from its sister cities. In addition, 3,000 youngsters from eight separate groups from Japan have visited Beijing, which sent a group of youngsters to Japan for a return visit.

Li Peng Meets With Two Ambassadors. Vice-Premier Li Peng met with British and French Ambassadors Sir Richard Evans and Charles Malo on January 1. Li congratulated the ambassadors on the recent signing of a memorandum of understanding between the Guangdong Nuclear Power Joint Venture Company and companies of Britain and France. The document was about the final price negotiations between the partners on major equipment and service supply for the planned Guangdong Nuclear Power Station. Li said he hoped all parties would further strengthen their co-operation to turn the scheduled power plant into reality.

EUROPEAN COMMUNITY

New Memberships Spell Development

After the entry of Spain and Portugal into the European Economic Community, the West European organization will carry much more weight on international affairs.

The success of the agricultural policy pursued by the European Economic Community (EEC) has been impressive. The organization has become one of the world's major exporters of farm produce. From one quarter of the total in the capitalist world during the 1960s, its farm exports have come to one third in the 1980s. But with Spain's and Portugal's entry into the community this January, the two countries are not focusing their attention on agriculture. Rather they are thinking of the modernization of their country as whole.

Among the many advances made by EEC during 1985, the Eureka plan was the most conspicuous, indicating Western Europe's desire to speak with one voice. And Spain and Portugal are keen to become heard through that voice. As Spanish Prime Minister Felipe Gonzalez put it, without the participation of the Iberian nations, the unity of Europe would be incomplete. So the accession of Spain and Portugal in the community is an event of historic importance. It should bring about the development of the two countries as well as the integration of Western Europe.

Because Spain and Portugal are mainly agricultural countries, they were met with strong opposition to their prospective entry into the EEC. Both of them formally requested membership in 1977, but admission came only last March, and then not until last June was a formal agreement signed. Compared with the other

EEC member nations, the two countries are rather backward economically. The per-capita GNP of Spain and Portugal are only about one half and one quarter respectively of that of the Federal Republic of Germany. Their entry therefore involved the direct interests of the EEC members. The limited regional development fund of the community, for example, must be redistributed, with Spain and Portugal taking the lion's share. As there is already an EEC surplus in agricultural produce, what is expected to pour in from the two countries will only aggravate the situation, and expenditures on agriculture subsidies—two-thirds of the community's overall budget—will have to be stretched even further.

But the leaders of the EEC member nations did not retreat from the piling difficulties. French President Francois Mitterrand had said that, unless the EEC practised political unity, it would have no future at all. In the words of British Prime Minister Margaret Thatcher, in today's troubled world, it is important to expand the scope of stability.

It was the foresight of these leaders that led to the success of the negotiations. The EEC members have now been increased from 10 to 12, embracing a population of 320 million, and becoming the largest market place in the world. Its exports and imports are expected to make up 20.9 and 21.9 percent of the world total, surpassing those of the United States.

The EEC was created and developed by the West European nations in an attempt to rid themselves of the superpowers' control and expansion. From the very beginning, the EEC was not a simple economic organization. Its founders have always advocated a united Europe. Especially in the 1980s, with worsening contention between the Soviet Union and the United States, the security of Western Europe has been threatened more than ever. On the other hand, the development of high technology industries in the United States and Japan has placed Western Europe in a tenuous economic position. Confronted by these challenges, more and more West Europeans are coming to see the need for Europe to develop in order to exist and unite in order to develop.

For Spain and Portugal, the accession will bring about benefits all around. Politically, EEC membership will contribute to the consolidation of their pluralistic politics, a new approach that has been ushered in after long-term autocratic rule. Economically, the membership will ensure them investments and loans, and their own exports will enjoy preferential treatment through lowered custom duties in the EEC market.

Of course, their entry may have its disadvantages and even aftershocks too, such as the negative influences brought about by the structural reform in industry and agriculture. But from a long-term point of view, the move should help them to progress alongside their fellow member states. Mario Soares, the former Portuguese prime minister, for one, predicted that Portugal will be a completely different country within five years after its entry. He expects better living standards for his people, traditionally one of the poorest in Western Europe.

by Zheng Fangkun

LEBANON

Possible Final Chapter on Civil War

The peace agreement signed by the three main conflicting militia forces in Lebanon was a major step towards ending the decade-long civil war.

Under the auspices of Syrian Vice-President Abdul Halim Khaddam, chairman of the Christian Lebanese Forces Elie Hobeika, chairman of the Shiite Moslem Amal Movement Nabin Berri, and chairman of the Druze Moslem Progressive Socialist Party Walid Joumblatt signed a peace agreement in Damascus, Syria, on December 28. This agreement has paved the way for ending more than 10 years of civil war, and for eventually bringing peace, stability and national reconciliation at long last to strife-torn Lebanon.

Since the civil war erupted between the Christian and Moslem militias in 1975, Lebanon has been in such a confused state that the parties and factions have continued fighting among themselves. This internecine struggle has not only cost more than 100,000 lives and an inestimable loss of property, but it has also provided an opportunity for the Israelis to take advantage of the situation. In 1982 Israeli troops invaded Lebanon and occupied half the country. The continued Israeli occupation in the south has further aggravated the contradictions and confrontations among the various Lebanese religious factions.

Since September last year, representatives of the three Lebanese factions had been negotiating in Damascus, under the initiative of Khaddam. During the negotiation process, the three factions agreed to a curb on hostile action, a gradual resolution to religious disputes, choosing the Arab destiny without depending on outside forces and a call for the

removal of Israeli troops in southern Lebanon. However, they held conflicting views on the best time for the transitional period of cancelling the religious conflicts; on how to limit the power of the Lebanese president, and how to word the relations with Syria in the accord.

After three months of talks, the militia leaders reached an agreement that provided:

—The immediate establishment of a new government to end the civil war.

—A transitional period for gradual abolishment of the sectarian distribution of political power in Lebanon, as soon as the new government was formed.

—A transitional period during which the existing sectarian power would continue, and during which the president would remain a Maronite Christian, the prime minister a Sunni Moslem, and the parliamentary president a Shiite Moslem.

—That parliament would decide when the transitional period would end.

—That new seats would be shared equally between the Christians and Moslems when members were added to parliament.

The accord reflects a principle of gradual reform, which appears to render the provisions acceptable to all the factions.

Last year improved its relations with the Christian Amal Movement and the Phalangist Party, Syria has played a positive mediating role in the promotion of an agreement among the three Lebanese factions.

The signing of the peace agreement was a good beginning, but there are many problems yet to be solved. It is a long road to walk before Lebanon will see peace, stability and national reconciliation. Lebanese Sunni Moslem leader, Salim Hoss, education minister and former premier, said in a press interview in Beirut on December 29 that his country was "looking forward" to the implementation of the accord, "which may lead to relaxation in the political and security situation in the country." "The agreement has yet to be accepted by all the religious factions, and implementation of the agreement by the three major militia forces remains a test of their sincerity to end the war.

In addition, Israel still occupies the southern part of Lebanon. It appears to be waiting to undermine the unity of the Lebanese people. With all of this in mind, it is therefore natural that the Lebanese people are anxious to see the agreement become a major turning point in the history of their country and the Middle East.

by CHENG JICHANG

Leaders of three factions in Lebanon signing the peace agreement in Damascus.



Martial Law Lifted as Civilian Rule Begins

Eight years of martial law are lifted from the shoulders of the Pakistanis, who now look forward a period of civilian rule.

Pakistan President Zia ul-Haq announced the lift of martial law as of December 30, as the transition from military to civilian rule was completed. This phase of martial law, the third of its kind in history of Pakistan, was imposed on July 5, 1977.

The transition, praised by observers in Islamabad as smooth and peaceful, was made possible largely by the political stability and the improved economy in the country in recent years.

Even so, the transition itself was a slow process. On December 19, 1984, the traditional system of electing the president by votes from members of the national assembly was replaced by a system that required a national referendum for a term of five years, thus creating conditions conducive to the democratic process.

The process got another boost from the general elections held on February 25 last year, which Zia, the chief martial law administrator, had promised on August 12, 1983.

The elections, the third in the country's history, were held along non-party lines. Fifty-five percent of the eligible voters turned out for the elections, more than in the two previous elections in 1970 and 1977. In addition, voting was orderly and peaceful, despite the boycott by an 11-party alliance called the Movement for Restoration of Democracy (MRD). The

large and orderly turnout reflected the aspirations of the Pakistan people for quick restoration to democracy since martial law had been imposed.

The military authorities accepted the results of the election, and parliament and a civilian cabinet, with Mohammad Kham Junejo as prime minister, were formed.

Soon after, legislative preparations for lifting martial law got underway. The eighth constitutional amendment bill, which retains the laws and orders issued during the martial law period, was unanimously passed by the national assembly and the senate last October, paving the way for the revocation of martial law. The adoption of the Political Parties Act by parliament early last month put the finishing touches on the legislative action needed for the return of democracy.

After the general elections, the military authorities relaxed control gradually to give the civilian cabinet enough time to establish a government that could function peacefully. Meanwhile, Prime Minister Junejo demonstrated his administrative effectiveness. He consolidated his support in parliament, ensuring smooth passage of the eighth constitutional amendment bill and the Political Parties Act. Junejo emphasized national unity and the strengthening of civilian institutions. He also continued to pursue an Islamic

policy in a country where Muslims account for 97 percent of the total population.

An improvement in economic performance during the martial law period was another factor that helped make for a smooth transition.

Soon after taking over political power, the military authorities took several economic measures, including denationalization, reactivation of private investment, agricultural price hikes, and promotion of exports. As a result, foreign aid to Pakistan increased, home remittances by overseas Pakistanis picked up sharply, and healthy agricultural harvests came in. All these factors combined to produce an annual increase of more than 6 percent of the GNP since 1978, compared with the 1.2 percent growth rate in 1977.

Though the transition seems to have glided into place, difficulties still lie ahead. The MRD has so far refused to recognize the legitimacy of the general elections. Several labour strikes have occurred in the last few months, casting a shadow over the stability of social order in the country. Externally, the menace posed by the continued Soviet occupation of Afghanistan persists. The 3 million Afghan refugees, who were forced to flee to Pakistan due to the Soviet invasion of their country, put an increasingly heavier burden on Pakistan's national economy.

In view of the difficulties ahead, the new government has time and again expressed its willingness to hold dialogues with the MRD. Prime Minister Junejo appealed in parliament on December 30 to the country's political leaders to cooperate with the government for the sake of social justice and national development. "If any elements try to disturb the law and order, such disruptive attempts should be foiled with full force and valour." Junejo said.

by Zhang Zhinian

SOUTH AFRICA

Apartheid Meets Its Match

In South Africa, 1985 meant different things to different people. To the black South Africans, it was a year of mounting struggle against racial segregation. To the Pretoria authorities, it was a year of disaster — their continued reign of apartheid and suppression of the black movement spurred severe international condemnation, economic sanctions and even greater isolation.

In comparison with the previous years, the South African struggle in 1985 had three distinct features.

First, a wider range of people became involved in the struggle. Last March, a mass rally in the Uitenhage area, Cape Province, in commemoration of the 25th anniversary of the Sharpeville Massacre, attracted tens of thousands of blacks. At the end of the rally, the participants joined a funeral procession to honour the martyrs who died in more recent struggles against apartheid. The South African government always called in police or troops to break up such demonstrations, causing new bloodshed and mounting tension. Joining in these spontaneous demonstrations were workers, students and city dwellers, men and women, young and old. People from the religious, intellectual and business circles also participated. Students were the most active. They valiantly battled with the police, playing a vanguard role.

The second feature that shaped the struggles in 1985 was a working class that further closed ranks and co-ordinated its actions. Last year witnessed a new surge in

the workers' clash with racial discrimination and in their demands for improved economic status. Worth special mention is the founding of the South African Labour Federation at the end of last November. At its inauguration, the federation, with 500,000 members and more than 30 unions, declared it would not only fight for economic benefits, but also for the abolishment of apartheid.

The increasing number of whites who turned to their black brothers and sisters in a show of support was the third prominent feature in the South African embroilment during the last year. Students at Capetown University, mostly whites, organized many mass rallies in support of the black students who were demanding the release of political prisoners. Many of the white students, academics and educators, religious figures and businessmen voiced their sympathy and support for blacks by condemning the discriminatory racial system enforced by the South African authorities.

The mass movement gained momentum last year because the South African authorities stubbornly held to apartheid and stepped up their suppression of blacks. The new constitution and the three-chamber parliament, enforced by South African President Pieter Botha in September 1984, ostracized even further the blacks who account for 73 percent of the country's total population. It was only natural that Botha's administration be met with strong black boycott.

In an attempt to crush the

mounting opposition, Botha imposed in July a state of emergency that affected 36 cities throughout the country. Mass arrests among black students, workers and their leaders were made. The police fired indiscriminately at black demonstrators. But all these high-handed measures did not deter the blacks or their supporters — they only served to strengthen their resolve.

Another contributing cause to the unprecedented unrest this past year was the increasing impoverishment of the South African blacks. South Africa experienced a 16 percent inflation rate last year, and its currency has been depreciated by 50 percent. With price skyrocketing, factories closing down and unemployment rising to 3 million, the blacks suffered from the failing economy more than anyone else. To defend their right to a decent living standard, black workers held strikes in protest of the racist regime, which they believe is at the root of all economic and social problems in the region.

