

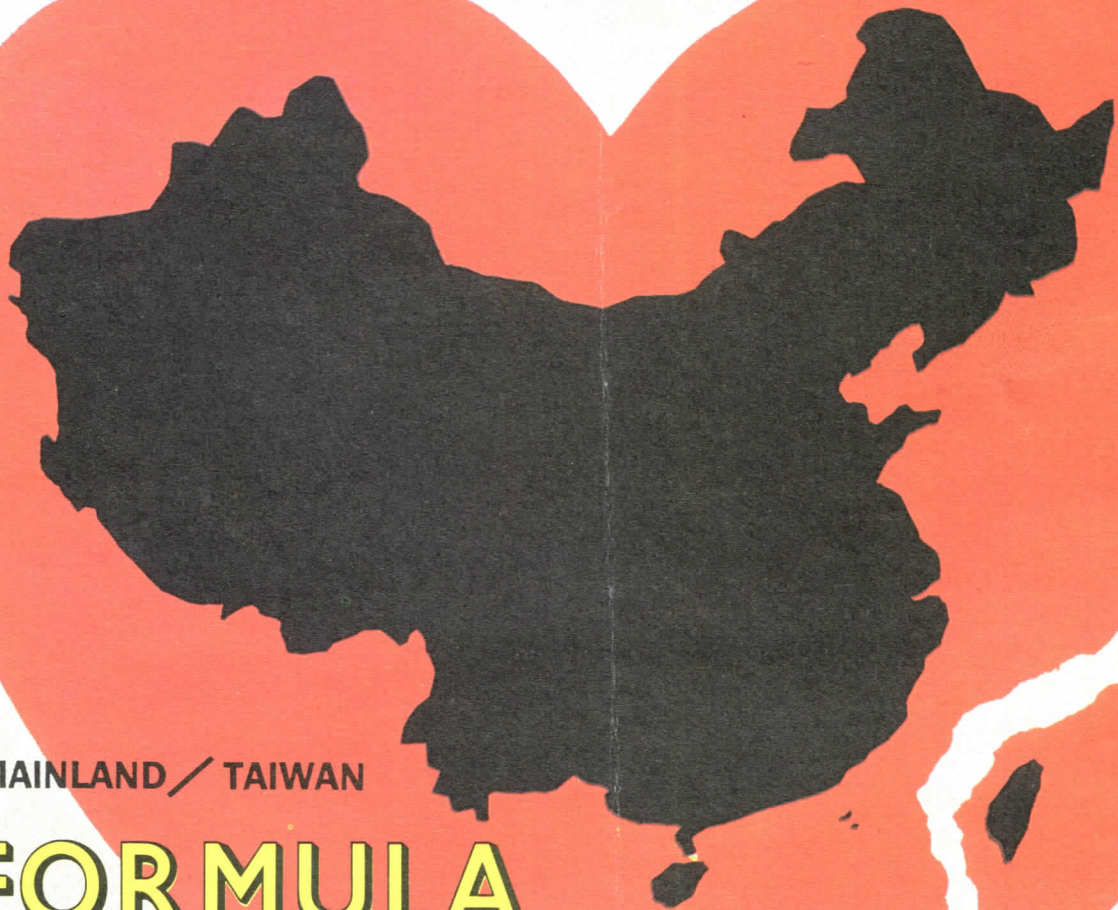
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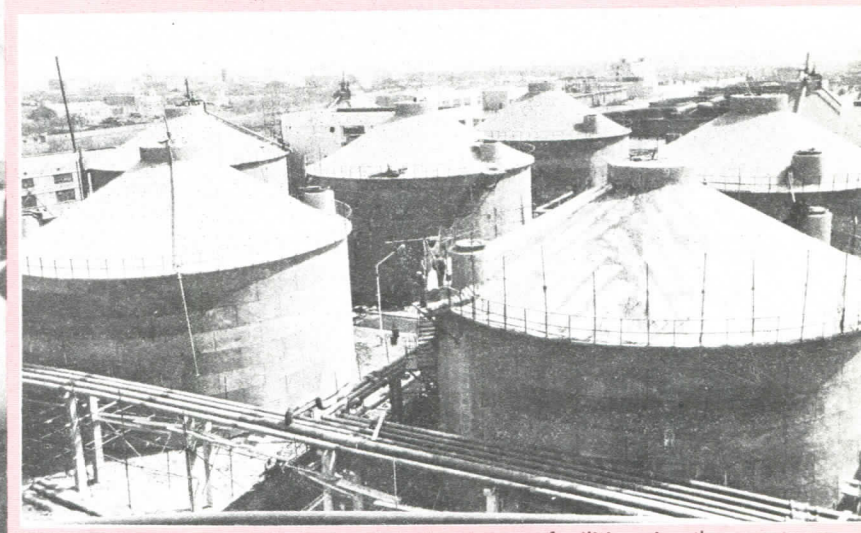
FORMULA FOR REUNION

*Will Reform Lead
To Capitalism?*

Tianjin Sewage Treatment Plant

China's largest sewage treatment plant was completed recently in Tianjin. With an area of 30 hectares, and a waste capacity of 360,000 tons a day, the plant contains a water pump station, precipitation and aeration tanks and sludge digestion containers.

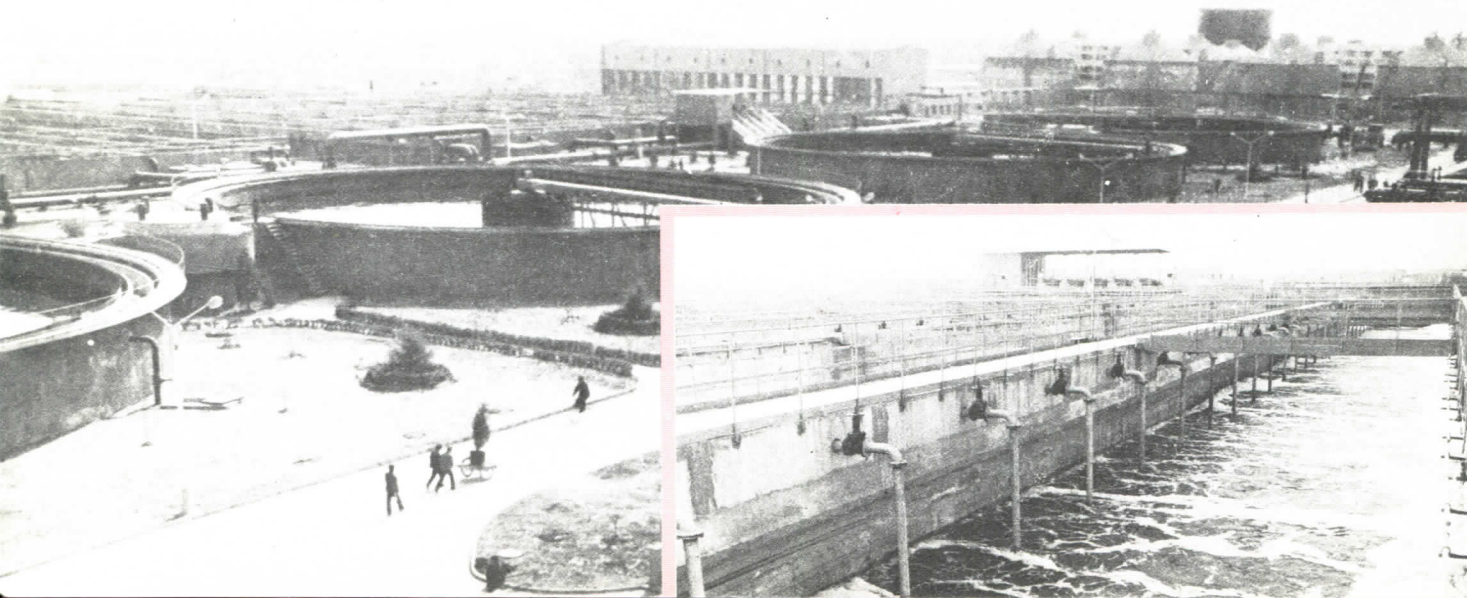
Lab technicians testing the water at the Tianjin Sewage Treatment Plant.



Waste water treatment facilities in the sewage treatment plant. The methane gas produced in the process of treating sludge at the plant is used to generate electricity.

A view of the Tianjin Sewage Treatment Plant.

SPOTLIGHT





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Photo by Feng Yinan

HIGHLIGHTS OF THE WEEK

Formula for China's Reunification

The "one country, two systems" concept, advocated by the Chinese Party and government, proved successful in solving the Hongkong issue in 1984. After making a detailed analysis of the common ground and conditions for the reunification of Taiwan and the mainland, the author concluded that the Taiwan issue, though different from that of Hongkong, can also be settled by the "one country, two systems" method (p. 18).

Zhao Sets Goals for '86 Reform

At a national conference on planning and economic work held in Beijing recently, Chinese Premier Zhao Ziyang said China's major tasks for 1986 economic reform were to improve overall economic control, continue the current reforms already in place and invigorate production. He also said China had made greater-than-expected achievements in last year (p. 6).

Will Reform Lead to Capitalism?

Published under one title in this issue are the second and third parts of the excerpts from Vice-Premier Tian Jiyun's speech delivered at a Beijing meeting attended by cadres from central organizations. They deal with the income gap between different social strata and the question whether reform will lead to capitalism. Tian said the Chinese government is taking measures, according to different circumstances, to narrow differences in income. He also listed five points of attention which will guarantee China firmly holding to the socialist road (p. 15).

US Threat Against Libya Heard Worldwide

As the US fighter planes conducted flight operations off the Libyan coast between January 24-31, the tension between the two countries, after the Rome and Vienna airport terrorist attacks on December 27, continues to mount (p. 13).

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Taiwan — Tugging at Chinese

by Wang Xingwu

Our cover for this issue of *Beijing Review* shows, against the background of a broken heart, a silhouette of China—with the world's most populous country being torn apart at the Taiwan Straits. This simple design graphically illustrates a complex issue that rouses deep emotions among many Chinese, especially those who are yearning for family reunions after long years of separation.

Six years ago, just at this time of year, my younger brother and I accompanied my 84-year-old mother on a trip to Hongkong to meet my eldest sister, who has lived in Taiwan since 1949. We had not heard from one another for more than 30 years. It had not been easy for us to resume contact and, later, to arrange the reunion.

Getting to Hongkong via Shenzhen involved many inconveniences and hardships for my elderly mother. The worst part of the journey was the walking and waiting she had to do on both sides of the border. By the time we arrived, she was exhausted.

My sister had some trouble getting her visa, so she arrived a few days later. She had to fly to Bangkok as a tourist before coming to Hongkong. When we embraced at the airport, a thought surfaced in the back of my mind that it was all just too good to be true.

We stayed at a hostel for nine days, including the period of Spring Festival, the Chinese New Year. As our readers may know, few Chinese would choose to spend this most treasured traditional holiday away from home, let alone have a family reunion in a hostel. But we thoroughly enjoyed it, and spent some of the happiest

moments of our lives there, together at last.

When we parted, my sister promised our tearful mother she would come to Beijing in late 1985 to attend our mother's 90th birthday celebrations. But she didn't—she couldn't. We didn't blame her, as we knew the Taiwan authorities have imposed a ban on mainland visits all along. Violations could mean anything from cancellation of passport and travel

The situation in the Taiwan Straits has brightened somewhat over the last seven years. One of the factors that favour Taiwan's reunification with the mainland is the tremendous changes that have taken place on the mainland, and the philosophy behind those changes.

permits to heavy fines or even imprisonment.

Often I have to console my mother—and myself—with the reminder that of China's millions of separated families, ours is among the fortunate few. The majority are still trying to re-establish contact, while most of those who have succeeded lack the means to meet in Hongkong or in a foreign country.

Such human tragedies are the aftermath of the civil war launched by the Kuomintang (KMT) in the 1940s against the revolutionary forces led by the Communist Party of China (CPC). Despite strong US support, the KMT lost the war and

retreated to Taiwan when the People's Republic was proclaimed in 1949 under CPC leadership. In the decades that followed, the long-term hostility between the two parties, and continued US interference in the form of military and other commitments to Taiwan, have kept the island and the mainland apart.

The situation has brightened somewhat over the last seven years. Several factors have appeared that favour Taiwan's reunification with the mainland. In my opinion, the international factors are not so significant as the tremendous changes that have taken place on the mainland, and the philosophy behind those changes.

Throughout the nation, emphasis has shifted from class struggle to modernization. The rural responsibility system has proved so successful that China, previously a big grain importer, has become an exporter, and the annual average income of farmers has doubled within only five years. In the urban areas, wide-ranging reforms of the economic structure are proceeding at a steady, measured pace. And the country has been effectively seeking international co-operation by throwing its doors open to foreign technology and investment.

Today, when most countries are worrying about economic stagnation and the shadows of new economic recessions, China is actually working to reduce the speed of its growth in order to avoid "overheating" the economy. The Chinese government is currently among the few around the world that have achieved a balanced budget.

Heartstrings



Behind all this change is a philosophy for which Mao Zedong had long been famous, but from which he himself deviated in the latter part of his life. Today, Deng Xiaoping and other Chinese leaders have restored this philosophy, giving it new emphasis and means of implementation. Its essence is expressed in the well-known guideline: "Seek truth from facts," or "In handling any problem, proceed from reality."

When the Hongkong question came to the fore a few years ago, Chinese leaders followed that guideline in working out the formula "one country, two systems." This means that while the mainland continues to practise socialism, Hongkong would retain its capitalist system as a special administrative region within the People's Republic of China. The formula was soon extended to include Taiwan, only with more generous terms. Even prior to this, the slogan "Liberate Taiwan" was dropped, and from 1979 onwards a series of proposals, including talks between the CPC and KMT regarding the peaceful reunification of the country, was made public.

The feasibility of "one country, two systems" became evident when China and Britain signed a joint declaration on the Hongkong question in late 1984 on the basis of that formula. Since then, observers worldwide have asked: If China and Britain could iron out their differences over a century-old dispute and reach an agreement, why couldn't the Chinese thrash out a solution to the Taiwan issue by applying the same formula in negotiations among themselves?

Of course, hostility and mistrust can only melt away gradually. No one expects the reunification to take place very soon. Still, it is an anachronism for the Taiwan authorities to cling to their old policy of refusing any contacts, compromises, or peace talks. This runs counter to the wishes of the people on both sides of the Taiwan Straits. Hoping to see practical steps taken towards a gradual rapprochement, more and more people in Taiwan are asking for resumption of communication, direct trade and exchange of visits.

The United States can contribute towards China's goal of peaceful unification, if it chooses to do so, in view of its connections with Taiwan. People expect that the United States will at least not hinder the reunification process.

While we Chinese regard the country's reunification as our own internal affair, we don't consider the attitude of the United States irrelevant. People here hope that the US government will respect China's sovereignty over Taiwan and abide by the stipulations contained in relevant documents signed by the two countries. Although the solution of the Taiwan issue on the basis of the "one country, two systems" formula will be firmly in Chinese hands, the United States can

contribute towards this goal, if it chooses to do so, in view of its connections with Taiwan. People expect, and quite reasonably, that the United States will at least not hinder the reunification process.

No one can foresee exactly when it will take place, but time is definitely on the side of reunification. Once achieved, it will greatly benefit the people on both sides of the Taiwan Straits by ending their painful separation and accelerating development in both regions.

As I write these words, the occasional firecracker pops off beneath my windows. Presumably some neighbourhood children are getting impatient as Spring Festival draws near. Millions of separated families like mine will once again celebrate the occasion with mixed feelings of joy, nostalgia and sadness.

Shortly before his death a few years ago, Yu Youren, a noted Kuomintang veteran in Taiwan, wrote the following poem:

*Bury me on a high mountain,
So I can look at the mainland.
Failing to see it still,
I cannot stop my tears.*

Poems and articles by people longing for home and their dear ones appear from time to time in the Chinese press on both sides of the Taiwan Straits. I wonder whether those gentlemen in the United States, who clamour for protection of the "free people on Taiwan" from the "threat of Communist China," have ever read any of them?

Zhao Outlines Tasks for '86 Reform

Improving overall economic control, continuing the current reforms and invigorating production are China's major tasks for 1986, Chinese Premier Zhao Ziyang declared in Beijing recently.

Addressing the January 13-20 national conference on planning and economic work, Zhao said the major goals for 1986 were to "consolidate, digest, supplement and improve on" last year's reforms, and, at the same time, make preparations for larger steps in reforms over the next two years.

Zhao listed four priorities for this year's reforms, including control of investment in fixed assets and issuance of loans and currency; taking measures to

supplement the price and wage reforms; invigorating major industrial enterprises and export businesses; and promoting inter-regional and inter-departmental economic co-operation.

"The stable development of the economy hinges upon our ability to control the investment in fixed assets," Zhao said. "Greater attention must be paid to readjusting our investment structure."

He called for investigation into the building projects currently underway, to decide if some should be halted or postponed, especially those that were started in the fourth quarter of last year, to ensure the construction of key state projects.

Restrictions would be imposed on the issuance of currency while ensuring supply for the needs of production and circulation, Zhao said. He also said reform of the monetary system this year would concentrate on increasing deposits and improving services and the rational use of funds.

No major steps will be taken in price and wage reforms this year, according to Zhao. "We will only do some consolidating and supplementary work," he said. He called for greater efforts to stabilize the prices of vegetables and non-staple foods, so as to guarantee supplies in cities.

Close attention must be paid to the problems arising from the wage reform, Zhao demanded.

Steel Industry Sets Moderate Goal

Despite impressive gains achieved during the previous Five-Year Plan (1981-85), China's steel industry remains a bottleneck in the entire national economy. To meet the needs of the modernization drive, China has set the goal of producing 50 million tons of steel this year, an increase of 3.3 million tons over the year just gone by. This moderate figure was set to pave the way for bigger increases in the Seventh Five-Year Plan (1986-90).

By any standards, 1981-85 was a vintage period for China's steel industry. With a big cut in state investment, and coal consumption reduced by 1.6 million tons, the industry increased its steel output by 3 million tons annually for three consecutive years from 1982 to 1984 by tapping production potential through technical transformation. In 1985, steel output

reached 46.7 million tons. In 1984, the industry registered 10.9 billion yuan in tax and profit, more than double the 1978 figure of 5 billion yuan.

The lion's share of that impressive gain came from the nation's 11 steel complexes in Anshan, Baotou, Beijing, Shanghai and other cities. In 1984, for example, these giants accounted for 63 percent of the nation's crude iron output, 64 percent of the steel output, 57 percent of the rolled steel output, and 62 percent of the profits and taxes registered by the whole steel industry.

Speaking at a recent national conference on the metallurgical industry, Vice-Premier Li Peng called on the industry's 3 million workers and staff to work hard to achieve the goal set for this year.

He emphasized that the key to boosting the steel output lies in technological advances. The development of the computer industry, he said, has made it possible for the metallurgical

industry to achieve automation — a major step towards more economic use of energy and raw materials.

Another important factor for achieving the 1986 goal of producing 50 million tons of steel certainly lies with the country's mining industry. Most of the iron ore needed will come, as before, from big state-run mines. Li Peng

Rolls of high-quality steel plates waiting to be shipped out of the Wuhan Iron and Steel Complex.

YU DENGJIAN



"Our policy on wages is 'to each according to his work,' " he said. "Egalitarianism regardless of effort must be discarded; but the income gap mustn't be too great, either." Measures will be drawn up this year to narrow the irrational gaps in incomes between different trades and enterprises resulting from different conditions and opportunities, according to Zhao.

As for the development of the country's major industrial enterprises, Zhao said, the state will help them with a number of new policies, including reducing some of their taxes and increasing depreciation funds. These policies are meant to leave the enterprises with more money to make technical renovation improve product quality and lower production costs. The money should not be used to increase wages of the staff members or other public

welfare purposes, the premier warned.

Greater efforts should be made to promote inter-regional and inter-departmental economic co-operation, Zhao said. The state will give full support to such co-operation by working out a number of new policies on investment protection, dual taxation, arbitration of disputes, investment quotas and production value calculations.