Pretoria's insistence on continuing the apartheid system and its suppression of blacks triggered off a barrage of international condemnation. Many nations declared economic sanctions against South Africa. The 10 European Community member states, and Australia, Canada and Argentina recalled their ambassadors from Pretoria. Denmark closed its consulate there, France and Australia put a ban on all investment in South Africa, and the United Nations withdrew its investments from all Western companies that have South

African connections. Even the United States, under internal and external pressure, announced limited economic sanctions against South Africa. Pretoria found itself more isolated in the international community than ever before.

In a bid to find some solution, Botha declared on a number of occasions he would make constitutional reforms in South Africa, and that he would place black leaders on the president's council. But in the same breath he declared

that for the blacks to practise "one man, one vote" would be out of the question. Because the constitutional reform as Botha envisaged would not abolish apartheid, it was boycotted by the black community as a political swindle.

Botha's actions also aroused dissent among the white opposition parties, which pointed out that South Africa was facing the most serious racial unrest since 1976, the worst economic crisis since the 1930s, and the most unfavourable international environ-

ment of all times. Some opposition party members accused Botha of being unable to defuse the acute internal conflicts, while others even asked him to step down.

The developments in the past year indicate that the South African authorities cannot hold down the inevitable either by force or by political deception. The only solution to the dilemma, as observers worldwide have pointed out, lies in the abolishment of racial discrimination.

by Xu Dewen

UNITED STATES

Reagan's Second Term Off to Slow Start

When he took the White House for his second term last January, US President Ronald Reagan proclaimed two issues at top priorities: one was peace—mutual disarmament with the Soviet Union; the other was tax reform. One year has passed since then, and experts have indeed found an ease in US-Soviet relations, with Reagan's political prestige having been promoted in the foreign affairs arena. But tax reform remains sketchy and the domestic policies of Reagan's second-term administration do not appear as successful as those of his first.

Looking back on the first year of the Reagan administration's second term, it is clear that it made some headway with the Soviets. Since last January, the two superpowers have held a series of talks, crowned by the summit meeting between Reagan and Soviet leader Mikhail Gorbachev in Geneva in mid November. Foreign affairs experts in Washington maintain the Geneva summit produced an air of detente, but certainly did not open any new epoch-making chapter in the annals of US-Soviet relations. The major obstacles were their dissent over arms control and their conflict over the Strategic Defense

Initiative plan—Reagan refusing to give up his dream of space defence, while Gorbachev insists no mutual disarmament is possible if the "Star Wars" concept is brought to reality. If the ice does not melt, the experts have predicted, the next summit will hardly be successful.

Checking other areas, Reagan's foreign policies have yielded little progress: US-Nicaraguan relations deteriorated underneath Reagan's tough policies on Central America; the Middle East peace process broke down, to some extent because of the White House refusal to include the Palestine Liberation Organization in the peace talks; the Strategic Defense Initiative encountered challenge from France's Eureka project, stirring up disharmony among the Western allies; while the conflict between the United States and New Zealand over the harbouring of US nuclear-powered and armed warships in New Zealand waters continues.

On the domestic front, tax reform is still listed at the top of the White House agenda. President Reagan presented a draft tax proposal to Congress last May that called for a reduction of the tax rate and a decrease in taxation categories. However, he was never

able to fully concentrate on the reform, but instead had to put most of his energy towards the enormous government deficits.

Throughout 1985 the Reagan administration was locked in debate with Congress over the 1986 fiscal year budget. Up to now, Reagan has only succeeded in winning half of the 13 statutes that should be passed for the 1986 fiscal year that began in October. Three months ago, Congress passed an "amendment to the budget deficit" that demanded an elimination to the deficit within five years. And if those deficits surpass the stipulated level, the president is required to reduce the civil and military budgets accordingly. This balanced-budget draft was validated after Reagan's signature, but a majority of the American public doubts that the amendment will do much to bring the deficit down to a manageable level.

For the most part, although Reagan has polished his image as a tough, yet compromising world leader when it comes to foreign affairs, he has much work ahead on the home front before his second term is considered a success.

by Zhang Yunwen

Peace Passing Through Their Fingers

Although the Contadora Group and other Latin American nations tried their best to bring peace to Central America in 1985, they were not able to beat the seemingly insurmountable odds, and the region still remains one of the political hot spots of the world. The peace agreement drawn up by the Contadora Group and scheduled to have been signed by the end of 1985, sits on some unknown desk, still awaiting signature if and when the contradictions and differences between Central American nations are settled and if the interference of external forces and pressures are removed. To add insult to injury, relations between Nicaragua and the United States, which are pivotal to the region, deteriorated even more over the last year.

The year of 1985 was the third year in which the Contadora Group had served as diplomatic mediator in the region. Throughout the year the group overcame various obstacles in the peace process, and won more support from other Latin American nations, and the international community as well.

The Contadora Group is pushing for a peace agreement to be signed by five Central American nations—Honduras, El Salvador, Guatemala, Nicaragua and Costa Rica. After the first draft of peace agreement was turned down by the United States in September 1984, the group put most of its efforts towards seeking opinion from all sides and organized nine Latin American nations to negotiate and amend the original draft to come up with a new peace agreement. The negotiations had to be postponed, however, because of the diplomatic disputes and border incidents between Nicaragua and Costa Rica.

Even facing these obstacles, the Contadora Group continued to mediate whenever possible. Although no peace accord was signed in 1985, the fact that the conflicts in Central America did not escalate can actually be attributed to the efforts of the group.

The group advocates that the issues of Central America should be settled by means of peaceful negotiation free from outside interference. This is in accordance with the wishes of the Latin American people. In 1985 Brazil, Argentina, Peru and Uruguay set up the Lima Group, supporting the diplomatic activities of the Contadora Group. The Lima Group also played an active role in encouraging peace talks in Central America. Needless to say, the conflicts in the region come with years of complicated baggage, and the problems cannot be resolved overnight. Major differences exist not only between the South American nations and the United States, but also among the nations themselves. In addition, the two superpowers both have vested interests in Latin America, making the prospects of a peace agreement even more tenuous.

When the Contadora Group advanced the first draft of a peace and co-operation agreement for Central America in September, 1984, the Nicaraguan government agreed to sign the document, but the United States turned it down. Honduras, El Salvador and Costa Rica also raised some amendments to the provisions regarding security and implementation. One year later, in September 1985, the group put forward the third draft of the summary agreement. Once again the security provision, the most sensitive issue in the region, met different opinions from Nicaragua, Honduras and El

Salvador. The Nicaraguan government stated that the new draft had some provisions that placed Nicaragua in a vulnerable position if faced with an invasion from the United States.

Although the United States is not directly involved in the peace negotiations in Central America, its policies have an important bearing on the region. The United States adopted tough policies towards Nicaragua in 1985, putting pressure on the latter in the political, economic and military arenas. Paying no attention to the repeated appeal of Nicaragua, Washington refused to resume peace talks between the two nations, which were halted altogether in 1985. At the same time, the United States imposed economic sanctions on Nicaragua, and resumed its military aid to the Nicaraguan anti-government rebels.

In early December, the anti-government forces in Nicaragua shot down a Nicaraguan government airforce helicopter using a US-made Sam-7 ground-to-air missile. This proved that, contrary to its claims, the Reagan administration had provided the Nicaraguan anti-government forces with advanced arms.

The Contadora Group faces great challenge today. Negotiations to conclude a peace agreement have been put off for another five months. The future seems unclear. However, the majority of South American nations have achieved democracy and are advocating regional peace and social stability in order to overcome their own economic difficulties. Developing the peace process in Central America is in the interests of most South American nations.

by Zhu Manting, Yao Chuntao



An old dream comes true: the powerful Yangtze River is tamed at Gezhouba Dam.

Sunshine and Shadows

Even as a leisured tourist, a veteran journalist cannot help observing, questioning, and interpreting what he sees. What follows are the author's reflections on famous sites rejuvenated, reminders of the country's unfortunate past, economic reform yielding initial results, rural tourists enjoying their new prosperity and retired workers complaining about "unhealthy" social phenomena.... This and part I of his report (see issue No.1) provide thought-provoking sidelights on China's fast-changing scene.

by Duan Liancheng

The land around Chengdu city is rich and beautiful, with clear blue rivers and undulating green hills. It is hard to believe that a good part of this area owes its fertility to a man who lived over two millenia ago. Magistrate Li Bing of the East Han Dynasty, aided by his son, designed and supervised the building of a huge water control project northwest of the city which channeled Minjiang River waters to irrigate croplands. The two men were posthumously granted the title of prince by later emperors, and the Two-Prince Temple still stands today on a hill

overlooking the ingeniously devised water diversion structures.

***I**t must be the first time in Chinese history that so many ordinary folks are running around as tourists.*

Up to a few years ago visitors were distressed to see the marks of Red Guard vandalism at many ancient sites—scars left over from the "cultural revolution." But I found the Two-Prince Temple in Guanxian

County northwest of Chengdu completely renovated. The Chengdu area abounds with historical monuments. In the city proper are the tranquil residence of the great poet Du Fu (AD 712-770) and a grand temple honouring the legendary statesman and military strategist Zhuge Liang (AD 187-234). Xindu to the north boasts the Baoguang Monastery with 500 life-size statues of arhats, each different from the other, and artistically considered the best in the country. Meishan in the south is noted for the temple of the three Sus, a

memorial to writer-poet Su Dongpo (AD 1037-1101) and his father and brother, all natives of the county. Luoshan city farther south has a 71-metre statue of the Buddha carved out of a rocky cliff overlooking the Minjiang River, said to be the largest of its kind in the world.

I was impressed by the rapid renovation of these places in recent years, motivated in part by the political need to heal the old wounds of the time of turmoil and in part to tap the financial benefits of expanding tourism. Everywhere statues and sculptures, wooden couplets and stone engravings, pavilions and gardens had been faithfully restored.

Mt. Emei farther south is nationally famous for its natural beauty, rare flora and fauna, the meteorological phenomena and mirages often seen at its top, and many time-honoured Buddhist shrines. I didn't make it to the 3,100-metre summit, but quit at the 1,100-metre Wannian (10,000-year) Temple. A huge 1,000-year-old metal statue of a Buddha, the temple's main attraction, had been given a facelift. The hospitable abbot, as a special favour to me

and a group of retired "veteran cadres" (people who joined the revolution before the founding of the People's Republic), opened a secluded chamber and showed us their "three treasures"—a supposed three-million-year-old Buddha's tooth (obviously a large prehistorical fossil), a collection of 2,000-year-old Buddhist scriptures and a 300-year-old imperial seal donated by Ming Dynasty Emperor Shenzong. Then we were treated to a banquet of "meat, fish and fowl"—actually all made of beancurd and vegetarian material.

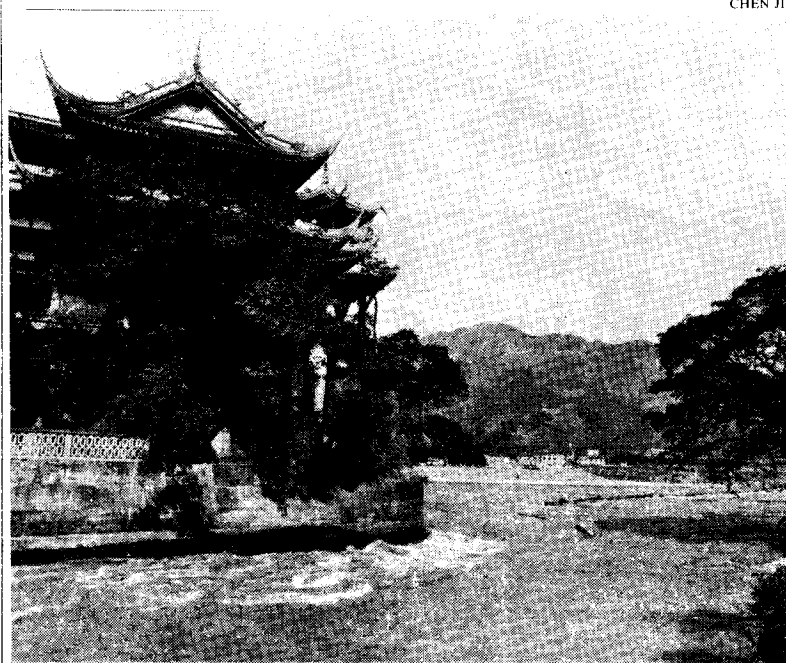
Emei is attracting many more tourists. I saw a number of young Westerners wearing big backpacks striding up the mountain paths. Of the Chinese tourists, many were retired workers and "veteran cadres," a welcome sign that gerontocracy is on the way out. Much more numerous were youths—honeymooning couples and vacationing groups of workers and rural people enjoying their new prosperity. It must be the first time in Chinese history that so many quite ordinary people are running around as tourists.

The young female holiday-

makers appeared very fashion-conscious. Light makeup, earrings and red sweaters seemed to be the vogue. They gained added beauty against the background of verdant mountains. Cameras, rare a few years ago, were everywhere. Whole rolls of colour film are still expensive, but self-employed young photographers charging two yuan (about US\$0.60) for a colour shot and doing a brisk trade were stationed at every place of interest.

The merry sights at Emei, however, made me a bit downcast. People of my generation spent the greater part of our childhood and youth during years of war. When the People's Republic was born, we were immensely inspired and braced ourselves to build the country and a better life. Much progress has been made over the decades, but undeniably the path has often been tortuous and hard. Things are much better now. But we are graying... I thought of the past as I rested in the quiet, dimly lit, hillside hotel. And I hoped that the up-and-coming generation will be blessed with an enduring environment of international peace and domestic stability.

A scenic bend on the Minjiang River.



CHEN JIE

Without reform we Chinese will lose our reputation as a hard-working people."