Advocating such co-operation, which has appeared in China's economic activities following the decentralization of power, Zhao said it helped rational exploitation of resources, the use of funds and distribution of production forces.

"The development of such co-operation will surely result in the formation of new enterprise groups with various forms and structure, and consequently, bring about a series of changes in the

command of enterprises, the structure of their ownership, and their systems of planning, finance and circulation," the premier said.

Describing 1985 as "the first year of overall reform," Zhao said, "the steps we took turned out to be bigger than we had expected, and so were the effects."

Great achievements were made last year, Zhao declared, as reflected in the smaller gap between demand and supply. "The whole economy is, as it may be said, turning from tension to ease."

After several years of trial and error, "we have come to a clearer idea on socialist economic system with Chinese characters; and we are more certain on how to carry on the reforms in the future," Zhao said. "This is an extremely precious achievement, which will have profound impact on future reform."

called for intensified study of feasible policies to bring these mines into bigger play. But in the meantime, he said, local people should also be encouraged to run and develop small mines. To make up for the shortage of high-grade raw materials, Li said China would also import iron ore from other countries. According to Li, making use of resources from home and abroad will become a long-term policy for China's industrial development.

Education Made Compulsory

By 1995, most of China's children in urban and rural areas will undertake compulsory education of at least nine years, except in a few remote and underdeveloped areas, where the policy will take longer to implement, according to a recent draft on a bill drawn up by the

State Council.

The draft was tabled at the 14th Session of the Sixth National People's Congress Standing Committee on January 13, by He Dongchang, vice-minister of the State Education Commission.

Compulsory education is of strategic importance to China's development, He said in his speech at the session. The improvement of the nation's scientific and cultural level, and the success of its economic construction and ethical training hinges on compulsory education, he added.

Since the founding of New China in 1949, He noted, the number of illiterates—80 percent of the population at that time—has been drastically reduced.

According to last year's statistics, the nationwide enrollment rate reached as high as 95.9 percent among children of primary school age; it was around 68 percent among middle-school students in both cities and rural areas.

However, the vice-minister said primary education was still very weak because of a shortage of qualified teachers and facilities, leading generally to a poor quality of education in China.

In rural areas, he said, primary education still was not standardized and universal, therefore new generations of illiterates were continuing to emerge.

The bill would make it illegal for any organization or individual to employ youngsters before they have completed their nine years of schooling. The education will be provided free and subsidies will be given to students whose families are in financial difficulties, He said.

The document also urges enterprises, institutions and other social organizations to set up schools, and recommends that backward or minority areas be provided state subsidies, He added.

To obtain qualified teachers, the draft stresses the need to take



Sculpture of Dragon Unveiled

The Descendants of the Dragon, carved from one stone by Kong Zunxia, was unveiled on January 11 in the Yungang No. 1 Middle School in the suburbs of Beijing. The dragon is known in China as the national symbol of wisdom, authority and power. Its body is regarded as a galaxy of beauties and power possessed by all creatures in the animal world. This stone work shows a goddess flying on the dragon to touch the sun and the moon, daring all onlookers to scale new heights in science and technology.

new measures to improve teachers' training and improve their social status and material

benefits. China now has more than 8 million primary and middle school teachers.

Welfare Benefits 100 Million Needy

The number of people drawing state allowances or enjoying nursing care has increased to more than 100 million, according to a recent investigation by the State Statistical Bureau.

Government spending for the social security of elderly, childless non-pensioners, widows and widowers, and the disabled totalled about 11,500 million yuan during the Sixth Five-Year Plan (1981-85), over and above 6,000 million yuan contributed by collective organizations.

"The figure, which excludes the relief funds to natural disaster victims, has outpaced the annual growth rate of state incomes," a Ministry of Civil Affairs spokesman said.

Over the past five years, the spokesman said, there has been an explosive growth of retirement homes, especially in rural areas. More than 355,000 orphans, elderly and handicapped people are well provided for at government nursing homes and institutions run by various local organizations—an increase of 97 percent over 1980. The living expenses per person in these establishments went from 159 yuan in 1980 to 360 yuan in 1985.

In China's Yunnan Province, local authorities chipped in about 7 million yuan last year to build rural homes for the elderly without relatives to lean on. The number of nursing homes has grown from nine to 400, accommodating 6,000 senior citizens in the province.

These homes provide free accommodation, clothes and medical services. They also arrange and pay for funeral services. Most of these homes are equipped with television sets, washing and sewing machines.

"I had never expected the place would be so cheerful," a 73-year-old woman in Lunan County told

visitors; "I felt lonely doing nothing at home. Now at this old people's home with so many interesting people to talk to I feel much more comfortable."

China's rural collective organization began to take care of its older people in the 1950s. Some people worried about a possible change when the country's collective farming system was replaced by the responsibility system in rural areas in 1979, under which farmland is contracted to individual households.

The Chinese government also has launched a drive in 90 percent of the counties to help farmers in need because of natural and man-made disasters or other factors, the spokesman said.

Official figures show that of the more than 9.5 million farming households that received social welfare from the government, 5 million of them were living on incomes above the poverty line and their living standards could equal those of other local people by the end of last year.

"In addition to allowances for daily life," the spokesman explained, "the government offered the poor farmers interest-free or low-interest loans to help them develop production."

Young doctors from the Dashanlan Hospital in Xuanwu District, offering free physical check-ups for elderly.



China & the World

China Repudiates Kabul Accusation.

In a document submitted to UN Secretary-General Javier Peres de Cuellar by Chinese Permanent Representative Li Luye on January 21, China resolutely rejected an accusation by the Kabul authorities that China had interfered in Afghanistan's internal affairs. "It is entirely futile for the Kabul authorities to slanderously accuse China of interfering in Afghanistan's internal affairs. They spread rumours and turn things upside down in an attempt to divert people's attention and extricate themselves from their isolated predicament," the document said.

No Date Set for Sino-Soviet Meeting.

Dates for an exchange of visits between foreign ministers of China and the Soviet Union have not been decided yet, said a Foreign Ministry spokesman recently. Responding to the question of whether the Soviet Union has proposed the signing of a mutual non-aggression treaty in order to improve political relations, the spokesman said the proposal had been put forward by the Soviet side for many years, but categorically rejected by the Chinese side.

No Ties With Soviet Party

"The Communist Party of China (CPC) does not have any relationship with the Soviet Communist Party," a spokesman of the International Liaison Department of the CPC Central Committee told the press on January 24.

In urban areas, about 200,000 of the disabled people with ability to work have been employed. And the percentage is much higher in Dalian and in Shijiazhuang, Hebei Province.

Welfare enterprises enjoy deductions or exemption of taxes and other favourable conditions, Cui explained.

The Taiyuan Iron and Steel Company, for example, has set up a welfare fund for the disabled and a welfare factory with 1,000 workers. About one-third of them are the disabled.

The factory has maintained records of their physiological defects and has arranged work for them accordingly. The crippled operate electric sewing machines, mentally disabled workers do cleaning, packaging or other safe work. Those suffering serious deformities only work at home.

Disabled workers at the factory enjoy special favour in work quotas and income. A minimum wage is guaranteed to them, and the more they produce, the higher their income will be.

The factory also issues them certificates for public transportation, seeing doctors and shopping.

by Wang Xianghong

100-Yr-Old Donates Body to Medicine

A 100-year-old Shanghai man, who was told 18 years ago that he had only six months to live, has had his last wish granted... to donate his body to medical research.

He was one of 1,700 people who have volunteered to donate their remains to medicine since six medical colleges in Shanghai set up a registration office in 1983. Of these volunteers, 184 have died.

The 100-year-old man had a

rare form of liver cancer, and postmortem examinations are helping doctors to find better ways of treating the complaint.

Another volunteer, Su Juxian, a 104-year-old calligrapher, said after receiving a donation certificate: "I want to make a final contribution to China's medical cause."

Zhuang Haijun, an official of the Shanghai Red Cross Society, said research on the remains of volunteers would help in the treatment of illnesses and the study of prolonging life.

Obese Children Worries Doctors

Chinese doctors are bothered by the problem of more and more children becoming overweight.

According to a survey of over 2,000 children by the *tiyubao* (sports news), one in 60 is overweight, said Yan Chun, Director of the Department of Internal Medicine of the Beijing Children's Hospital.

"Since 1978, my department has received about 850 overweight children who exceeded the child's normal weight by seven or eight kg," said the director.

Two boys of them died "because their obesity led to the failure of the lungs," said Yan.

The director attributed the causes of the disease to the following:

—Overeating. Most of the patients are the only children in their families. The parents believe that for a child "the fatter the better," so they fed their children with such high fat and calorie food as fat meat, chocolate and sugar.

—Less physical training. More high buildings leave less area for children to do exercises.

She urged parents not to spoil their children and feed them a sensible diet.

News in Brief

The Ministry of Ordnance is planning to further boost its production of goods for the civilian market and reorganize its management system, according to the ministry spokesman. "Under this plan, all the ministry's weapons factories will switch part of their manufacturing capacity to civilian use and will do so as long as the nation is not at war," the spokesman said. This year the output value of weapons production is expected to drop by more than 60 percent compared with 1985.

More than half of China's newspapers and magazines on the news stands today were launched in the last five years. The 1,008 new newspapers, started since 1980 when the country embarked on its nationwide economic reform, account for more than 56 percent of the 1,777 daily, weekly and monthly publications printed in the country.

China is to build three major museums during the next five years as part of an ambitious programme to catch up with the rest of the world in collection and production and research into cultural relics and treasures. The three planned projects, according to the National Management Bureau of Cultural Relics, are the Shaanxi provincial museum, a memorial museum of the War of Resistance Against Japan and a new national museum of history.

UNITED STATES

King's Dream Not Yet Reality

Although impressive progress has been made by American blacks in improving their social status and life since the 1960s Civil Rights movement, inspired and led by Dr. Martin Luther King Jr., much remains to be done to wipe out racism in the United States.