The Chengdu-Chongqing train departs at 7 am and arrives at 7 pm giving passengers a full opportunity to see the rich Sichuan Basin. The fields when I saw them were covered with plush green crops. Even the tiny plots in between rocks on the hill slopes were planted. This type of meticulous cultivation, native passengers told me, was possible only under the "household responsibility system" which ties a rich or poor harvest directly to the family's income. Though small-scale farming obviously has its drawbacks and limitations, it seems to fit well with the present conditions of

Sichuan where land is scarce and labour is plenty.

Sichuan has always been known as a "heaven-endowed land" and a "talent bank" which has given the nation such great men of letters as ancient poet Su Dongpo and contemporary scholar Guo Moruo, such outstanding military-political leaders as Zhu De (the late commander-in-chief of the People's Liberation Army) and Deng Xiaoping. Over a decade ago, however, the havoc wrought by the "cultural revolution" was such that many Sichuan women were fleeing to other places, ready to marry any man just for the sake of subsistence. Zhao Ziyang, now China's premier, was then posted in Sichuan. With his support a rural reform based on the responsibility system was tried out. The situation improved. And so markedly that a folk-saying was soon circulating around the country: "Want more food grains? Go to Ziyang."

Chongqing, an economic centre for the whole of southwest China, is a pioneer in urban economic reform. As a tourist, I didn't delve into the complexities of the question. But local people commented frequently on two points.

The serious effort to break the "one big rice bowl system" (a figurative way of saying an individual or a unit collected salary or funds from the state as usual regardless of how well or poorly they performed economically) seems to be winning general approval. A number of state-owned medium-sized restaurants and small eateries have been leased to individuals or collectives, I was told. To oversimplify a bit, the leasers, after paying a certain amount of money to the state in addition to the normal taxes, keep the rest of their income. The state no longer takes all the profits or covers any losses. Local people recommended that I try a few such eating houses. They now serve better foods, keep their places cleaner, work longer hours and,

most important, show some warmth to patrons. Some have got rid of the red ink that had marked their operations for years. A leading woman official of the city's structural economic reform commission whom I chanced to meet told me: "We Chinese are known for diligence. But go and have a look at factories still under the 'one big rice bowl system.' You can hardly imagine how some people are loafing and dawdling there. We've got to reform. Without it an economic takeoff is out of the question. And, worse than that, we Chinese will lose our reputation as a hard-working people."

Though Mammon-worship is deplorable, it looks as if some form of material incentive is still essential at this stage of development. Before a society of great material abundance and high morality and ethics can be built,

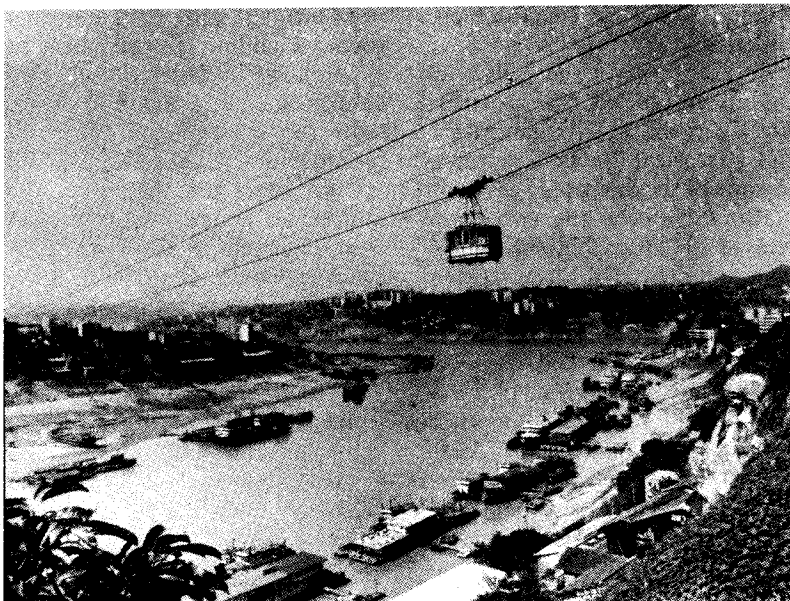
social wealth has got to be distributed "to each according to his work." However strongly one may dislike money's power, it will be with us for a long time to come.

"Multi-channel" operation is another welcome policy change. It means that while the public sector will remain dominant, co-operative and individual endeavours are encouraged in order to expand industry, commerce and service trades. Transportation in Sichuan always been difficult in Sichuan with its rugged mountains and many rivers. Chongqing and the outlying areas used to depend on a terribly overworked municipal bus company for town-country traffic. When suburban farmers were allowed to come to the city to sell their produce, the daily exodus made the situation impossible. The government decided to break the state monopoly and permit individuals, the newly prosperous

The Wannian Temple on Mt. Omei.

REN SHIYIN





A passenger cable-car over the Jialing River in Chongqing.

ZHANG JIANZHONG.

farmers in particular, to operate bus lines. Now thousands of privately owned coaches are running. Farmers no longer need to walk to distant bus depots and can get on simply by flagging down the drivers along the road. Poultry, formerly kept off the public conveyances, now travel to market in cages fastened atop the buses. Farmers are pleased. And the specialized transport households are making small fortunes.

Tourist facilities at Mt. Emei have expanded also as a result of the "multi-channel" policy. Visitors are increasing sharply—1.2 million in 1984 and an estimated 1.5 million in 1985. The state-operated board and lodging facilities can't possibly cope with the daily influx, and the government is already hard pressed to build better hotels for foreign tourists. Rural people in the neighbourhood, who have saved up some money in recent years, have been encouraged to open small inns, restaurants, teahouses, souvenir and photography stands. By late 1985 the number of households engaged in the tourist trade had grown to 800, with a workforce of 5,000. Local people, using fashionable electronic-age terms, say that they are "making

up the hardware deficiency with software proficiency." By "hardware" they mean the material facilities, and by "software" the quality of service. Enterprising innkeepers send their young helpers to solicit customers at bus depots and the railway terminal. "Welcome to stay with us," they say, "two yuan (about US\$0.60 cents) a night. Comfort guaranteed." The price is in keeping with current incomes, and the "hardware" is improving—some inns have bought colour TVs so that tourists have something to while away their evenings besides cards and chess.

Some well-intentioned foreigners are suspicious of China's new course. And a lot of loose talk abroad is fueling their doubts.

I am no worshipper of "private enterprise," but the reality we face is that China has over a billion consumers to cater to. At this stage of development state enterprises cannot possibly be the sole organizers and providers of all their cradle-to-grave needs. And that, unfortunately, was what

the state economy once attempted to do by steadily elbowing out the small, private or even co-operative businesses. This impossible task was undertaken in fear of a bogey invoked by theoreticians. For years they kept quoting Lenin out of context and warned that small private production "engenders, daily and hourly," capitalism. So much so that rural grannies raising a few hens and selling their eggs were dreaded as signs of a capitalist comeback. As a result, for a time tens of millions of people remained unemployed while urban dwellers and country folk alike were crying out for more consumer goods and services.

Now thousands of private bus owners are making good money in Chongqing alone. Will some "barons and magnates" emerge from among them? Frankly I had misgivings at the beginning, but later changed my mind. After all we have a strong Communist-led government. Back in 1949, when private industrialists and businessmen existed in China as a distinct social class having in their employ millions of wage labourers, Mao Zedong had said: "The people have a powerful state apparatus in their hands—there is no need to fear rebellion by the national bourgeoisie" (*On the People's Democratic Dictatorship*, June, 1949).

The present private business people are nothing like the national bourgeoisie, many of them being street vendors, service workers and family workshop operators. They usually earn money with their own hands and don't hire people. Their business is a mere complement to the public sector, and will be kept as such. But I understand why some of my Western friends, disgusted with their own "private enterprise," have suspicions in this regard. To them I say, "Your doubts are well-intentioned but ill-founded."

A lot of loose talk abroad helps to fuel these doubts. Some writers, seeing more Chinese girls wearing lipstick or having their hair done

in beauty parlors, interpret it as a sign of China's "further Westernization." Or, hearing of a crackdown on imported pornographic videotapes, they label it a conservative backlash in the name of Maoist purity. These observations shouldn't bother us too much. And I don't really blame the observers too much either because interpreting foreign trends at a distance is always a hard job.

“*Make the country strong*” is a powerful patriotic force propelling the modernization drive. Xenophobia?

Near Chongqing I saw the sites of two former concentration camps—the Rubbish Cave and Bai Mansion—hidden in steep and barren hills. Hundreds of Communists and progressives were thrown into these places by the Kuomintang (KMT) secret service in preliberation days. The interrogation chambers are kept intact, complete with torture instruments like those of some medieval inquisition—irons to be heated and pressed against the victims' bodies and sharp bamboo chips to be driven under their finger-nails—and modern ones such as electric shock devices.

One day in November 1949 guns thundered around Chongqing as the Communist-led People's Liberation Army swept down on the city. Dawn was breaking, and the haggard prisoners at Rubbish Cave whispered together. An order had come down from the KMT secret service command that they be exterminated. The prisoners mutinied; a wall they broke through is kept for visitors to see. But the executioners gunned down all but a few in a brutal bloodbath. The photographs displayed in the sombre cells show that most of those murdered were young men and

women, many of them college students.

At the foot of the hill is an exhibition labeled "Sino-American Co-operation Organization: The Historical Facts," representing one of the darkest pages in the relations between the two countries. In 1942 the Chiang Kai-shek government signed an agreement on "special technical co-operation" with the United States. SACO was established with Dai Li, Chiang's intelligence chief, as the nominal boss. An American functionary named H.E. Miles was his deputy; actually he called the shots. "Special co-operation" was a euphemism for joint cloak-and-dagger operations, first directed against the Japanese invaders and Chinese Communists and then, after Japan's surrender, turned entirely against the latter. Through SACO 50,000 KMT secret agents were trained and 9,000 tons of US-made special military hardware was provided. The Rubbish Cave and Bai Mansion were part of SACO's nationwide operations.

On display in the halls are charts, maps, photos and many captured KMT secret documents. Again there are instruments of torture, and also items such as pistols with silencers, time-bombs, and lightweight radio transmitters. Most saddening are the photographs of murdered victims and their bloodstained clothes, including several pairs of children's shoes. (In the November 1949 massacre a number of children jailed with their mothers were killed without mercy.)

I had expected few visitors at these places, believing that popular interest in these gruesome relics of the past had waned over the years. Actually a steady stream of people came when I was there, despite the day's drizzle. Sober-faced, they moved quietly around the exhibits.

After this brief relapse into the past, I thought with relief how Sino-American relations today, after all the twists and turns, have

been brought back onto a normal track. Genuine co-operation is expanding between the two countries.

In the evening my group of retired cadres climbed Goose Hill at the heart of the city. The municipal park service has cleverly built a new pagoda-shaped, neon-lighted tower at the top which provides a panoramic view of this mountain city at the confluence of two mighty rivers—the Yangtze and Jialing. The night scene was fascinating—myriad lights up and down the hills, the newly built bridges spanning the two rivers, and their parapet lights reflected in the rippling waters like rainbows. The throngs of visitors included many young courting couples, accentuating the gay atmosphere.

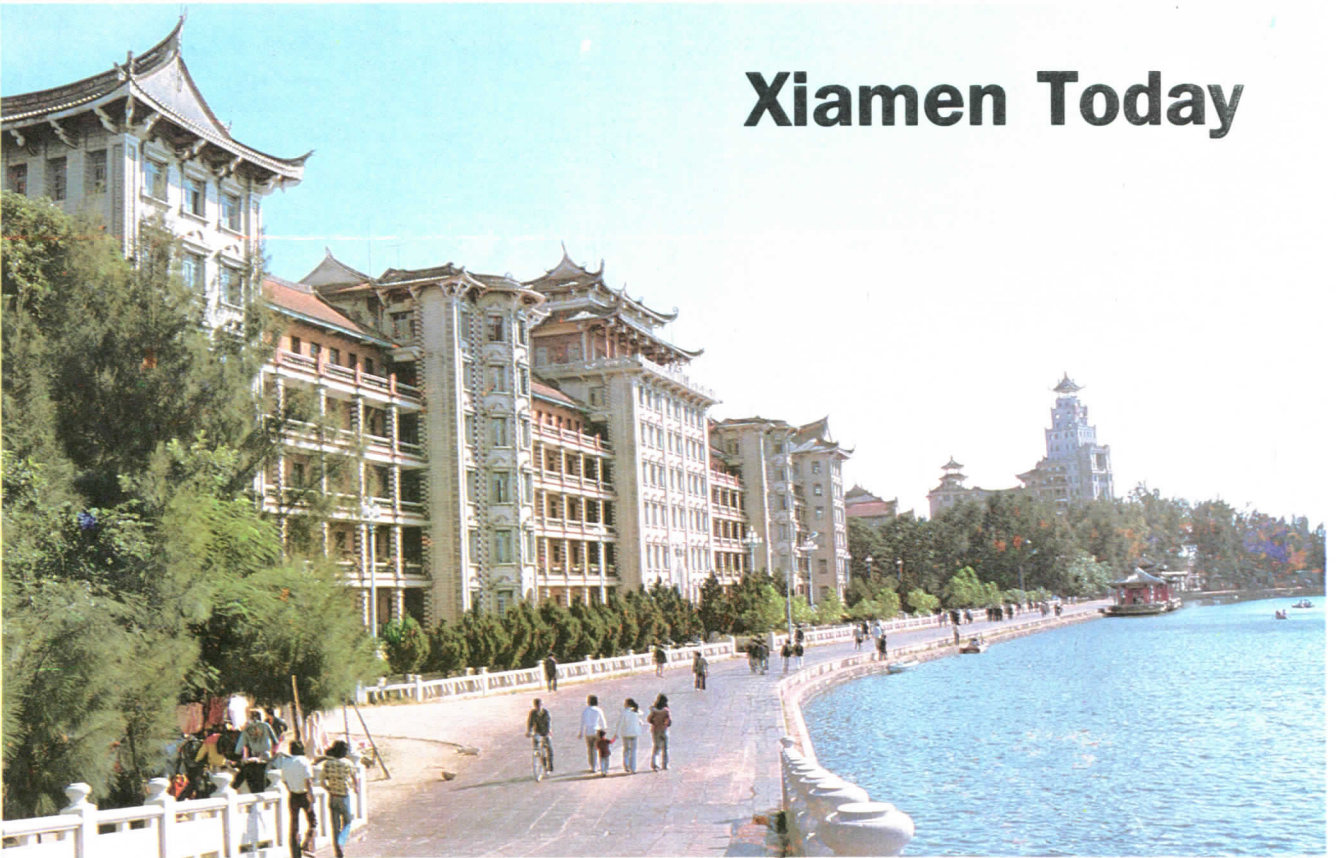
An old comrade in my group lamented that though he stayed in Chongqing, the wartime capital, for some time in the early 1940's he never realized that the city was so beautiful. Japanese air raids were a daily affair, he recalled. Life was miserable. On one occasion tens of thousands of people, including mothers and children, were suffocated in underground shelters...

Chongqing farmers selling fresh eggs at urban markets.

XIAO LONGLIAN



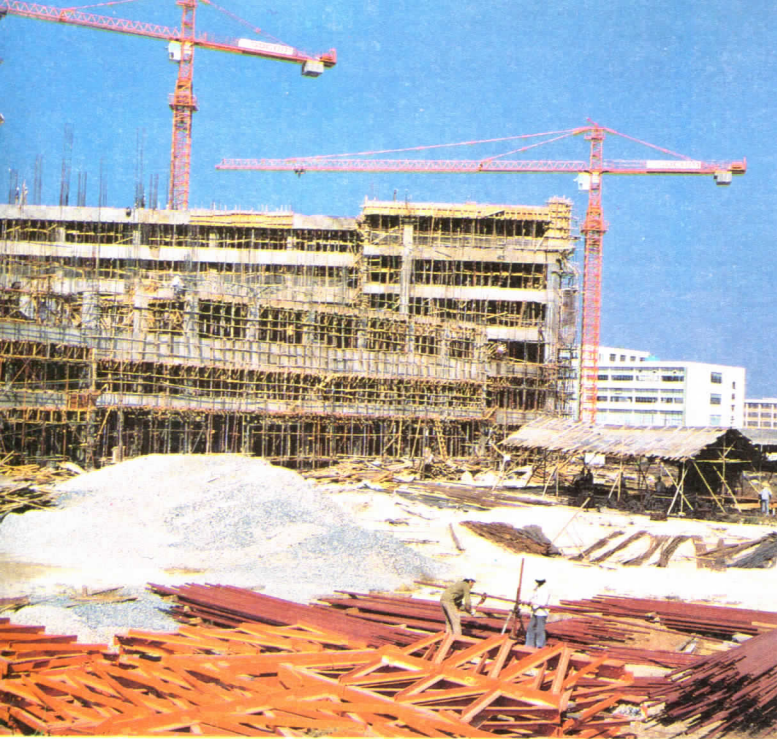
Xiamen Today



Since 1913 a number of nurseries, primary and secondary schools, colleges and vocational schools have been built in Jimei with money donated by patriotic overseas Chinese Chen Jiageng (Tan Kah Kee). In the last 70 years, institutions constructed with Chen's money have trained 78,000 people.

Pre-schoolers enjoying a day in a park.





Huli industrial area under construction.

A corner of the new main building of the Mandarin Hotel.

(Bottom left) Waiters and waitresses of the Mandarin Hotel attending an oral English lesson.



Advanced electroplate equipment imported by Xiamen Bicycle Plant has helped improve the quality of its products.



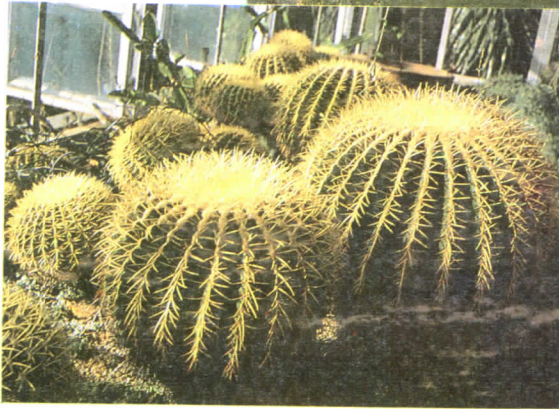
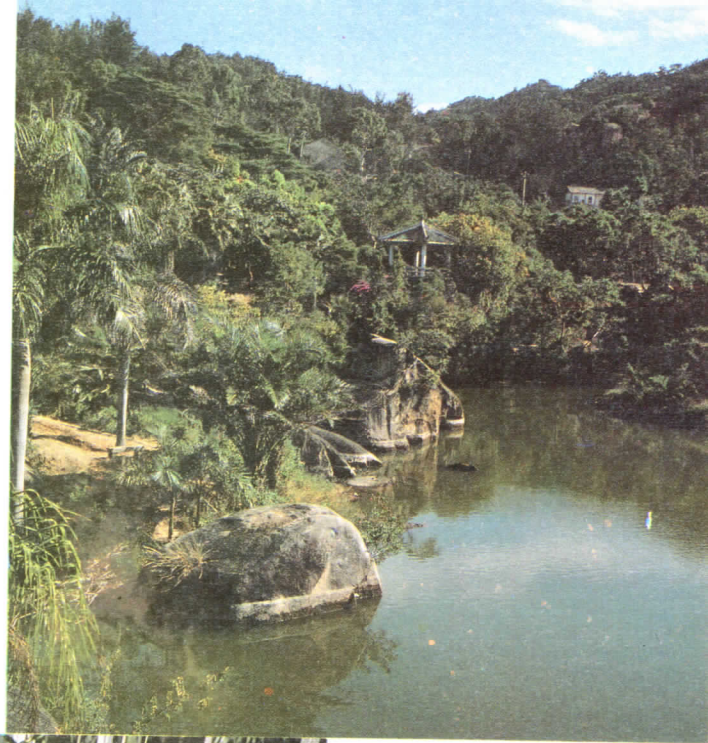
Young people enjoying a night out.





A clothing market.

Sunset on the beach.

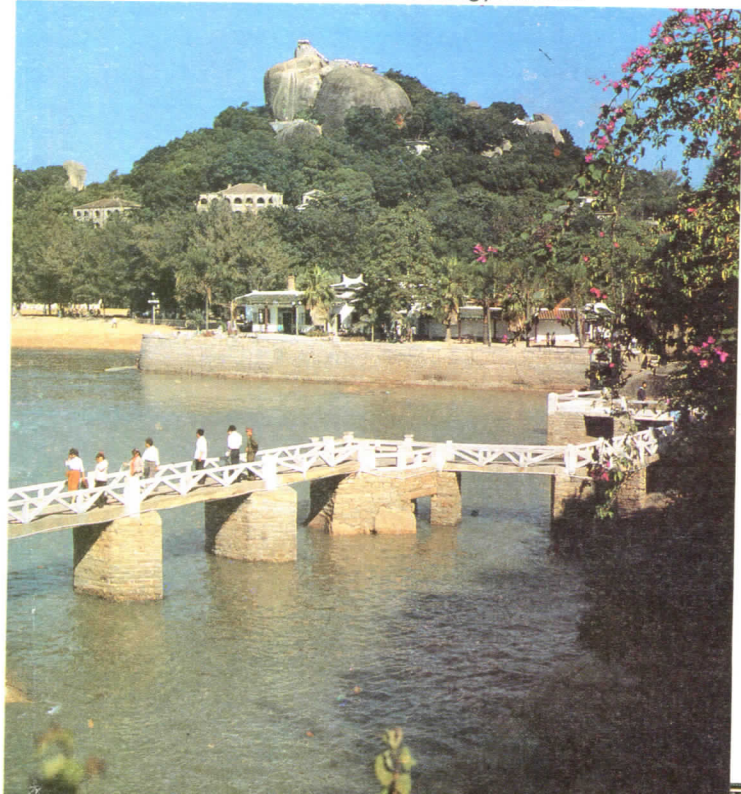


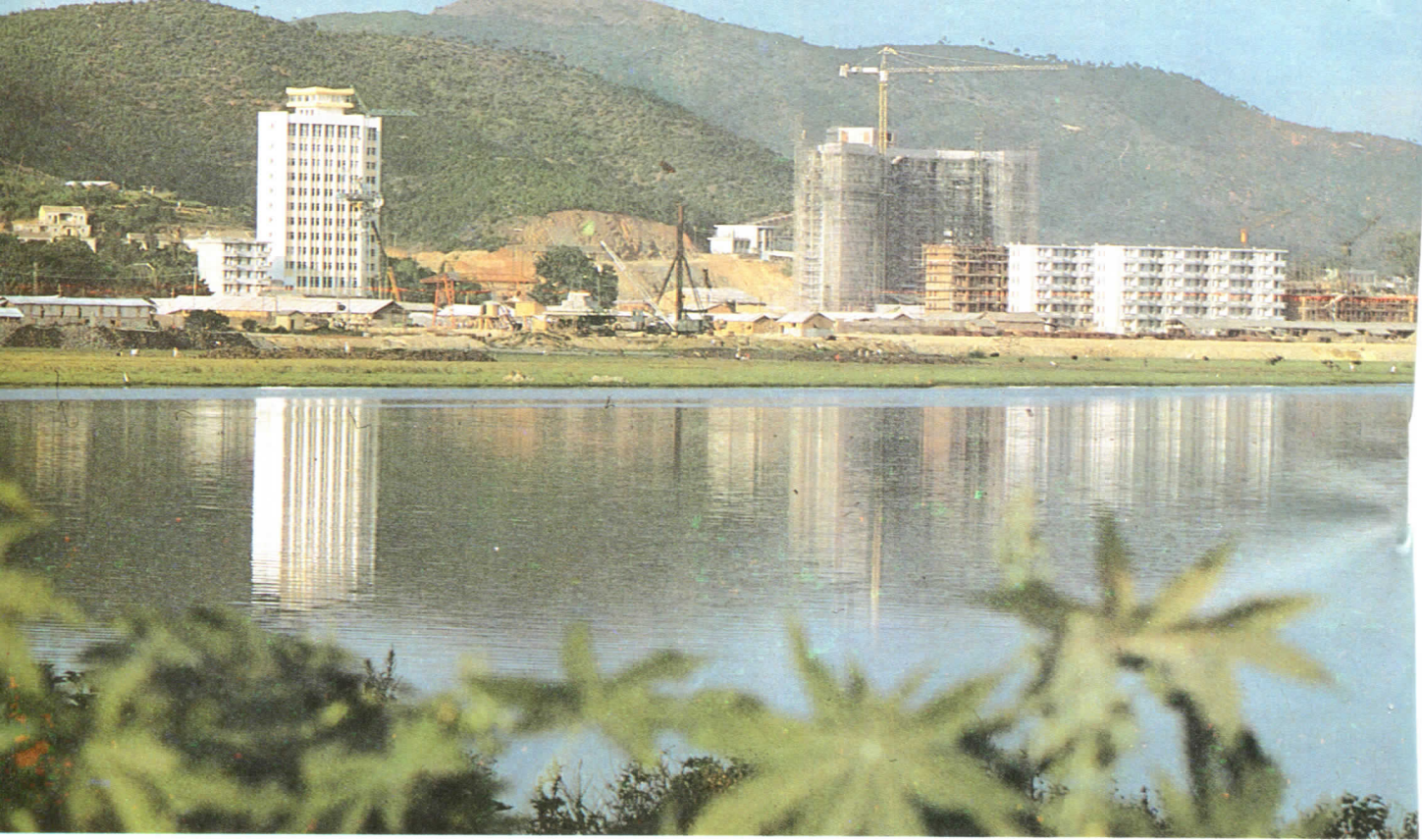
Wanshi Botanical Garden.

These cactuses, that can reach a diameter of 70 cm, only bloom after 50 years.

The Shuzhuang Garden on Gulangyu Island.

Buddhists paying homage to a Buddha at the Nanpotuo Temple.





Buildings for foreign and domestic investors are under construction in the Hubin District.

Photo by our staff Chen Zonglie

The new Dongdu Wharf for 50,000-ton-class ships.



Elsewhere on my trip I saw many other vestiges of the country's sad past and monuments to the known and unknown heroes who laid down their lives for the cause of China's progress. I found that people generally take a "lay-the-past-to-rest" attitude, but that doesn't mean they would tolerate a recurrence. "Make the country strong so that nobody will bully us any more" is a common rallying point for the whole heterogeneous population. Xenophobia? No, I think it's deep-seated patriotism, a strong force propelling the country's modernization drive and a significant factor no serious observer of China's development can afford to ignore.

People freely complain about price hikes, misuse of official power for selfish ends, the contaminating "money first" social attitude...