On January 20, the United States celebrated for the first time a national holiday honouring the birth of the late black Civil Rights leader Dr. Martin Luther King Jr. (1929-68). The US Congress has mandated the observance for the third Monday in January beginning this year. The only other American so honoured is George Washington, the first US president.

The observance of the holiday actually began a week in advance when President Ronald Reagan issued a message honouring King and called on the nation to "live his dream." A bust of King was dedicated in the capitol rotunda. Together with Civil Rights movement veterans, Vice President George Bush and South African Bishop Desmond Tutu attended memorial services at Atlanta's Ebenezer Baptist Church, where King was pastor.

Although the holiday was added to the calendar only after a long and bitter struggle between King's supporters and conservatives — President Reagan originally opposed the holiday — the decision was obviously made as part of the country's efforts to mitigate racial and class tensions. However, the establishment of a federal holiday honouring King, who was assassinated by a white racist in 1968, can also be regarded as a hard-won recognition of what American blacks have achieved in their struggle for freedom, which began when they were brought to the country as slaves.

Great changes have taken place in the United States since Rosa Parks, a black woman in Montgomery, Alabama, was arrested for refusing to give up her seat on a bus to a white man in 1955. This incident sparked a modern-day Civil Rights movement, similar in essence to what is happening in South Africa today, in which blacks demanded desegregation of public facilities and equal social positions. The movement, led by Dr. King and his Southern Christian Leadership Conference, eventually won the support of many sectors of American life and led to the legislation of the Civil Rights Act of 1964 and the Voting Rights Act of 1965, accelerating racial desegregation in the country.

Working to make the dream of racial equality a reality, Nobel Peace Prize winner King helped to change the course of American history, which has long been marred by racism. "Without King, America would now look like Beirut, all guns and violence," said Andrew Young, once an aide to King and now mayor of Atlanta, Georgia.

In recent decades, black Americans have achieved much in safeguarding their human dignity and maintaining their black heritage and have exerted great influence in social, economic and political fields. An increasing number of blacks have entered middle-class America. Black students are now sitting in the best schools of higher education. The

mayors of Los Angeles, Chicago and three other large American cities are blacks. Blacks also can be seen in the ranks of US congressmen, ambassadors and astronauts.

But progress is slow and limited. Today, blacks still compose the majority of the working poor in the United States. One-third of the 28.5 million black Americans, who make up 12 percent of the nation's population, are living under the official poverty line. In Washington, D.C., where nearly two-thirds of the residents are blacks, a survey of 1,416 board members of corporations in the city revealed that only 25 of them were blacks. The unemployment of the country's blacks usually doubles that of whites. At the end of last year, 15 percent of American blacks were unemployed, against 5.9 percent of whites.

"A black might be middle class and a black might make it, but a black can never escape racism," Coleman A. Young, Detroit's black mayor for four terms, said bitterly.

Late last year in Philadelphia, whites burned down the home of a black family that had moved into a white neighbourhood, despite a 24-hour police guard posted by Mayor Wilson Goode. Added to this incident are reports on marches held by Ku Klux Klansmen in Tennessee and North Carolina on King Day in protest of the holiday. Some states chose not to honour the day, which also sparked protests.

Instances such as these show conclusively that the racial equality Dr. King called for in his celebrated speech "I Have a Dream" in 1963 remains an unfinished dream.

When President Reagan was addressing a Washington D.C. school on January 15, King's actual birthday, he admitted that America still had "a long way to go" for the fulfillment of King's work.

by Zhao Dahua

INDIA-PAKISTAN

Neighbours Getting Friendly

Three high Indian officials visited Pakistan at the turn of the new year, symbolizing a further ease in tension and new beginnings for better relations between the neighbouring countries.

Indian Finance Minister Vishwanath Pratap Singh visited Islamabad for talks with his Pakistani counterpart, Mahbubul Haq, on January 8, on the expansion of economy and trade between the neighbouring countries. During two days of meetings, the two ministers agreed to double bilateral industrial sector trade and extend their present official trade to include private commerce. The ministers announced that representatives of the two countries were going to have meetings in the near future to work out concrete principles guiding their trade and economic relations. Steps are also to be taken to encourage industrialists and commercial business persons to set up joint enterprises in export regions on both sides of the border. Aviation and telecommunication links also are to be stepped up, according to agreements by both sides.

From January 10 to 12, India's Defence Secretary S.K. Bhatnagar held "cordial and frank" talks in Islamabad with his counterpart, Ijlal Haider Zaidi, on the disputed Siachin glacier. The enormous mass of ice is in the east of Karakoram Mountains, over which neither of the two countries has had boundary claims or control. However, the 70-kilometre-long glacier has become a matter of tension in the past few years, since troops from both sides have clashed repeatedly in the area.

During their discussions, the two secretaries agreed to seek peaceful solutions through talks as a step towards easing tension and creating an atmosphere conducive to further normalization and

development between the two countries. Zaidi will visit India in late March or early April as a guest of Bhatnagar for further discussion on the Siachin glacier issue.

On another good-faith call, Indian Foreign Secretary Romesh Bhandari ended his Pakistan visit on January 20. His talks with his Pakistani counterpart, Niaz Naik, concentrated on the settlement of a peace pact. In 1981, Islamabad offered to sign a "no-war pact" with India, to which New Delhi responded with "a treaty of peace and friendship." Although both countries have agreed on most of the terms in each other's treaties, they disagree on how to solve bilateral differences and on whether to include hosting foreign military bases in the pacts. In the current talks, the two secretaries detailed their differences and came up with new solutions. They agreed to sign as soon as possible a comprehensive pact based on the proposals of both, which will be sent to two governments for

examination before it is discussed by the foreign ministers of both countries. In addition to their reiterated hope for sound bilateral relationship based upon the Five Principles of Peaceful Coexistence, the two secretaries put forward a series of steps and suggestions regarding the increase of mutual understanding.

These three exchanges were arranged by Indian Prime Minister Rajiv Gandhi and Pakistani President Mohammad Zia ul-Haq in their meeting last December in New Delhi, which also resulted in an oral agreement to bar attacks on each other's nuclear sites.

Other high-level meetings planned between the two governments during the conference include an Indian-Pakistani coalition meeting scheduled for the coming February, and a third coalition conference involving the foreign ministers of both countries, to be arranged in March or April of this year in Islamabad.

These brief but substantial contacts have no doubt paved the way for Gandhi's Pakistan trip, scheduled for the middle of the year. But as Islamabad-based analysts are quick to point out, though this lifting of tension appears to have made great strides in the last month, relations between the two countries are far from perfect.

by Shi Zongxing

CENTRAL AMERICA

Two More Steps Towards Peace

The Caraballeda document and the Declaration of Guatemala, both recently signed in South and Central America, signify the continued efforts of Latin America to bring peace to their northern neighbours.

Foreign ministers of the Latin American Contadora and Lima groups held talks in the Venezuelan seaside resort town of Caraballeda on January 11 and 12 to discuss the situation in Central America. After the meeting the

ministers issued a joint statement in which they called the "increasing threats to Central America" an urgent matter to be dealt with through further negotiations.

The eight Latin American foreign ministers then went on to

attend the inaugural ceremony of Cerezo, the first civilian president of Guatemala in 31 years, with the foreign ministers of five Central American nations—Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. After the ceremony, all 13 foreign ministers held their own conference and the five Central American ministers signed the Declaration of Guatemala on January 14, pledging support for the principles and goals of the Caraballeda document. The ministers declared they would hold a summit meeting of the Central American nations in March in order to discuss and attempt to overcome the obstacles to peace in Central America.

The Caraballeda's proposal, drawn up by the Contadora Group (Mexico, Colombia, Venezuela and Panama) and the Lima Group (Uruguay, Argentina, Brazil and Peru), called for a renewal of direct talks between the United States and the government of Nicaragua. The eight ministers stressed the urgency of signing a Central American peace treaty as soon as possible. The statement appealed for an immediate halt to foreign military presence in Central America, emphasizing that foreign troops, military advisers and bases in Central America must not be tolerated. The statement suggested Latin America should seek peace in its own way, and reiterated the principles of self-determination, non-interference and pluralistic democracy.

Both Caraballeda and Guatemala proposals are completely in accordance with the interests of the Central American people and are considered key documents brought forward at an opportune time.

"The meeting of the representatives of 13 Latin American countries, congregated in Guatemala City to search for formulas for the problems of the region, is a favourable event that will contribute to consolidating the democratic future of all our

countries," the Guatemala Declaration read.

After the Guatemala meeting, representatives of the Central and South American nations sent both documents to the United Nations and the Organization of American States (OAS), asking the OAS to take a close look at the new proposals. The member nations of the OAS have generally supported and welcomed the two documents. The United States also has shown its approval by sending a special envoy to visit the Central American countries to discuss the peace process in Central America with the Contadora Group and other nations.

It was reported that a friendly atmosphere prevailed throughout the Guatemalan inaugural ceremonies and that the talks among the heads of states were of direct substance. A Mexican television station repeatedly broadcast shots of the cordial conversation between Nicaraguan President Daniel Ortega and El Salvadoran President Jose Napoleon Duarte. Duarte said that as long as the Nicaraguan government did not support the guerrillas in El Salvador, peace in Central America would prevail. Ortega

pointed out that foreign influence was responsible for dividing and attempting to rule the region. The two presidents also invited President Cerezo and Honduran President Jose Simon Azcona Hoyo to join in future talks.

Public opinion in Latin America indicates that President Cerezo has recently made impressive contributions to the Central American peace process. He was not only successful at showing his support for the efforts made by the Contadora Group, but also by diplomatically arranging the meeting among the Central American heads of states who often clash.

Despite these seemingly giant steps forward, an ugly turn of events can be seen on the horizon. United States armed forces have entered Honduras and are gearing up for months of military exercises. The White House has asked Congress to grant more funds for new military aid for projects with the anti-government forces in Nicaragua. At the same time, the Reagan administration continues to refuse a resumption of direct talks between the United States and the Sandanistas in Nicaragua.

by Yao Chuntao

MEDITERRANEAN

US Threats Heard Worldwide

As US President Ronald Reagan continues to call for economic sanctions and poses military threats against Libya, tension has mounted along the Mediterranean shores.

The terrorist attacks on the Rome and Vienna airports on December 27 that left 19 persons dead, including five Americans, and more than 120 wounded, seemed to have been the final blow to any normalized relations between the United States and Libya. Immediately following the attacks, about which US President Ronald Reagan said he had evidence leading to Libya's involvement, the US Defence

Department sent aircraft carriers off to the Mediterranean Sea, forcing Libyan President Muammar Gaddafi to order his navy, airforce and army to be on the alert. Several days later, the Reagan administration declared it would take economic measures against Libya. And then on January 13, two US F-18 fighters scrambled from the aircraft carrier Coral Sea after two Libyan Mig-25 fighters intercepted an Amer-

ican navy surveillance plane over the Mediterranean Sea off the Libyan coast.

Since the Rome and Vienna airports attacks, the United States has dug up enough evidence against Libya that it has gone so far as to threaten retaliatory military action against the northern African country. The US Joint Chiefs of Staff have submitted to President Reagan a list of possible military options, including a US air strike against Libya. According to foreign press reports, US fighter planes conducted flight operations off the Libyan coast between January 24 and 31.

While denying Libya had backed the terrorist attacks, Libyan leader Gaddafi took urgent measures at home by mobilizing the entire country to be on the alert. He stated that any attack against Libya by the United States and Israel would mean the breakout of war in the Middle East and Mediterranean.

At the same time Israeli aircraft were flying reconnaissance missions over Lebanon, Jordan, Arab Yemen and Democratic Yemen to spy out possible targets of attack. Thus the winds of war prevailed over the Middle East and the Mediterranean.

The terrorist raid on the Rome and Vienna airports sent shock waves around the world and was condemned by the international community. Yet using the excuse that it opposed terrorism, the United States seized the opportunity to make a grand show of force, which also has been condemned by many countries around the world.

Furthermore, on January 7 President Reagan announced comprehensive economic sanctions against Libya. The next day he signed a decree to freeze all Libyan assets in the United States, and urged West European countries and Japan to join in with diplomatic and economic sanctions against Libya. The White House then sent Deputy Secretary of State John Whitehead off to its

allied countries to drum up support.

The US military threat and economic sanctions against Libya have caused serious unrest and have been strongly opposed by the Arab nations. Although they oppose terrorist action, they resolutely oppose a US invasion of any Arab country. Syria, Iran and Democratic Yemen will stand by Libya's side to adopt any means against US and Israel's raids. Although Egypt and the Palestine Liberation Organization have some contradictions with Libya, they support Libya in its confrontation against foreign aggression. The council of the Arab League held a special meeting, condemning all the terrorist activities, yet supporting Libya for beating back the United States and Israel. At the meeting of the foreign ministers of Islamic countries, the conferees also expressed their support for Libya and their opposition to the US and Israeli military provocation.

Although the West European nations strongly oppose terrorism, they cannot abide military actions against Libya when considering their own interests. They suspect economic sanctions against Libya would not result in improved relations and are nervous about the growing tension along the Mediterranean. Britain already broke diplomatic relations with Libya in 1984, although it opposes the sanctions against Libya. British Prime Minister Margaret Thatcher told US journalists, "Once one failed to observe the boundaries of other countries, then I think you would be making a much greater chaos." She also said, "I believe that one has to fight it [terrorism] by legal means."

Federal Germany, Greece and France also have opposed any sanctions. Italy has decided to stop exporting certain weapons to Libya.

An outgrowth of the entire dilemma has led to political haggling among President

Reagan's cabinet members, who disagree over methods to deal with terrorism. Some US officials realize the recent US measures will not prevent terrorist activities, but only serve to isolate the United States. US Secretary of Defence Caspar Weinberger said recently that the United States should not use terrorist tactics to oppose terrorism.

Public opinion worldwide indicates that the old Palestinian issue is at the core of the current Middle East and Mediterranean unrest. *Al Gomhouriya* (The Republic) of Egypt in its editorial pointed out that the international opinion opposes the US acts. The destruction of terrorism would be to arrive at a reasonable settlement of the Palestinian issue, the paper read, otherwise the current US action would only lead to an escalation in terrorist activity. Saudi Arabia's newspaper *Al-Yaum* (today) pointed out that while the United States calls for opposing terrorism, at the same time it supports Israel's attacks on Palestinians, certainly encouraging a certain level of its own brand of terrorism.

Behind all the friction along the Mediterranean exists an even more ominous shadow—one that is cast by the two superpowers. It is reported that some 2,000 Soviet military personnel now man seven Sam-5 anti-aircraft missile launchers deployed in different parts of Libya. The United States considers the Soviet deployment of its missiles in Libya as a provocation to US interests in the region. Western press reports have been making much mention of the fact that Washington is actually so maligned against Libya because of Gaddafi's close ties with Moscow. And the Kremlin has warned the White House that it considers the Mediterranean region one of crucial strategic importance. Meanwhile, the two superpowers continue to build up their military forces along the Mediterranean shores.

by Mu Ni

Will Reform Lead to Capitalism?

Vice-Premier Tian Jiyun of the State Council delivered a speech entitled "On the Present Economic Situation and Restructuring the Economy" on January 6, 1986 at a Beijing meeting attended by cadres from central organizations.

"Beijing Review" is carrying a three-part series on Tian's speech, — Price and Its Reform, The Income Gap Between Different Social Strata, and Will the Reform Lead to Capitalism? The first of the series appeared in our last issue. Here we present the remaining two parts under one title.

I

There is now much discussion about income gaps between people of various social strata. The source of that discussion is, in the rural areas, the discrepancy in the incomes between grain growers and the rural families specializing in industry, sideline production and commerce. This discrepancy has lowered the farmers' enthusiasm for growing grain in some places. In cities, there is also a yawning gap in income among people working in different trades and units. Some households simply make too much money. A few others have reaped their exorbitant profits illegally. The masses have expressed their comments on and criticisms of all these phenomena.

How should we approach the problems? First, it should be affirmed that the principle of "to each according to his work" should be upheld, while egalitarian thinking, characterized by the slogan "eating from the same big pot," should be done away with. Egalitarianism is a serious obstacle to the implementation of the principle of "to each according to his work." Without its elimination, it will be impossible to spark of the people's enthusiasm, rapidly develop the productive forces and gradually improve living standards.

The Party Central Committee's policy of encouraging some people to attain prosperity before others is correct. On the question of prosperity, it will not do to practise egalitarianism.

However, we must guard against a spreading income gap among people of different social strata. As ours is a socialist country, distribution must be fair and reasonable. Otherwise, the overly high and unreasonable income for some people will dampen the majority's enthusiasm for production and will be detrimental to the stability of society as a whole.

Achieving common prosperity does not mean becoming well-off simultaneously or enjoying the same level of affluence. Historical lessons tell us that seeking equal prosperity for all at the same time will only engender egalitarianism and common poverty.

People have talked much about "10,000-yuan households" (households each with an annual income of 10,000 yuan or about US\$3,125). It is necessary to make a concrete analysis of this question. First, we should note that there are only a handful of "10,000-yuan households" in rural areas. The previous publicity about them was unrealistic, giving the public the impression that such wealthy households abound. They do not. Second, these households' income is a rough estimate of the

combined incomes of all the family members. Furthermore, these households face a number of business risks and do not enjoy the collective welfare and labour insurance of wage-earners because they are largely self-employed. For these reasons, it is wrong to encourage wage-earners to become "10,000-yuan households."

With regard to the difference to some extent in the income of people, the government intends to adopt measures, according to different circumstances, to gradually narrow the income gap.

Although there is a wide gap in the incomes of grain growers and those people involved in industry, sideline production and commerce, it would be impossible to raise the grain price to such a level that will enable grain growers' income to be equal to that of those engaged in industry, sidelines and commerce. At a recent national conference on rural work, the Party Central Committee decided to adopt the policy of operating rural industrial enterprises in order to support agricultural production. In addition to an appropriate increase in the amount of state investment in agricultural capital construction, the provinces, prefectures, counties and townships are required to allocate a portion of their surplus revenues and increased taxes on township enterprises to support agricultural production, particularly grain production, pig-raising and vegetable cultivation on the outskirts of big and medium cities.

The government's plans will include levying progressive taxes on individual incomes in order to cut down on some people's incomes. At the same time it will be necessary to improve the various systems that guarantee social welfare, to strengthen the management of industrial and commercial enterprises and to encourage urban and rural households specializing in industry and commerce to handle their business according to the state's policies.

As for those people who seek exorbitant profits through illegal means, our policy is clear. We must resolutely ban their operations, confiscate their illegal profits, and, when necessary, punish them to the full extent of the law.

Largely because of the variations in natural conditions and the uneven economic development in different places, millions of rural people in China are still

without enough food and clothing. Because of the inadequacies in some places, the government and the more developed areas should support these underdeveloped areas with funds, materials, personnel and technologies. At the same time it is necessary to

In order to address the problem of the wide income gap among wage-earners working in different trades and units, the government intends to readjust the tax and price systems in an effort to balance out the incomes of various groups.

emphasize that we must continue to encourage some people to become prosperous earlier than others. Only by so doing can we increase the country's economic strength. Regarding the development of different areas, it is

impossible to expect that they develop at the same rate and reach the same level of prosperity, for in that case, no area would actually become prosperous.

II

At the beginning of the structural reform, the Party pointed out that the aim of the reform is not in any way to negate the socialist system, or to waver from it. Instead, the intention was to perfect and develop it. Whether China's reform will lead to capitalism is a problem of concern to many people at home and friends abroad. The answer is an unequivocal no.

Our experience in the last few years has shown that our reform will not deviate from socialism provided that we persist in the following principles.

First, we must continue to regard public ownership of the means of production as the

China Reaffirms Support for UNESCO

by Zhao Fusan

The United Nations Educational, Scientific and Cultural Organization (UNESCO)-administered programmes have several substantial advantages over similar non-UNESCO international exchange or specialized programmes.

There is no getting around UNESCO's international status and its support of a wide range of activities. It is particularly helpful to educators, scientists, scholars, writers and artists worldwide in understanding international developments in their fields. Moreover, UNESCO is able to conduct multi- and interdisciplinary studies of problems

concerning the development of individual nations, as well as sponsor comparative research between nations.