Sichuan is noted for its ubiquitous teahouses. You pay 15 fen (about US\$0.05) and may sit there sipping, chatting, reading or dozing for a whole day. I did doze off at Chengdu's Hundred-Flower Pond Park and was awakened by the pleasant chirp and twitter of birds. Many pensioners had come with their caged songbirds for their daily rendezvous at the outdoor teahouse. At Meishan county town, I spent a few hours in another teahouse observing local mores. Some old women were gossiping over their cups—a sign of women's emancipation, for in the old society females would never have had the effrontery to show their faces at such public places. Nearby were three elderly men. One recounted tales from *Flowers in the Mirror* (an old novel of travels to fantastic lands, somewhat like *Gulliver's Travels*) while his two companions listened attentively. I struck up a conversation with them and learnt that they were retired workers. Their monthly pensions of about

60 yuan were good enough here, they told me, but there wasn't much to do. The storyteller had had some education, but his friends were barely literate. They came to the teahouse to amuse themselves with fancy tales.

In downtown Chongqing I dropped in on a tiny, crowded teahouse and chatted with the two men nearest me. Again they were retired workers, a truck driver and a railway man. Asked how they liked the life here, they assured me that with a 100-yuan monthly pension and all their children working, they had no personal complaints. But they began to grumble about various developments when they learnt that I was a newspaperman from Beijing, hoping that I could report their *yijian* (critical views) to the higher-ups.

First, they disliked the price hikes. Though the rise is nothing like the runaway inflation they experienced in the old China, they feared that things might get out of hand. The railway worker, who was a school teacher for a while in his younger days, said that he regularly read the daily press and understood the necessity of reforming the unreasonable price structure, but was still worried by increasing signs of price rigging.

Second, they resented people misusing their power for personal gain. Some cadres (officials) were doing that. Some rank-and-filers were bad in their ways, too. A saleswoman at a state-owned grocery he knew won the favour of one of her frequent customers, the wife of a key middle school principal, with choice cuts of lean pork (hard to get these days as meat consumption rises). Eventually she got her "quite stupid" son admitted to the school, which offers a good chance for moving up to college. It was simply because she had "power in her hands"—that little power to select and slice pork, he said wryly. About self-seeking cadres, I later heard a local "tongue-roller"—a kind of jingle that rolls easily off

the tongue and is passed around because it expresses popular feelings. It says: "a Sesame-seed-size officials vie for cars imported and deluxe"—a jibe at some low-level officials who misuse public funds to buy cars for their units for their own personal vanity and convenience.

Third, they objected strongly to the contaminating social attitude of "money first." A unit authorized to issue driver's licenses, the retired teamster said, had made easy money by offering a training course at exorbitant rates and handing out licenses to unqualified trainees.

Finally, they came up with another "tongue-roller." "Dubious characters are busy counting banknotes," a satire on those clever operators who cash in on loopholes in the economic reform and get rich quick.

Obviously government and Communist Party leaders have heard and heeded these popular complaints. According to current press reports, they are going to the grass-roots more and more to explain the situation to the people. Firmer measures are being taken against "unhealthy tendencies." As for the latent danger of growing disparities in personal wealth, or polarization, high-level leaders have repeatedly stated that the country in its socialist modernization drive will stick to two principles—the dominance of the public economy and common prosperity. But common prosperity does not, and cannot, mean absolutely simultaneous prosperity. A section of the population can move faster down this road, and the rest will be encouraged and helped to catch up.

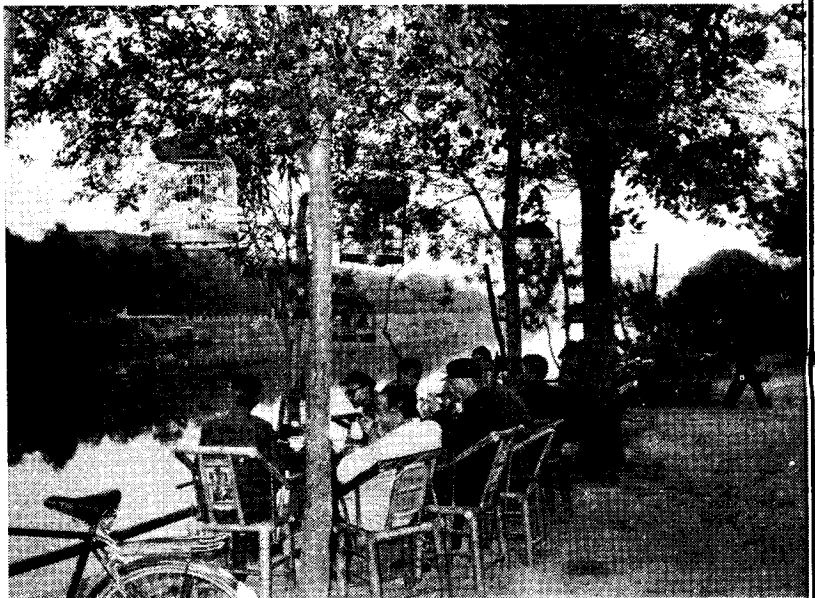
I left Chongqing for the central China city of Wuhan by ship in order to see the famous Three Yangtze Gorges. The two cities have been linked by rail, and a train ride would have been much faster. The steamer was packed with people sleeping on bamboo mats or blankets spread in the

passageways. But these were not vagrants. Many were tourists or people on business trips making a special detour for the sights. They couldn't get tickets for better accomodation. Domestic tourism is indeed becoming a booming business as living standards rise. (My impression was confirmed in late December by newly released statistics showing the total number of domestic tourists in the first 11 months of the year as 240 million!)

The Three Yangtze Gorges are changing, too. And "the mountain goddess, if she is still there, will marvel at a world so changed."

Originating on the Qinghai Highland, the 6,300-kilometre Yangtze, the longest river in China, sweeps east. When it reaches eastern Sichuan, it cuts through the Wushan Mountains. There the river course suddenly narrows and the waters become turbulent. Craggy mountains rise on either side, creating the Three Gorges—rated as one of the country's greatest natural wonders.

The first gorge is named Qutang, with precipices towering over the two banks only 100 metres apart. The mighty yangtze waters are suddenly constricted in front of Kuimen Gate, the gorge entrance. Waves billow, currents whirl and the river roars angrily. Sailing through the eight-kilometre Qutang, one occasionally sees narrow paths carved on the riverside cliffs. In olden times these were the only roads for troop movements, mercantile transport and boat towing. The boat haulers, now seen only in movies, pulled ropes over their shoulder, prostrating themselves almost to the ground. They plodded on and on while singing sad "work songs" to synchronize their movements. If any of them dropped from illness or exhaustion, the boat



Chengdu retirees having a morning cup of tea.

QI HUIZHI

owner, however kind-hearted he might be, couldn't steer to the shore to pick him up. He had to be left to his fate on the tow path.

The 70-kilometre Wuxia Gorge follows the Qutang. There the river snakes through 1,000-metre-high cliffs, the most spectacular ones being the Twelve Peaks of Wushan. Particularly fascinating is Goddess Peak, shaped like a graceful nymph. The mist shrouding the peaks and the drizzle over the river give the place a dream-like beauty. Ancient poems and legends about the humanly love-sick goddess add to the romantic atmosphere.

Next is the Xiling Gorge, once feared for its dangerous shoals. The treacherous, submerged rocks took a great toll of vessels and human lives. Sailing after dark was perilous gamble. With the removal of many shoals in recent decades and the sharp rise of water level caused by the newly constructed Gezhoubu Dam downstream, the erstwhile "devil's passes" are now quite safe.

Crashing through narrow Nanjing Pass, the eastern gorge exit, the river suddenly widens to about 2,000 metres and a vast plain comes into view. Passengers flocked to the sides of the boat to

see Gezhoubu, the first dam ever built on the yangtze. The project, completed in 1981, is the country's largest hydropower installation. With obvious pride on their faces, travellers admired the mammoth structure and watched the steamer enter the shiplock, lowering itself scores of metres and then sailing on. Another stir had occurred among the passengers a little earlier when the ship passed a place not far from Gezhoubu. It's the chosen site for a much bigger dam. The project will eventually reach a capacity of 13,000 megawatts, expected to be the largest in the world, surpassing even Brazil's Itaipu. Builders have begun to arrive at the site. As people gathered on the deck and talked excitedly about the prospects, a young man waxed lyrical and recited one of Mao Zedong's poems:

*Walls of stone will
stand upstream to the west
To hold back Wushan's
cloud and rain
Till a smooth lake rises
in the narrow gorges.
The mountain goddess,
if she is still there,
Will marvel at a world
so changed.*

After a voyage of three days and two nights, we reached Wuhan at dusk. I was amazed by the changed skyline. The scene used to be imposing enough, with the Great Yangtze Bridge, the first thoroughfare across the river built with Soviet aid in 1956, reaching from Turtle Hill on the left bank to Snake Hill on the right. Now it has gained added grandeur with the white, 24-storey Qinchuan Hotel at Turtle's foot and the glazed-roofed Yellow Crane Tower at Snake's head, both new structures.

Yellow Crane Tower attracts huge crowds of visitors every day in spite of the extraordinarily high admission fee of one yuan (about US\$0.30). A military observation post overlooking the Yangtze already well-known 1,700 years ago, the place became nationally famous as later dynasties built and rebuilt a tower there. (Legend has it that a fairy riding a yellow crane was once attracted to the site, hence the name.) Over the centuries the tower was repeatedly destroyed in wars or by fires. A conflagration in 1884 finally razed it. As the nation became weaker and poorer in the subsequent years, reconstruction was not possible. Nostalgic travellers could find the tower only in ancient poems and paintings. As things got better in recent years, the city authorities decided to rebuild it, using the old records and pictures as a model.

History, unmodernized, reappears at ancient monuments and museums as it was.

Revived respect for history as it was can be felt strongly in the Museum of the 1911 Revolution in Wuchang (Wuchang, together with Hankou and Hanyang, form the triple city of Wuhan astride the confluence of the Yangtze and Hanshui Rivers). The 1911 Revolution, led by the great democratic revolutionary Dr. Sun Yat-sen, overthrew the last feudal

dynasty and was an important milestone in China's history. In earlier years, influenced by ultra-Left policies, historical studies had also gone astray. No historical event, except peasant uprisings, was deemed to be of any real significance, and almost no historical figure was considered praiseworthy, unless he was a thoroughgoing revolutionary. This, in fact, was part of the theoretical basis of Red Guard vandalism. In those circumstances, even the 1911 Revolution was losing its deserved glory. Now, in the museum, the exhibits as well as the oral and written explanations are again doing justice to it.

The exhibition from the Marquis of Zeng's Tomb (which dated from the 5th century BC) in the Hubei Provincial Museum is an eye-opener. In 1978, construction workers at Suixian, north of Wuhan, hit upon a burial site. They found a huge, exquisitely painted casket and 22 smaller coffins, together with some 7,000 items such as musical instruments, precious treasures of bronze, silver, gold, jade, lacquer and bamboo, plus weapons and inscribed bamboo slips. Twenty-one young woman and a pet dog were buried with this ancient nobleman as living sacrifices.

The bronze vessels are so intricately and beautifully made that modern metallurgists and craftsmen would find it hard to duplicate them. Most noteworthy, however, are the 124 musical instruments, particularly the set of 64 chime bells of different sizes which are in such good shape that they can still be played. Hubei artists have had replicas made and produced a song and dance performance centred around them which aroused keen interest at home and abroad.

A young woman guide showed us around. When we came to the coffins, experience told me to expect an emotion-charged denunciation of the cruel rulers who, even when they were "going to

hell," wouldn't spare their women victims. But she didn't do that. Her matter-of-fact explanation nonetheless held the visitors breathless. I shuddered at the thought that it must have been nice girls like her that had been buried alive.

This last experience on the trip in a way epitomized what I saw elsewhere—a conspicuous absence of revolutionary rhetoric but a lot more solid results in all fields of endeavour.

T rue revolutionary vision coupled with a down-to-the-earth spirit—in this lies our hope for the future.

On my return I have told friends, "It's generally sunshine I have seen, though there are many shadows." The important thing right now, I feel, is not to get euphoric. I think our leaders agree. Though, for instance, the building boom everywhere seems inspiring, the country's policy-makers have seen in it the dangers of overheated growth, of "investment starvation" and a strained economy, and effective measures are being taken to curb excesses.

True revolutionary vision has replaced super-revolutionary grandiloquence. The spirit of *shi shi qiu shi* (seeking truth from facts), or "pragmatism" as Westerners not so accurately put it, is gaining ground. In this lies our hope for the future.



An Inside Look at the Xiamen SEZ

As one of China's four special economic zones opened in 1980, Xiamen is the only coastal city that has begun to gradually implement certain free-port policies. An interview with Deputy Mayor Wang and a two-part special report by our correspondent Zhang Zeyu detail the area's achievements, problems, and measures for implementing the open-port policies. The report also catalogues the social changes that have emerged in the wake of these policies.



Xiamen Spirals to Special Goals

An interview with Deputy Mayor Wang Jinshui

coast, Xiamen has established trade relations with 112 countries and regions.

In addition, Xiamen is easily accessible by bus and train through the Gaoqi-Jimei Embankment, which was built in 1955. The city also has an international airport, completed in December 1983 and has opened flights to Beijing, Shanghai, Guangzhou, Hangzhou, Nanjing, Xian, Fuzhou, Hongkong, Japan and the Philippines. Xiamen's harbour is also ice-free year round. With a 12-metre-deep main channel and 30 berths, the port can be called on by 10,000-ton-class ships.

Surrounded by the sea and the mountains Xiamen has long attracted visitors with its enchanting natural beauty. The city also has a solid cultural, scientific and technological foundation and is home to a number of overseas Chinese.