The Paris-based organization, established in 1945, is able to make use of the intellectual resources of its 160 member states to organize a variety of specialized training programmes that fit the needs of different regions. Furthermore, UNESCO can provide opportunities for high-level specialists to acquire first-hand information worldwide, thereby facilitating an even closer fusion of theory and practice in their work.

Because it sponsors diverse small-scale programmes with participants from around the world, UNESCO has the special ability to further mutual understanding and co-operation be-

tween intellectuals worldwide and to promote peace and friendship among the peoples of the world.

The Chinese intellectual community therefore supports UNESCO and is willing to contribute its knowledge and experience in an effort to promote joint development of education, science and culture among fellow member nations and advance the cause of peace and human development.

Last year China participated in more than 230 different UNESCO programmes; of these, 76 programmes were in education, 89 were in the natural sciences, 20 in the humanities and social sciences, 27 in culture and art and 10 were in communications. Several hundred specialists and scholars from across the country participated in

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national economy's foundation. Though the private economy, the joint Chinese-foreign economy and the solely foreign-owned economy have developed rapidly in the last few years, their combined industrial output value accounts for 0.6 percent of the nation's total. Public ownership still occupies the dominant position in the nation's economic system.

Second, we must stick to the principle of "to each according to his work," follow the road to common prosperity, and strive to prevent polarization between the poor and the rich. In the last few years, the proportion of those households with high incomes has increased in rural areas, while low-income households have become fewer. In general farmers' incomes have increased and the income gap between them and urban wage-earners has been narrowed. At the same time the income of urban workers and staff members also increased. This shows that

although there is a big income gap among the people of various social strata which we have begun to consider its solution, it would be unfair to say there is an income polarization. Society as a whole is headed in the direction of eventual and common prosperity.

Third, we are developing a socialist planned commodity economy which is fundamentally different from the capitalist commodity economy. In the last few years we have adopted some flexible policies for the production, purchase and sale of a number of goods. But the production of some major commodities that have a great bearing on the national economy and the people's livelihood, and some important economic activities that affect the overall situation, must be regulated according to plan. And we must continue to do so in the future. Here we must point out that practising a planned economy does not mean that a mandatory plan must be taken as the

dominant factor. The mandatory and guidance plans are both the concrete forms of the planned economy. Of course, it takes time to explore ways to improve the guidance plan in order to make it more practical.

Fourth, all reforms should be oriented to facilitate the development of the productive forces. This is one of Marxism's basic tenets and a fundamental task of the socialist system. The reform in the last few years has given a great boost to China's economy and has also further consolidated its socialist economic base.

Fifth, we must do everything according to China's needs and conditions. We should continue to learn from advanced foreign technology and management expertise, while also rejecting their decadent and reactionary influences. All in all, in doing so in the past few years, we have held tightly to our socialist road. We will persist in doing the same in the future.

the programmes; UNESCO also sponsored about 100 representatives from other countries to visit China.

This past year, apart from its annual membership dues, the Chinese government donated an additional US\$600,000 to UNESCO to alleviate some of the organization's difficulties.

The Chinese people have always advocated the importance of peace and development and have stressed the necessity of launching programmes that have substantial results, particularly in regard to the development of third world countries.

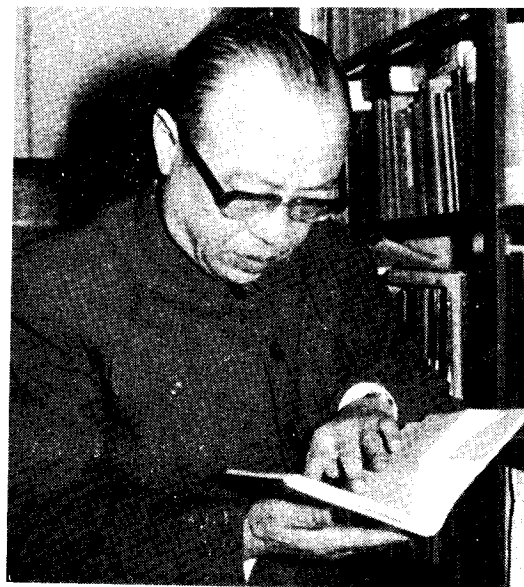
With regard to the next two years, we would like to see the following alterations within the organization:

— Raising the cost-effectiveness of each programme. The present financial difficulties can be seen in a positive light if they eventually provoke a spirit of self-reform. By

marshalling the energy of each UNESCO staff member and each member state, the level of administrative cost-effectiveness can be raised.

— Drawing more support from the peoples of the world. The intellectual community and general public worldwide have been greatly concerned about the withdrawal of certain member states from UNESCO in the past year. But China has faith in the intellectual communities and peoples of these states will continue to support international co-operation in the fields of education, science and culture; it also believes the international community wishes to uphold the universality of each UN organization. Every effort therefore, should be made to bring back those states to UNESCO as soon as possible.

We in China are well aware of our responsibility to turn these hopes into reality.



CHEN ZONGLIE

Zhao Fusan in his study.



XUE TIEJUN

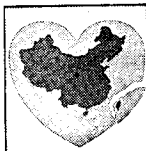
Deng Xiaoping, Deng Yingchao and other Chinese leaders greeting Chinese scholars from home and abroad who attended the "Mainland and Taiwan" Symposium on June 6, 1985, in Beijing.

MAINLAND AND TAIWAN

Formula for China's Reunification

Following the 1984 peaceful resolution of the issue of Hongkong, which was based on the idea of "one country, two systems," the question of Taiwan's reunification with the mainland stood out more glaringly before the Chinese. Taiwan and the mainland have been separated for more than 30 years, during which time people on both sides of the straits have suffered a great deal from their estrangement. This article analyses how this problem might be resolved and how Taiwan and the mainland can realize their peaceful reunification most quickly.

by LI JIAQUAN



The concept of "one country, two systems," as advocated by the Communist Party of China and the Chinese government, was an important means of solving the Hongkong issue in 1984 and has since then been applauded by media and far-sighted people around the world. Many hold hopes for the Taiwan issue being solved through this method. Though China's leaders have often said the issue of Taiwan differs essentially from that of

Hongkong—Hongkong was a question of resuming sovereignty, while Taiwan involves peacefully reunifying the motherland and comes within China's internal affairs—the Taiwan issue can also be settled by the method of "one country, two systems," and on more liberal terms, for among other things, Taiwan would be allowed to keep its armed forces.

People on both sides of the Taiwan Straits have been sequestered from each other since 1949. Currently people from

various social strata and the authorities on both sides are all for the reunification of the motherland. But each sticks to its own view on what principle should be followed and on how to realize reunification. The two also differ on whether the "one country, two systems" idea can be applied to Taiwan. In order to clear up such discrepancies, this article will seek to explain how the concept was formed and why it is a viable solution to the division of Taiwan and the motherland.

How the Idea Evolved

The phrase "one country, two systems" means that after China realizes peaceful reunification,

Taiwan and Hongkong, the two regions to which the idea applies, would maintain their capitalist

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systems while the mainland practises socialism. The two social systems would coexist peacefully for a long time to come, with neither overwhelming the other.

As for the concept's legal guarantee, our Constitution stipulates that special administrative regions may be established when necessary, showing that China has incorporated its policies on Taiwan and Hongkong into its fundamental law. The general principle behind the idea of "one country, two systems" is to ensure the stability and prosperity of these regions while also giving due consideration to the interests of all sectors of society and protecting those of both foreign and overseas Chinese investors.

The development of the concept of "one country, two systems" can be divided into three stages.

The first stage was marked by the Third Plenary Session of the 11th Party Central Committee held in December 1978, and at which participants made the peaceful reunification of the motherland a strategic policy. Since then neither "armed liberation" nor "peaceful liberation" has been recommended with regard to Taiwan. Instead, consultations and negotiations on equal footing are advocated for peaceful reunification.

On New Year's Day 1979, the Standing Committee of the National People's Congress (NPC) sent a message to compatriots in Taiwan, in which it first declared this new policy.

The second stage began with the NPC Standing Committee Chairman Ye Jianying's September 1981 talks with Xinhua. During the interview, Ye elaborated on the specific policies for the peaceful reunification of Taiwan and the mainland. Ye said under the proposed plan Taiwan's current socio-economic system would remain unchanged. He said the plan would guarantee protection for private property, enterprise ownership and foreign investment in Taiwan. During the interview, Ye also described the nature, functions and roles of special administrative regions,

such as Taiwan. (For the text of Ye Jianying's interview with Xinhua see Appendix I, p.24)

The third stage began in October 1984, with the publication in the weekly magazine *Liaowang* (Outlook) of Deng Xiaoping's talks with a group of foreign guests and compatriots from Hongkong and Macao. Deng's discussion (see Appendix II, p.25) illustrated how the Chinese Communist Party's policy on reunification had become more fully developed by

had ever given such a comprehensive, systematic and penetrating analysis of the idea.

The Party developed the concept of "one country, two systems" on the basis of China's history and its contemporary conditions. The concept is also an important component of the theory of building socialism with Chinese characteristics. Currently, the focus of the nation's work has shifted to a modernization drive centred around economic construction. To practise social-



LI SHENGMAN

Premier Zhao Ziyang and British Prime Minister Margaret Thatcher congratulating each other after signing the Sino-British Joint Declaration on Hongkong on December 19, 1984, in Beijing.

this time. Although Deng had earlier referred to this concept on several occasions and had used the phrase, "one country, two systems," this was the first time he

ism in the mainland and simultaneously allow capitalism to exist in Hongkong and Taiwan is beneficial to the entire country's economic construction.

Why Unification Is Possible

Are there any common grounds and conditions for the reunification of Taiwan and the mainland today? Yes, I think so.

Common Grounds. Politically, the Communist Party, the Kuomin-

tang and the people on both sides of the Taiwan Straits all agree there is only one China. The overwhelming majority of the members of the Kuomintang also hope to see a prosperous and

powerful China. The Communists have always spoken highly of the consistent stand taken first by Chiang Kai-shek and now by Chiang Ching-kuo for only one China and their opposition to Taiwan's independence.

Economically, both the mainland and Taiwan now give priority to economic development, and each has achieved economic progress at different levels. The leaders of the Chinese Communist Party have noticed the development of Taiwan's economy and have recognized that the economies on both sides have their strengths and their weaknesses. Taiwan and the mainland need to work together to compensate for the other's deficiencies; the boom of entrepot trade in recent years has proven this. Stepped-up economic exchanges between the two sides will benefit both.

The mainland and Taiwan have historically had close ties, and the two shared a common destiny. Such a bond cannot be artificially severed for good. As the Kuomintang's organ *Zhongyang Daily* (May 31, 1983) said Taiwan and the mainland "are like the branches and roots of a single tree. They are not only inseparable and dependent on one another for life, but they are also a union sharing both honour and disgrace." A report in *Zhongguo Shibao* (China News) published in Taiwan (April 3, 1984) also pointed out the mainland represents the future and hope of and the way out for Taiwan.

In terms of national feelings, more than 98 percent of Taiwan compatriots are mainland rooted and are descendants of the Chinese nation. In addition to speaking a common language, as kith and kin, the people on both sides of the Taiwan Straits have inherited, and continue to pass down, the same culture and the same way of life. The few who are indigenous to Taiwan also have long since become members of China's family.

Conditions for Reunification. Such conditions were indeed unavailable in the past, but now the situation has changed.

International Conditions. Previously, the United States kept interfering in China's internal affairs by openly obstructing the resolution of the Taiwan issue. It signed a joint defence treaty with the Kuomintang government and dispatched its 7th Fleet to the Taiwan Straits. Since the United States and the People's Republic of China established diplomatic relations on January 1, 1979, however, Washington has taken steps to withdraw its troops from Taiwan, abolish the joint defence treaty, and sever its diplomatic relations with the island. The United States now recognizes the government of the People's Republic of China as the sole legal government of China and

would eventually become a burden for the United States, and that the world would not understand why Washington continued to support Taiwan. The assessment has, of late, become increasingly popular. The force of such public opinion should influence the US government to adopt a more sensible policy on Taiwan.

Conditions Acquired on the Mainland. The erroneous "leftist" thought and policies in China's past adversely affected the peaceful settlement of the Taiwan issue. But, since the Third Plenary Session of the 11th Party Central Committee, the Party has fundamentally breached the bonds of such thinking, and has reinstated



TANG MENGZONG

Sociologist Fei Xiaotong (left) chatting with Yang Guoshu, a psychologist from Taiwan.

acknowledges that there is but one China, of which Taiwan is an integral part. However, the contradictions and struggles between China and the United States over the Taiwan issue do persist. They are manifested particularly in the Taiwan Relations Act concocted by the US Congress and on US arms sales to Taipei.

It has become increasingly clear, however, that more and more Americans have realized that preventing China's reunification serves neither the interests of the United States, nor those of the world in general. Anyhow, reunification is inevitable. As early as March 1971, the commander of the US Army stationed in Taiwan then said he believed Taiwan

realistic ideological and political lines. Today, in an effort to rejuvenate the country, China has made opening to the outside world and invigorating its economy its basic state policy. The promotion of the "one country, two systems" concept, in particular, has provided the required conditions for the peaceful reunification of the mainland and Taiwan.

Taiwan's Conditions. For more than three decades the Taiwan people have felt the remorse of their separation from the mainland. Their demand for a peaceful reunification has grown ever stronger. They are dissatisfied with the KMT's insistence on "no contact, no compromise and no

peace talks with the mainland.” Because of the people’s displeasure, however, the Taiwan authorities have relaxed to some extent their control on entrepot trade and exchanges with the mainland. This trend bodes well for the peaceful settlement of the Taiwan issue.

People in Taiwan and on the mainland are yearning for China’s order, reunification, rejuvenation and prosperity. This common desire of theirs is the fundamental condition for its reunification. On September 18, 1985, Zhong Shunan, distributor of the

Taiwan *Zhongguo Baodao* (China Report) wrote in the paper: “Eventually the two sides of the Taiwan Straits will be reunified. I am resolutely opposed to two Chinas, for two Chinas can only mean endless warfare and a hindrance to Chinese efforts to catch up with the advanced countries.” “What an ideal world it would be,” Zhong said, “if we could reject war and rule out any possibility of war in China. This is a practical and feasible ideal.” Zhong’s remarks reflect the desires of many people in Taiwan.

that for Hongkong. However, it is premature to worry about what Taiwan’s arrangement in the distant future will be. I believe, by then, our descendants on both sides of the straits will be wiser than us, and that they will certainly be able to make an arrangement satisfactory to both sides.

Currently, most are probably not overly concerned about what will happen 62 years afterwards, but rather about whether the Communist Party will change its policy within those 62 years. In other words, they worry whether the Communist Party will swallow up or assimilate Taiwan.

History has proved and will continue to prove that the Communist Party is faithful to its promise and means what it says. This character of the Party has been acknowledged repeatedly by many statesmen around the world. In January 1985, former US Secretary of State Henry Kissinger told a Hongkong correspondent

A traditional Chinese painting which was the collaborative effort of artists Zhang Daqian (then in Taiwan), Zhao Shaoang (then in Hongkong), Guan Shanyue (then in Guangzhou), and Prof. Lin Wenjie (a Chinese-American). The painting took three months to complete (from December 1982 to March 1983).

What Are the Guarantees?

Since there are conditions and common grounds for the reunification of China, why is it that the mainland and Taiwan remain separated? One of the reasons is that many people still doubt whether the “two systems” can really persist for a long time after reunification. At a symposium held last August, a professor of a Hongkong university said the mainland’s system would eventually overwhelm Taiwan. “The ‘one country, two systems’ idea put forward by the Communist Party is characterized by contradiction, overwhelmingness and transition,” he said. He alleged contradictions between socialism and capitalism would always exist. Because politically and economically the mainland was overwhelmingly stronger than Taiwan, he said, the mainland’s socialist system would eventually swallow up Taiwan’s capitalist system. The professor’s words are indicative of many people’s concern about this issue.

Such worry, however, is unnecessary.

First, not only socialism and capitalism, but all things in the world are unity of opposites: without contradiction, nothing would exist. Moreover, contradictory entities can, and do, coexist given that the conditions for their coexistence are established. Since socialism and capitalism have inhabited the same planet for so long, why

should they not be able to operate side by side in one country? Furthermore, since the socialist system on the mainland can coexist with Hongkong’s capitalist system why can it not coexist with that of Taiwan?

Speaking of overwhelmingness, the overwhelming political and economic strengths of the mainland over those of Taiwan provide a guarantee of and not an obstruction to the practice of two systems. Within a country, when a certain social system occupies a dominant position, it will often allow another system which is in an inferior position, to exist at a specified area. Their coexistence serves both sides and society as whole. It is also worth noting that through peace talks, Taiwan and the mainland will draw up laws, organizational measures and other stipulations for their common development and for preventing the subjugation of the small by the large.

With regard to the transitional nature, the current system in Hongkong will remain unchanged for 50 years after China resumes its sovereignty in 1997. Thus, including the 12 years before 1997, Hongkong’s system will remain unchanged for 62 years. Whether the system there will be changed 62 years later will depend on the situation at the time. Taiwan’s case is similar. It is my estimation that the time for it to remain capitalist will not be shorter than



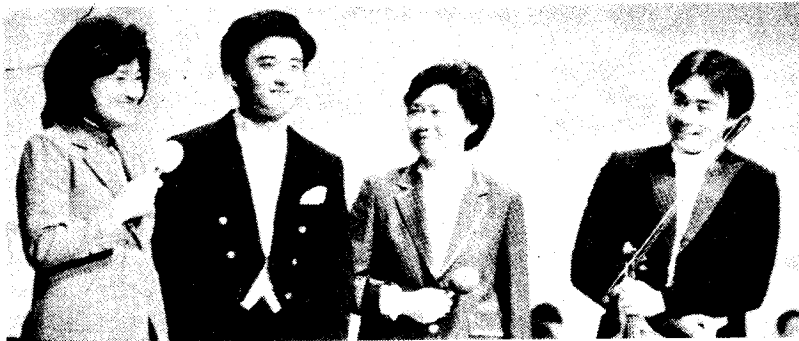
that judging from his experience he thought the People's Republic of China would abide by the Hongkong agreement. He also said he was optimistic about Hongkong's future.

British Foreign Secretary Geoffrey Howe also said in August 1984 that the "one country, two systems" concept was far-sighted and had great potential value for the future of Hongkong. He said the concept would help maintain Hongkong's prosperity and stability before and after 1997.

The Sino-British joint declaration on Hongkong was signed in December 1984. Between 1983 and the first quarter in 1985, the amount of foreign investment in Hongkong increased from HK\$7,800 million to HK\$11,500 million—a sure sign of confidence in China's Hongkong policy.

As to why the Chinese Communist Party will keep its promise of "one country, two systems," I think the following two basic factors must not be ignored. The first of these factors is that China has shifted the focus of its work to socialist economic construction and is going all out to develop its productive forces. It will work for decades to realize the four modernizations, because they are consonant with the fundamental interests of the Chinese people. A review of this history from the Third Plenary Session of the 11th Party Central Committee in 1978 to the National Party Conference in September 1985 clearly shows the continuity and stability of this established line of the Chinese Communist Party, a line that will not be changed wilfully. Similarly implementing the "one country, two systems" method for reunifying the motherland is an important condition for accomplishing the Party's goals and is, therefore, not to be changed at random. It is highly unlikely that the Chinese Communist Party will abandon the goal it has set for itself and has worked untiringly for its realization.

Second, the promise is guaranteed by the Constitution of the People's Republic of China.



QIAN SIJIE

Musicians Li Jian (second left, from Shanghai) and Lin Zhaoliang (first right, from Taiwan) with their mothers on the stage greeting the audience after the two gave a joint performance in Tokyo on December 24, 1983.