Bearing these special characteristics and advantages in mind, we would build Xiamen into a comprehensive, outward-oriented special economic zone, which mainly develops industry while concurrently managing tourism, trade and real estate. Since being approved by the State Council, the Xiamen SEZ has expanded from the original 2.5 square kilometres to 131 square kilometres, which includes Xiamen's metropolitan

area and the Gulangyu Island. The special zone has step by step put into effect certain free-port policies, thereby providing a better environment for overseas investors.

Q: How much progress has the zone made in the past five years?

A: From 1980 to 1985 Xiamen has scored these achievements:

- With an average annual rise of 15.7 percent, Xiamen's total industrial and agricultural output value has more than doubled that of 1980. During this period, the industrial output value in Xiamen increased at an annual rate of 17.6 percent, while its agricultural output value went up by 6 percent annually.

- The 1985 income in the zone was 2.14 times that of 1980.

- The investment in capital construction during this period reached 1.7 billion yuan, doubling the combined total of the 31 previous years.

With a new airport, port and an automatic programme-controlled telephone system, the city's infrastructure facilities also have been steadily improved. Altogether 390,000 square metres of workshops and luxury living quarters for overseas business people were also constructed in Xiamen's Huli Industrial District.

- With such amenities, the improved environment has succeeded in attracting more and

Question: Given Xiamen's characteristics, what sort of plans do you have for its future?

Answer: As distinct from the three other special economic zones, the Xiamen Special Economic Zone was established from a former industrial city. Xiamen now has 767 industrial enterprises manned by 110,000 workers. Its 1985 industrial output value surpassed 2.6 billion yuan, making it Fujian Province's second largest producer.

Xiamen is also a major trade centre in southern Fujian. It has 9,000 businesses with a total workforce of 36,000 people, averaging one out of every 10 persons working in trade and commerce; such a proportion is fairly high in the country. Xiamen's foreign trade has also developed. As a long-time port city on China's southeastern

more foreign investors. Between 1980 and 1985, city officials signed 296 contracts for operating Chinese-foreign joint ventures, co-operative enterprises and solely foreign-owned enterprises. These contracts are valued at US\$1.16 billion, US\$660 million of which comes from direct foreign investment. About 85 percent of the contracts were signed after the special economic zone was expanded to cover the whole island in 1984. Now one-third of these projects have opened for business.

- The number of tourists to Xiamen from Hongkong, Macao and overseas has increased year by year. In 1985, about 80,000 tourists, or twice as many as in 1980, visited the city.

- The living standards of Xiamen residents have improved steadily. In the last five years or so, workers' wages have gone up by 57.5 percent, and the per-farmer net income has increased 2.4 times. In addition, the 1985 commodity retail volume reached 900 million yuan, or 2.7 times that of 1980. Savings deposited by Xiamen's urban and rural residents also increased to 420 million yuan in 1985, which is 4 times the 1980 figure.

Q: In which areas of trade and in

what form have the overseas business people made their investments in Xiamen?

A: About 46 percent of the contracts signed have been on industrial projects, with the other half involving tourism, trade and other such businesses. Of the industrial projects, most are in electronics, light and building materials projects. Chiness-foreign joint ventures account for 65 percent of the investments. Chinese and foreign co-operative enterprises make up about 30 percent, while 5 percent are solely foreign-owned enterprises.

Q: What countries and regions do investors come from?

A: From 1980 to 1983 investors were mainly from Hongkong and Macao. Since 1984, however, they have been joined by businessmen from Southeast Asian countries, Japan, the United States, the Federal Republic of Germany, Canada, Australia, Jordan, Poland and Hungary.

Q: What are your plans for modernizing Xiamen's outward-oriented industry?

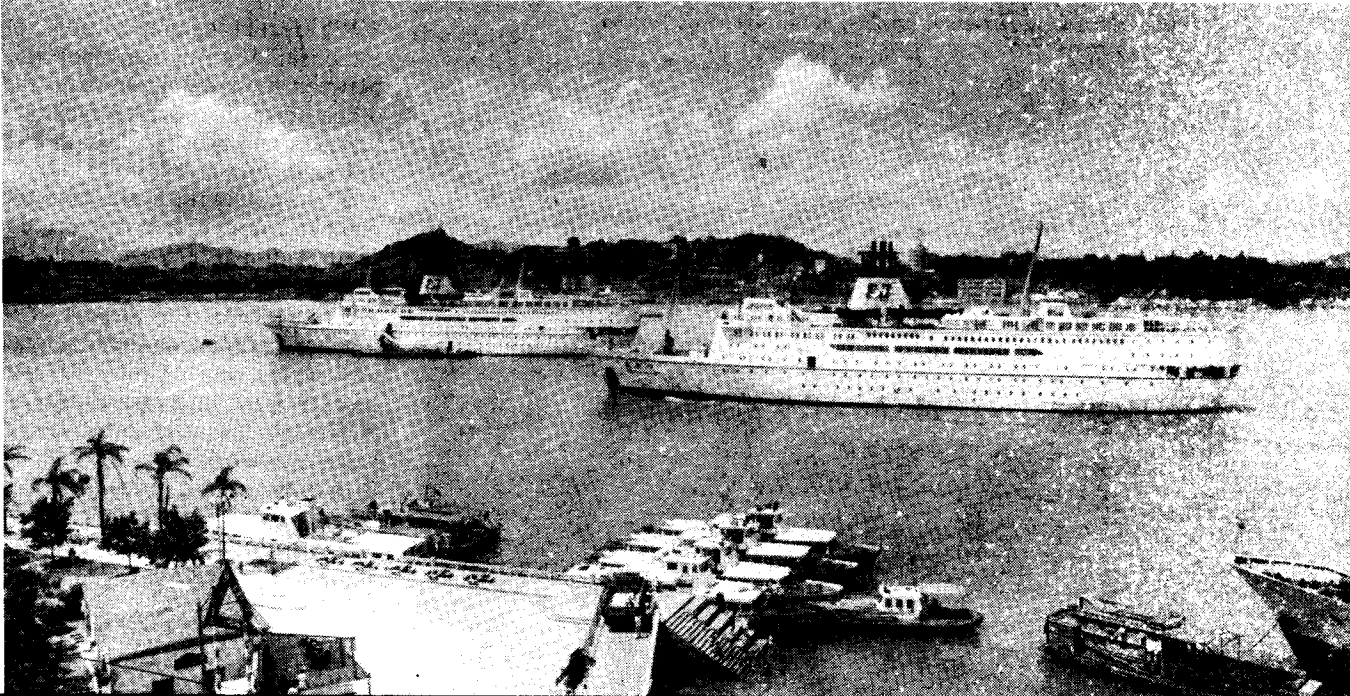
A: We will devote our main efforts to the following two fields:

First, we intend to attract additional foreign capital. It is

hoped that 60 percent of the direct investment will be used for industrial production. Those in which investment will be concentrated are projects involving the production of precision instruments and meters, electronics, refined chemicals and new-type building materials. Projects which facilitate the technical progress of existing industrial enterprises, and projects which turn out products mainly for export to earn more foreign exchanges and which can provide the necessary accessories for the imported equipment will also be given investment priority.

Second, we will speed up the technological transformation of the existing enterprises. In the next three to five years, we plan to upgrade the technology of Xiamen's main industrial enterprises by promoting co-operation between domestic enterprises and by importing advanced foreign equipment and technology. At that time, the technical level of all enterprises should be up to advanced domestic levels of the same trades and some of the zone's key enterprises to the 1980s world levels. The present efforts will focus on the technical transformation of electronic, foodstuff, machinery textile and other light industrial enterprises.

Xiamen Harbour being called on by Xiamen-Hongkong passenger ships.



In 1990 we plan to double the 1985 industrial and agricultural production output value, as well as Xiamen's GNP.

Q: What does free port entail? And could you describe your office's plan for the implementation of the free-port policies in Xiamen?

A: Implementing certain free-port policies step by step in the zone involves carrying out a number of policies followed by some of the world's other free ports. These policies include allowing the storage of foreign goods with the exception of narcotics and weapons, processing these goods and exporting them once again by the appointed enterprises. All of this is done under the strict supervision of the customs house. No customs duties, import tax and value-added tax are levied on them.

This decision of the Chinese government will have a far-reaching influence on the future development of the Xiamen SEZ. Xiamen officials are now drawing up concrete measures and creating necessary conditions for the policies' implementation.

As a free port, the zone must first create conditions to facilitate the entry and exit of personnel and the import and export of materials



A worker using computer equipment for monitoring the loading and unloading of goods at the deep-water Dongdu wharf.

as well as the circulation and exchange of currency. To this end, we have done the following things:

- Xiamen has attracted a variety of foreign and overseas Chinese banks that are now considering opening branches in Xiamen. The Xiamen International Bank, a joint venture run by the Bank of Industry and Commerce, the Fujian Investment Corp., the Xiamen Construction Development Corp. and a Hongkong Corp., recently opened to business with the approval of the Chinese

authorities at the end of 1985. The Singapore United Overseas Bank Group and the Chi-Yu Banking Corp. have also been granted approval to operate branches in Xiamen. Also filing applications with the Chinese authorities for branches or joint ventures in Xiamen are the Hongkong and Shanghai Banking Corp., the Chartered Bank, the World Bank and others.

- The Ministry of Foreign Affairs has planned to establish a visas office in the city for the convenience of the people visiting the zone.

- We are making preparations for establishing a management line between the special zone and the other areas in order to facilitate business and tourist travel in and out of the zone.

- To stimulate the business of the Xiamen International Airport, the State Council has invested the local authorities with the management power of the airport. The Xiamen Airline Co., the first local airline company in China, has also recently gone into operation.

- The city has also improved its legislative work.

Q: As one of the mayor's senior aides, what knotty problems have you encountered in building the Xiamen SEZ?

The Buddhist scripture reserve pavilion at the Nanpotuo Temple.



A: The first problem to confront us was the lack of experience. Another is the shortage of talented people. Though the former problem has been basically solved, the latter still exists. I believe that as long as we persist in the reforms, in the open policy and in learning from our work, we will be better able to improve our special economic zone.

Talent shortage is the key problem facing us now. We are in urgent need of talented people, especially people who are well versed in business management and are experienced in conducting economic and technological exchanges with foreign countries. Considering that training experts is not something that will yield instant result, we have drawn up plans and adopted a series of measures to train specialists in building the special economic zone. We also are prepared to invite both Chinese and foreign experts and scholars to help realize these plans.

Q: Does the zone have trade unions? If so, how do they differ from those of the capitalist countries and what is their role?

A: Yes. Several hundred of Xiamen's older enterprises had trade unions before the establishment of the special economic zone. With the establishment of Chinese-foreign joint ventures, Chinese-foreign co-operative enterprises and solely foreign-owned enterprises after the Xiamen SEZ was set up came a new labour-capital relationship. Most of the 99 such enterprises that have already opened to business have their own trade unions.

The new labour-capital relationship is also different from that of the old society. Now the capitalists and their agents are invited by us, and they are our partners. This new relationship is being dealt with according to the principle of equality and mutual benefit. The trade unions in these Chinese-foreign joint ventures also differ from those of the state-

owned enterprises, although they are under the same leadership of the All-China Federation of Trade Unions.

The main tasks of the trade unions in the special economic zone are to educate their workers to better understand and implement the open policy, and contribute to the development of Chinese-foreign joint ventures and foreign-owned enterprises. The trade unions should also encourage foreign-owned enterprises to abide by the laws, while also respecting the rights and interests of these foreign businesses and supporting them in the reasonable use of their management power. In addition, trade unions should uphold the rights and interests of the workers, stimulate their productive initiative and help them improve their political, technical and cultural levels.

In the last six years, because of the activities of the trade unions, there have been no major falling-outs between labour and management. The Chinese and foreign sides have both done their best to make their enterprises a success, each side doing its share to carry out their contracts. Though some problems have emerged due to lack of mutual understanding, they have been solved quickly.

Q: What measures have you adopted to prevent bourgeois thoughts and habits from polluting the area's residents?

A: The Xiamen Special Economic Zone was established on the basis where the socialist public economy occupies an uncontested dominant position in China, and is different from the export processing areas and free trade districts of other countries and regions. China's ultimate aim is not only to catch up economically with the developed countries, but also to uphold the socialist system in order to benefit the Chinese people through economic achievements.

As people live under different social systems, so their concepts of value and morals are different. The development of the zone is not oriented towards capitalism, but instead, it will gradually be built into an equitable society where the economy is thriving, the people have lofty ideals and a sense of discipline, the environment is attractive and social morality is good. Our special zone will not tolerate corruption, bribery, smuggling, reactionary and pornographic books and magazines that will poison the people's minds, especially those of the young. If such disgusting things were allowed to spread unchecked, it would be meaningless to build the zone.

From the outset of the zone's establishment we have given attention to the cultivation of traditional morals and have publicized our principle of oppos-

A view of the Xiamen's new Hubin district.



ing negative influences but not everything foreign. Our attitude towards decadent bourgeois thinking is: We are opposed to but are not afraid of it.

The main measures we have adopted to retain our cultural integrity are as follows:

- We have educated all leading cadres and the people to observe the open policy, inspired them to love the motherland and the people and foster lofty ideals. We also have established Party committees, Youth League committees and the trade unions in the joint ventures and co-operative enterprises according to China's Constitution. We have also asked the Party members, cadres, workers and staff members to abide by the law and disciplinary codes and honour the contracts

Talent Scouring, the Xiamen Way

Socialist China lacks the capital and talent it needs in order to crank up its drive for modernization. This is also true with the Xiamen SEZ. To make up for the deficiency, the municipal government has been emphasizing two capital construction programmes—the building of infrastructural facilities geared to attract foreign investment, and the speeding up of training for as many employees as possible.

Settled in the 100-year-old city of Xiamen, the SEZ has several hundred old enterprises. Although its large numbers of universities, colleges and secondary professional and technical schools are churning out many graduates, they cannot meet the city's needs either in number or quality. The municipal government has therefore decided to "unearth" and train local people, while also bringing in others from outside the city.

Tapping Local Potential

Large numbers of younger, more talented and dedicated

already signed, these measures have helped us run our enterprises better and have been welcomed by the foreign business people.

- We also have criticized and punished people for peddling pornography or for illegal traffic in smuggled commodities. We have established a video tape leasing corporation in order to strengthen our management of the zone's tapes. Any units or people who show pornographic tapes without authorization will be punished according to Party codes and the law.

- We also have established recreational centres, homes for the elderly people, amusement parks and other centres. The zone has also organized dances in order to enrich after-work activities for residents of all ages.

the local authorities have also redressed previous unjust cases. The major changes the local authorities have made during this period include the following:

Readjustment in Leadership.

Before 1983, the leadership of the municipal government was composed of 13 people, whose average age was around 57 years old; only three of them had had any further education after senior middle school. The readjusted leading body is now reduced to 10 persons, averaging 50 years old, with the youngest, a deputy mayor, 32 years old. They include seven with college and university education and three with senior middle school education, who are specialists in certain fields. For example, Deputy Mayor Ye Shuliang is a senior electronics engineer who has been in charge of Xiamen's electronics industry since 1984. Familiar with the foreign electronics market and Xiamen's needs, Ye is able to personally negotiate with foreign businessmen over the stipulations and signing of contracts.

Leading management bureaus and key companies and enterprises under the municipal government also have been readjusted.

intellectuals have been promoted to leadership positions in the last few years to meet the anticipated economic take-off in the special zone, according to a spokesman of the Organization Department of the Xiamen Municipal Party Committee. In the same period,

Zeng Zeng, manager of the Xiamen Supertronics, Ltd., demonstrates his equipment to Vice-Premier Wan Li, who came for an inspection.

LI KAICONG





Zhang Liping (second right), deputy manager of registration of the Mandarin Hotel, receiving guests.

and Consultation Service Centre was organized to recruit outside talent. For those who want to transfer to work in Xiamen, the centre provides a shortcut. From 1980 to 1983, only 800 people moved to work in Xiamen. Those figures soared to 987 in 1984 and 1,400 (including some 100 assistant engineers) in 1985. These new employees have become the backbone of the economic construction in Xiamen.

For example, 44-year-old Xu Yingjie, a graduate of the semiconductor department of the China Science and Technology University, was a researcher in Shanghai. He was recruited to work for the Xiamen-Wang Computer Co. Ltd. in 1984. His diligence earned him a good reputation at the joint venture and in 1985 he was promoted to deputy manager of the company.

Training Programmes

Since the SEZ was established in 1980, Xiamen has been very active in training personnel. One successful effort was the opening of a foreign economic relations

The average age of the leadership of the city's 18 key enterprises has dropped from 54 years old to about 47, and the proportion of those leaders with senior middle school education or higher stands at 81 percent.

Advertisement for Employment. Recent years have seen a rapid increase in the number of Sino-foreign joint ventures set up in the Xiamen SEZ. This calls for a swift increase of talent in the city. The municipal government has reformed the employment system, replacing the practice of state assignment with advertising employment opportunities. This change has helped lift the square-peg-in-round-hole syndrome.

The bulk of the Chinese managers involved in the 88 Sino-foreign joint ventures in Xiamen were employed through advertisement after they had taken written and oral exams. It is stipulated by the municipal government that their salaries and bonuses shall be determined by the enterprises for which they work, in accordance with private contracts. This practice breaks away from the long-standing practice of egalitarianism in distribution and of "only promotion and no demotion" for cadres.

Outsiders Absorbed

Absorbing talent from outside of Xiamen was an important mea-

sure adopted during the reform of the employment system. In the past, the flow of talent from the outside met with many restrictions. For example, those who had lived apart from their spouses for fewer than 10 years, and those whose aging parents living outside of Xiamen but had been taken care of were faced with stringent requirements in order to get their spouses or parents transferred to work or live in Xiamen.

In 1984 the Personnel Exchange

Bal Lang working at the electrical equipment repairment workshop.



and trade college. Since its setup in 1982, more than 100 cadres engaged in foreign trade work have been trained. Of the 60 graduates of the first training class, 47 have become leading cadres at various levels.

Another training process was to establish the Lujiang Vocational University in 1981, which has nine departments, including foreign languages and trade, customs, business and management. Its students pay tuition on their own and live off campus. Upon graduation, they are recruited by enterprises. It has 818 students today, and its 373 graduates are currently working in Xiamen.

Xiamen University also provides special training programmes of two to three years in foreign languages, international finance and accounting.

At the middle school level, 10 vocational schools have been established and vocational classes in another 10 regular middle schools have been opened to train students in special fields considered useful by the local enterprises and companies. At least 46 percent of the students in Xiamen are enrolled in these schools. Ninety percent of the 2,000 graduates from these schools are currently employed in Xiamen.

Foreign-owned factories and co-operative enterprises also are being encouraged to start up training schools for their employees. The Xiamen Sensitive Materials Co. Ltd., supplied with advanced equipment from the United States' Kodak Co., is still under construction. Though it is not scheduled to go into operation until 1987, the company already has been providing pre-work training for its employees. Another example is the Xiamen Supertronics, Ltd. financed solely by Hongkong businessmen, which is running a four-year study programme for its employees that includes university courses.

The Xiamen leadership has been active in pursuing a special



Pan Dongcheng, a dentist who began a private clinic in downtown Xiamen, is known for his skill and quality service.

educational network centred around the television university programme, which is attended by spare-time university and correspondence students. These involve

more than 55,000 students; more than 6,000 factory workers have taken part in higher-education examinations in the past two years.

Sanguine, Enterprising People

China's recent policy of opening to the world and implementing economic reforms have been altering both the economic outlook and the social practice of the Xiamen Special Economic Zone. From interviews with the employees and residents of the zone in Fujian Province, one gets the impression that every aspect of life in Xiamen is in transition: The way of thinking, personal relations, and social conduct are all vacillating somewhere between the old and new.

Dedicated to Work

The expansion of the zone to include the entire Xiamen Island, and the introduction of flexible policies have offered ambitious and competent people an opportunity to assert themselves.

Liu Hong is just such a man. The 29-year-old Liu is now the

chief engineer of the Xiamen Southeast Electronics Industry Co. When he and a dozen others came to Xiamen to create the company in 1984, Liu was the chief engineer of the Fujian Provincial Computer Research Institute. He had been cited on several occasions by the State Economic Commission and the Chinese Academy of Sciences for his participation in the research of multi-function Chinese character micro-computers.

The day Liu was interviewed, he was teaching several college graduates how to use micro-computers.

When asked why he had come to Xiamen, he said some people once thought he had come to make big money. "This is ridiculous," he said. He already had a big house and was making money in Fuzhou. And his newly-married wife, he said, remained in Fuzhou. If he wanted fame and fortune and

the company of his wife, he did not have to travel so far from home to find them.

When asked what had caused him to take such a seemingly absurd transfer, Liu said that in his business contacts with some foreigners, he found China was often looked down on because of its lack of technical expertise. He was encouraged by a strong sense of responsibility to defend the nation's dignity, and to win credit for China, he added.

So far he has been true to his words. His company has produced 150 North Star brand micro-computers since it started up in 1984 and has logged in profits of 480,000 Yuan (US\$160,000) in 1984 and 2.5 million yuan in 1985. This year, his company plans to produce large Chinese language terminals and small programme-controlled telephone exchanges in co-operation with the Shanghai Post and Telecommunications Equipment Research Institute.

Another young Xiamen upstart is Zeng Zeng. Formerly an official in charge of technical and management affairs in the Xiamen Electronics Industry Corp., 37-year-old Zeng was asked in 1984 to be manager of the Xiamen Supertronics, Ltd., an independent Hongkong company in Xiamen.

A sober-minded sort, Zeng said money was very important in a commodity economy. Without money, one could not live; to live well, he had to make more money. In a socialist society, however, money is something, not everything, he said. To live was not just to make money, but rather to contribute one's part to the construction of a prosperous country and help others to lead a good life. Therefore, Zeng said, he would do as a real Chinese does — run the company well and attract more foreign businessmen to invest in Xiamen.

The Xiamen Supertronics, Ltd. produces, among other things, touch-button telephones, record-

ing telephones, wireless telephones, other telecommunications equipment, as well as electronic products and their components. Since it began operations in August 1984, the company has made much headway, pushing its daily output to 3,000 telephones and 6,000 electricity transformers. The quality of its products is completely up to the standards of the United States International Telecommunications Association, and its productivity ranks first on the mainland.

Zeng is putting to good use the advanced management experiences of foreign countries and Hongkong. While doing ideological and political work among his employees to keep them in high spirits, Zeng has built up a series of

efficient management techniques that won him the recent accolade of "businessman of the new generation" by Xiang Nan, secretary of the Fujian Provincial Party Committee. And Hu Qiaomu, member of the Secretariat of the Chinese Communist Party Central Committee, recently called Zeng the "pace-setter of enterprise reform."

Even younger still is 29-year-old Bai Lang, an electrician for the Xiamen Cigarette Factory. In 1981, the factory imported some equipment from the US Camel cigarette producers to manufacture cigarettes. According to the contract, the American side was to send in technicians to give Chinese workers technical guidance in the installation of the equipment. But Bai found some mistakes in the

A glimpse of the Xiamen University campus.





Students studying at the garment design and sewing class sponsored by the Xiamen No.6 Middle School.

blueprints. He showed them to his American counterparts, who, believing Bai was educated not well enough to clearly understand the blueprints, disregarded his opinion. Only a later check made the Americans change their minds. The American quality control supervisor said, "I have been to many countries, but I have never seen people as brilliant and studious as the Chinese."

Asked what he thought of this remark, Bai said, "Only learning a great deal can one make a good deal for the country."

Working for Prosperity

In recent years, "What Is the Purpose of Life" has been a hot newspaper topic discussed among young people. Some have answered the question just by giving lip service, but the young people in Xiamen have given the question a profound response by contributing all they can to invigorating the nation's economy and modernization.

"Money" was once seen as a synonym for "capitalism." The issue of money only made the Chinese nervous. On top of this, the old distribution method that theorized everyone should get a fair share from the same pot,

regardless of performance, made it unnecessary to persevere in one's work to make money. Things have greatly changed. "More work, more pay," and "getting prosperous by the sweat of your brow" have become the order of the day.

Several young attendants at the Mandarin Hotel, the most luxurious in Xiamen, were asked about this, and they all said they just took it for granted that more work meant more pay. Chen Kuanyu, deputy manager of the housekeeping department, said he used to work in a factory, but he much preferred his job at the hotel. One of the main reasons he came to the hotel, he said, was the good pay. Although he now works harder and longer hours at the hotel, he said it was worth the extra money he makes.

Another deputy manager at the hotel, 22-year-old Lin Xiaoqing said she used to be a gardener and was low paid. She said she was usually exhausted after a 10-hour workday at the hotel. But she makes about 200 yuan a month now, much more than she made as a gardener, and is able to practise her English at the hotel, making those long hours more than worthwhile.

An official of the city's statistical bureau said when the Xiamen Special Economic Zone

was established in early 1980 the monthly per-capita consumption was only 33.81 yuan. Today it stands at 67.55 yuan, about twice as much as five years ago.

The policy of allowing people to make more money through labour has rekindled their enthusiasm for study. The more knowledge, the more chance of a good job, and perhaps better pay. The city now has 350,000 residents, 60,000 of whom are studying part time. About 60 percent of the students are young people.

Traditions Moving in Time

Xiamen's young people are the most conspicuous of all when it comes to new lifestyles. Unlike their older counterparts, who have stood by their traditions, young people in Xiamen have new interests and hobbies. They take pride in their appearance and often can be seen wearing Western-style suits or Shanghai or Hongkong fashions. While they are of a more practical nature than many other young people in China, they also love to socialize, listen to pop music and dance. Gold wedding bands have become common at wedding ceremonies. Young married couples have begun to be able to afford modern amenities like colour television sets and refrigerators.

Xiamen has enjoyed full employment since it was designated a special economic zone. Young people fresh from school find it easy to get a job. Therefore, some of these youths with long purses under their belts prefer to live away from home. The tradition of several generations living under one roof is being replaced by smaller families of one or two generations.

In the neighbourhood of Haibin, for example, about 250 households out of the 730 have broken away from traditional family roles. Wang Xiuqing, director of the neighbourhood



PHOTOS BY OUR PHOTOGRAPHER, CHEN ZONGLIE. EXCEPT TWO BY LI KAICONG.

Cultural Wastes

Since Xiamen opened its doors to the world, the economic zone has imported needed investment, technology and management expertise, all of which have had a positive effect on China's economic and social development. Unfortunately, along with these benefits come the uglier aspects of Western culture, so-called "cultural wastes." These include money worship, pornographic videotapes, decadent music and sexually violent publications. These objects have already had adverse effects on the impressionable youth of Xiamen.

According to the city's public security bureau, the city's overall crime rate has dropped year after year since 1980. But the juvenile delinquency rate is on the rise. Some of the young criminals said they admired a bourgeois lifestyle and were seeking material gain and pleasure. Others, aroused by X-rated videotapes, have been known to rape women.

Life has not been all wine and roses for them. There have also been handcuffs and shackles. The problem has caught the attention of the city hall and the public. Apart from trying to encourage the education among young people, the city government already has made it a point to crack down on those who smuggle in these "cultural wastes."

Young people in Xiamen learning how to operate computers in a training course sponsored by the Xiamen-Wang Computer Co. Ltd.

committee, said the elderly had nearly nothing in common with their children in terms of lifestyle, likes or dislikes. Therefore, she said, it makes sense for them to live separately, rather than to try to manage together.

Ten out of the 12 young people interviewed for this article said they preferred to live on their own. The two who preferred to live together with their parents said they had young children of their own who needed looking after by their grandparents.

Despite the galloping speed of the young away from binding traditions, the centuries-old custom of respecting the old and cherishing the young remains deep-rooted in Xiamen. Children still feel duty-bound to support their parents.

In the Kaiyuan district, one woman, Huang Yuzhen, said her son and daughter, married and long gone, each give her 15 yuan every month as a symbol of their filial respect.

Although Xiamen has become a real "boom-town," neighbours still watch out for each other. In the Kaiyuan district, a 47-year-old widow has been seriously ill. Her only son is severely mentally

disturbed. But her 64-year-old neighbour is always ready to look after them, free of charge.

The Wenan neighbourhood committee in the Siming district has taken under its wing 10 elderly people without children, two old men whose sons were killed in the war, and six disabled people. The committee has placed them in the hands of several groups of retired workers, Communist Youth League members, and housewives.

Yang Changming, deputy director of the city's civil affairs administrative bureau, said the city hall had doubled its efforts to build welfare houses and homes to care for the senior citizens. The city now has one welfare house and 12 homes for the aged, so that all those 60 or older who do not have children to look after them have been accommodated.

The welfare house, built in 1980, is a complex of six buildings with 150 beds. It houses more than 70 senior citizens, including one foreigner and two returned overseas Chinese. All the expenditures of the welfare house and retirement homes are covered by the city government and other collective organizations.



China Outshines All-Star Spikers

The mighty Chinese women's volleyball team proved unbeatable once again when it defeated the world all-star team 3:2 for the Hitachi Cup in a two-game series of the world volleyball challenge match in Shanghai on December 31, 1985. The Chinese team had roused the all-star team, composed of the world's best women volleyball players, three days earlier in the first game in Beijing.

The FIVB (International Volleyball Federation) decided to hold the challenge series last November in Japan when China's women's volleyball team bagged its fourth consecutive trophy during the Fourth World Cup Tournament. The FIVB also decided that a challenge series would be held between the men's world volleyball champion team

and a men's all-star team after the world championships in France this year.

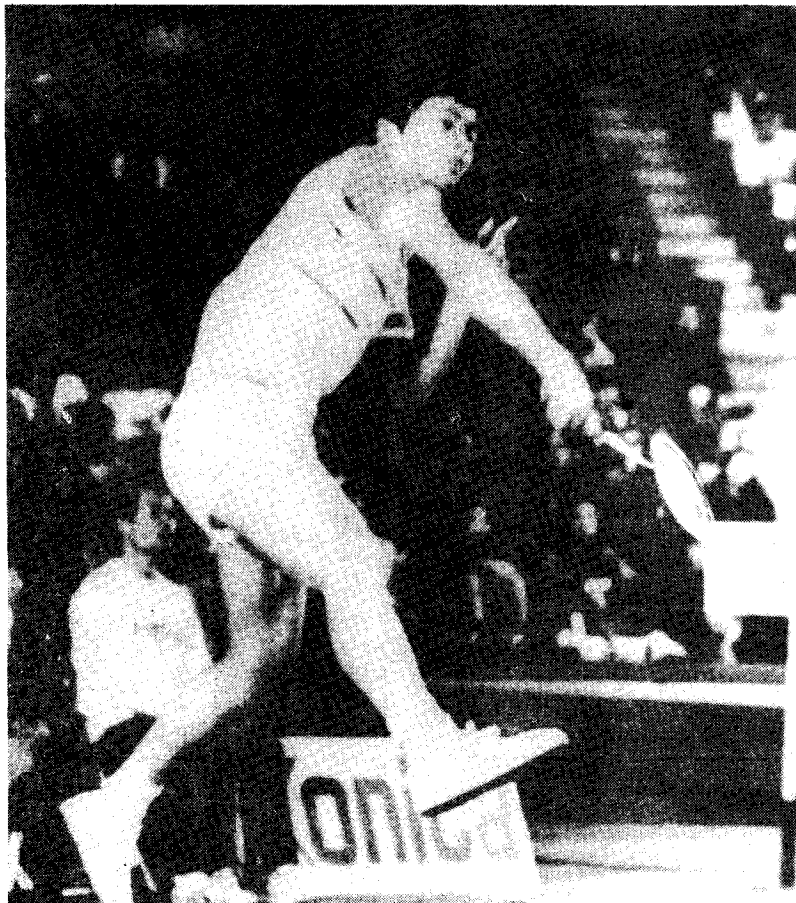
Chinese Premier Zhao Ziyang and Li Menghua, minister in charge of the State Physical Culture and Sports Commission, were among the spectators at the Beijing best-of-five contest.

A pioneering undertaking in volleyball history, the FIVB match between China, the world champions, and the best volleyball players from other nations aims at promoting the growth of the sport and friendship between volleyball players and the peoples of various countries.

China's women's volleyball team head coach, Deng Ruozeng, called the match a victory for both teams regardless which side won. The demonstration of the world-class volleyball skills exhibited

during the match for volleyball fans was in itself a victory, Deng said.

The head coach of the all-star team, Shigeo Yamada, said his team's defeat could be attributed to the prowess of China's team. "The Chinese team was too strong, and we did not put my planned attack formula into full play," he said at the end of the Beijing match. Yamada also said communication was a big problem between the all-stars, who came from nine countries and regions, because of a language barrier. Yamada said he had a notebook with 50 diagrams that he designed in Japanese and other languages. Each time he called for a time-out, Yamada said, he would use one of his diagrams to try to explain to the players what he wanted them to do. "Though the 30-second



Ace Shuttles Back to Triumph

Because of China's badminton superstar Han Jian's performance during the International Badminton Grand Prix tournament, which he won last December after a respite from the game of more than a year, Xinhua News Agency has honoured Han as one of the world's top 10 athletes of 1985.

It was in May 1984, when Han, as badminton's men's singles defending champion, was edged from his throne by an Indonesian player in the Thomas Cup. After the defeat, some of Han's "fans" deserted him, and a contingent of foreign badminton followers were predicting his retirement from the court. Though the future looked less than glorious for the former champion, Han had faith in

time-out is too short, the players could understand my ideas very well because they understand volleyball so well," he said.

Ruben Acosta, president of the International Volleyball Federation, and his wife came to China specifically to preside over the challenge series match. At a banquet given by the Chinese Volleyball Association in honour of the world all-star team at the Great Hall of the People on December 27, Acosta presented FIVB diplomas and plates to Chinese physical culture and sports workers for their contributions to the development of volleyball in China and the world.

After analysing the statistics logged by the volleyball players during the Beijing match, Chinese sports experts concluded that teamwork is of prime importance during contests between two well-matched teams. China must pay more attention to training second



Xu Xiangjun

Chinese players Lang Ping (No.1) and Yang Xiaojun (No.10) blocking a return from the all-star's side of the net.

string and reserve forces, they said. They also said the physical condition of China's players was not as good as that of the all-stars. In addition, they noted that the Chinese team does not have many tall players who are also good jumpers. Although there are

several rather tall players among China's various teams, these players have not yet reached the level of the Chinese national women's volleyball team in physical quality, technique, competition consciousness and the depth of dauntless spirit.

himself. In an interview with China's top sports magazine *New Sports*, Han exuded confidence. "I tell you, my fans," he said, "Han Jian can overcome any difficulty."

Han Jian, 30, is handsome, and seems to always have a faint smile on his face when he's off the court. Born into a scholarly family in Shenyang, Liaoning Province, Han was considered a potential athlete from an early age. Table-tennis, badminton and soccer were his early favourites. While at secondary school, Han was also a soccer student at the Shenyang Junior Sparetime Sports School. At the end of 1972 when Liaoning Province was scouting for candidates to form a provincial team, Han, at the age of 17, was recruited, by coach Wang Xiao.

During that time, however, a 17-year-old Indonesian player named Liem Swie King was emerging as the "king of badminton," making Han's pros-

pects for conquest appear rather remote. Worse, Han stood at only 1.69 metres and during his first winter of training, he was once roused from the court by an 11-year-old girl by a score of 0:2. The adversity stood Han well, for it made him train all the harder to overcome his liabilities.

In 1978, at his debut at the Eighth Asian Games, Han carried home the men's singles title. In 1979, he snatched the two men's singles titles in the First World Cup Badminton and the Second World Badminton Championships. And in 1980, China's national badminton team made its historic breakthrough while Han trounced his arch-rival Liem Swie King, then the world's top seed. For his performance during this event, Han was chosen one of the top 10 national athletes of 1980.

Despite numerous victories since 1980, Han has also suffered

many setbacks, the major one of which came when he lost Thomas Cup back to Indonesia in May 1984. The event marked low water mark in Han's career. Later reflecting on that period, Han said, "When things go against your will, your will should not waver." Han later put these words into action in September 1984 by first snagging the men's singles title in the Fourth World Cup Badminton Tournament held in Indonesia.

Now in the prime of his career, Han's personal life has also taken a turn for the better. In January 1985, Han married Cai Ningning, an English interpreter, and a childhood neighbour. When asked if it is because of her that Han can now manage some English sentences while exchanging ideas with foreigners, Cai answered proudly, "He is clever and hardworking. Otherwise, I wouldn't want him."

TO OUR READERS

In the new year, "Beijing Review" will continue to keep you informed of the momentous developments in China, of its aspirations and strivings, its achievements and shortcomings, its ties with other nations and its views on international affairs. There will be more analysis and in-depth reports, more interviews with leading figures, more surveys and human-interest stories, bigger photos and a better layout.

It is our purpose to promote international understanding and friendship in our own humble way. But to make this come true, we need your help.

So let us hear more from you. Tell us what you need and like. Send us your comments and suggestions. Do not hesitate to criticize where we lag or make mistakes, as we are always ready to improve on our performance.

Our Errors and Apology

I always read this Review with interest so I hasten to write to you about very serious errors in this piece ("A Breakthrough in Diplomacy").

The emigrants in Northern Ireland (historically from Scotland and England) do not have Fine Gael as their political party. Fine Gael is a party operating only in the Republic of Ireland and utterly opposed to Northern Ireland uniting with the United Kingdom.

The dissident one third in N. Ireland are not 'Irish nationals' but UK nationals. Political power has not always been in the hands of Fine Gael in the north but the Ulster Unionists and their factional split-offs (such as the Democratic Unionist Party). there is no "Irish majority" in N. Ireland but there is a Protestant majority.

Leaders of Fine Gael have not condemned the Agreement between the UK and the Irish Republic. Their leader Dr. Garrett Fitzgerald actually negotiated it - the Opposition in the Irish Parliament (Fianna Fail) opposed.

The whole piece is astonishingly inaccurate. It needs withdrawal and rewriting.

Clive Jenkins

General Secretary,
Association of Scientific,
Technical and
Managerial Staffs

London, UK

We are deeply sorry about the serious errors in the article "A Breakthrough in Diplomacy" that appeared in our December 2, 1985 issue (No. 48). These errors were due to our carelessness in the process of translation. We mistook, for instance, "the Fine Gael" for "Ulster Unionist Party" — incidentally, the two parties are almost the same in Chinese — and "Irish nationals" for "of Irish nationality."

The Embassy of the Republic of Ireland in Beijing pointed out the errors to us immediately after that issue of "Beijing Review" carrying the article came out, and we promptly responded with a statement correcting the major mistakes in the next issue (No. 49), on page 23.

Peasant, or Farmer?

We have been receiving the

Beijing Review since our visit to China in September 1984 and have enjoyed it very much, but one thing has stood out in your writing like a sore thumb. All my working life (about 40 years) I have been revolted by the reference to those who till the soil and raise livestock as peasants. No matter how humble or fain, these people are due the dignity of being referred to as "farmers," "ranchers," or even "farm labourers." More knowledge and skill are required in agribusiness than in most blue collar jobs, and perhaps in many so-called professional occupations.

The definition of the word "peasant" is: 1. One of a class of persons, as in European countries, of inferior social rank, usually engaged in farm labour. 2. A rude, unsophisticated, usually uneducated person.

It does not seem appropriate that a publication, in a country as progressive as China, should approve the use of a word so derogatory as "peasant" to describe 80 percent of the population, particularly since the government has enacted laws giving all people equal status. Perhaps the word does not convey the same meaning to Chinese people, but a majority of the English speaking world will use the definition I have. Most of the tour guides and people we met on the street in China used the word "farmer" not "peasant."

Philip C. Freytag, P.E.
Colorado, USA

We agree with you on this point. In our opinion, the term "peasants" is suitable when we are talking about farm workers in the pre-liberation days when their economic and social status was rather low. The term "farmers" is more preferred to describe the farm workers after liberation, especially after the land reform.



Born in 1942 in Hongkong, Hu Kang is now an art editor for the Hunan *Cultural Life* magazine.

Hu's wood-block prints are lyrical and colourful.

Morning Reading
in Spring.

ART PAGE

Woodcuts by Hu Kang



A Fawn.



Sunshine.



*Orders
and
Enquires
Are
Welcome*

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