Article 31 of the Constitution stipulates, "The state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the National People's Congress in the light of the specific conditions." The stipulation is an important one based on China's contemporary history, its current situation and the "one country, two systems" concept. Setting this stipulation against the four cardinal principles (adherence to the socialist road, to the people's democratic dictatorship, to the leadership of the Communist Party and to Marxism-Leninism and Mao Zedong Thought) as laid down in the Constitution, some people conclude that the "one country, two systems" method is impracticable. Their conclusion is, however, based on a misunderstanding. Adherence to the socialist system involves the country as a whole, while allowing the special administrative regions to continue the practice of capitalism refers to those few

special administrative regions. The two are not at cross purposes. The NPC will also enact a law in accordance with the Constitution and draw up a number of special policies and rules for these regions. The "basic law" will be an integral part of the Constitution.

Because the legal system was thrown overboard during the "cultural revolution," many people therefore doubt the reliability of China's Constitution and laws. What they don't realize is that the Communist Party, the Chinese government and the Chinese people have learnt profound historical lessons from the baneful "cultural revolution." Among those lessons was that a great deal of importance should be attached to perfecting China's legal system. China is now trying to strengthen its democracy and the legal system and has, as a result of these efforts, achieved indisputable progress. People may rest assured that the defiance of law and order that characterized much of the "cultural revolution" will never resurface in China.

How to Achieve Reunification

In February 1984, in a meeting with a US delegation, Deng Xiaoping said there were only two ways to reunify China: peaceful and non-peaceful. To reunify China through peaceful means, he said, would conform to public

feelings, help maintain stability, and would hurt neither side. This, Deng said, is the most ideal way to solve the problem.

But, how can China reunite peacefully? There are a number of

proposed methods, which boil down to four categories:

"The Taiwan pattern." People with this view consider Taiwan's political, social and economic systems to be better than those on the mainland. They propose, therefore, that Taiwan's current systems be extended to the mainland. This is termed as "reunifying China with the Three People's Principles" (nationalism, democracy and the people's livelihood) advocated by the Kuomintang in Taiwan. The solution is an impractical one. In an article critical of a speech given by Yu Guohua, chairman of the "Executive Yuan," the Taiwan *Xinhua* weekly (July 29, 1985) underscored the plan's inappropriateness. "The KMT keeps talking about reunifying China through the Three People's Principles," the article said. "But the Three People's Principles have not even been completely enforced in Taiwan. The KMT brags about the Three People's Principles being the most powerful weapon for reunifying China. Such shameful remarks are really inappropriate." Everybody knows that the 22-year rule by the KMT on the mainland under the signboard of the Three People's Principles ended up imperiling the nation, withering its strength and plunging the people into dire poverty. In the end, the KMT retreated to Taiwan.

"The federal state pattern." It has also been suggested that the mainland, Taiwan and Hongkong form a "federal republic of China," a "united states of China," or other similar systems. These propositions all entail creating a loosely organized "federal parliament" or other symbolic federal organizations, under which there will be no central government and each of the three governments will possess its own independent diplomatic powers. Others have suggested China adopt a format similar to the "German pattern." All those suggestions, which are tantamount to creating "two Chinas," or even "three Chinas," are unacceptable to people on both sides of the Taiwan Straits.

Advocates of the so-called "Singapore pattern" hold that "one China" means an identity attached only to a nationality and a culture, and that all Chinese do not necessarily live under one political roof. They argue that although today's Taiwanese, in terms of nationality and culture, are Chinese, they are actually of a different political identity and should be regarded as such, just as are the Chinese who now reside in Singapore. They propose changing the KMT's current power structure by turning it into another Singapore. If this could be achieved, they maintain, the KMT would discard the name "Republic of China," and "two Chinas" would thereby automatically become one. This is, however, a refurbished version of an "independent Taiwan"; it is a pattern of division and not of reunification. Furthermore, unlike Singapore, Taiwan is an inseparable part of China. Taiwan and Singapore should not be mentioned in the same breath.

We are for the pattern of Taiwan becoming a "special administrative region" under "one country, two systems." Among the various patterns mentioned above, this is the only reasonable and practical one that allows the two sides to cultivate their common ground while reserving their differences. This pattern conforms to the principle of one China. While safeguarding the unity of China and fulfilling the wishes of the whole nation, the pattern also takes into account both sides' history and contemporary situations, and thus conforms with the reality and tradition of China as a whole.

Since the Qin (221-206 BC) and Han (206 BC-220 AD) dynasties, China's rulers have attached importance to having one unitary state system. The KMT, too, has hitherto stood for a single state system rather than a federal system. This one-state system also conforms with the reality of China's status in the world today. Most countries have established formal diplomatic relations with China and have acknowledged the government of the People's

Republic of China as the sole legal government of China, and Taiwan as a part of China. This established fact can never be reversed.

Furthermore, achieving China's peaceful reunification through setting up a special administrative region under "one country, two systems" has the following advantages.

It Will Relieve the People of the Agony Caused by Separation. Including the 50 years of occupation by Japan and the period since Taiwan has been under KMT rule, the Taiwan compatriots have been cut off from the mainland for more than 80 years. Around 1949 about 2 million KMT military and administrative personnel went to Taiwan. Their descendants now total several million, and their relatives living on the mainland are counted by the millions. There are also about 28,000 Taiwan natives now living on the mainland. None of them can return home to reunite with their kith and kin. All these have caused great misfortune and trauma to the Taiwan compatriots and their relatives on the mainland. In addition, the division of the motherland has also wrought not only inconveniences for, but also suffering on the Chinese residing abroad. China's reunification under the pattern of "one country, two systems" will bring an early end to this unfortunate situation.

It Is Conducive to Taiwan's Stability and Prosperity. At present, although Taiwan's economy continues to grow, a number of possible investors have been deterred by the uncertainty of the island's political future and the public anxiety. Many high-ranking government officials and business people in Taiwan have acquired "green cards" or other identification for overseas residence. And there is a substantial drain of capital from Taiwan to foreign lands. All this is detrimental to Taiwan's economic development. As some of Taiwan's economists have recently pointed out, the current recession in Taiwan is not a purely

economic problem, but a political one. When the "one country, two systems" pattern is realized, the public will become assured of the future of Taiwan, which will get a better opportunity for quicker economic development. The mainland's modernization drive, too, will benefit by this pattern.

It Is Conducive to Rejuvenating the Chinese Nation. With a long history and a brilliant culture, China once made outstanding contributions to world civilization and human development. Because of continuous foreign aggression

and internal strifes, its national strength fizzled out in the century since the Opium War. Although the situation has taken a turn for the better over the past 30-plus years, the country is not yet powerful and prosperous. To rejuvenate China, we must unite all the Chinese people to build the country with concerted efforts. Each side has its strengths, its advantages. After the realization of "one country, two systems," the two sides will be able to complement, support and promote each other's development and work together to rejuvenate

the Chinese nation.

It Is Conducive to Asia-Pacific Economic Development and to World Peace. Implementation of the "one country, two systems" concept and the peaceful reunification of China will eliminate one of Southeast Asia's potentially destabilizing factors and remove a major barrier to improved Sino-US relations. This will be of great importance to the further development of the Asia-Pacific economy, to improved Sino-US relations and to peace in Southeast Asia and the rest of the world.

Appendix I

Ye Jianying On Policy for Peaceful Reunification

(September 30, 1981)



(1) In order to bring an end to the unfortunate separation of the Chinese nation as early as possible, we propose that talks be held between the Communist Party of China and the Kuomintang of China on a reciprocal basis so that the two parties will co-operate for the third time to accomplish the great cause of national reunification. The two sides may first send people to meet for an exhaustive exchange of views.

(2) It is the urgent desire of the people of all nationalities on both sides of the straits to communicate with each other, reunite with their families and relatives, develop trade and increase mutual understanding. We propose that the two sides make arrangements to facilitate the exchange of mails, trade, air and shipping services, family reunions and visits by relatives and tourists as well as academic, cultural and sports exchanges, and reach an agreement thereupon.

(3) After the country is reunified, Taiwan can enjoy a high

degree of autonomy as a special administrative region and it can retain its armed forces. The Central Government will not interfere with local affairs on Taiwan.

(4) Taiwan's current socio-economic system will remain unchanged, so will its way of life and its economic and cultural relations with foreign countries. There will be no encroachment on the proprietary rights and lawful right of inheritance over private property, houses, land and enterprises, or on foreign investments.

(5) People in authority and representative personages of various circles in Taiwan may take up posts of leadership in national political bodies and participate in running the state.

(6) When Taiwan's local finance is in difficulty, the Central Government may subsidize it as is fit for the circumstances.

(7) For people of all nationalities and public figures of various circles in Taiwan who wish to come and settle on the mainland, it is guaranteed that proper arrangements will be made

for them, that there will be no discrimination against them, and that they will have the freedom of entry and exit.

(8) Industrialists and businessmen in Taiwan are welcome to invest and engage in various economic undertakings on the mainland, and their legal rights, interests and profits are guaranteed.

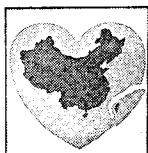
(9) The reunification of the motherland is the responsibility of all Chinese. We sincerely welcome people of all nationalities, public figures of all circles and all mass organizations in Taiwan to make proposals and suggestions regarding affairs of state through various channels and in various ways.

Taiwan's return to the embrace of the motherland and the accomplishment of the great cause of national reunification is a great and glorious mission history has bequeathed on our generation. China's reunification and prosperity is in the vital interest of the Chinese people of all nationalities — not only those on the mainland, but those in Taiwan as well. It is also in the interest of peace in the Far East and the world.

Appendix II

Deng Xiaoping On "One Country, Two Systems"

Deng Xiaoping, Chairman of the Central Advisory Commission and Member of the Standing Committee of the Political Bureau of the CPC Central Committee, expounded the concept of "one country, two systems" in his talks with a group of foreign guests and compatriots from Hongkong and Macao in 1984. The following is a slightly abridged translation of his talks.



The reunification of China is a national desire, and if it is not realized in one hundred years it will be in one thousand years. This goal, in my opinion, can only be reached by using the "one country, two systems" concept. The idea is not formed today. It had been in the making for several years and took shape after the Third Plenary Session of the Party's 11th Central Committee (in 1978).

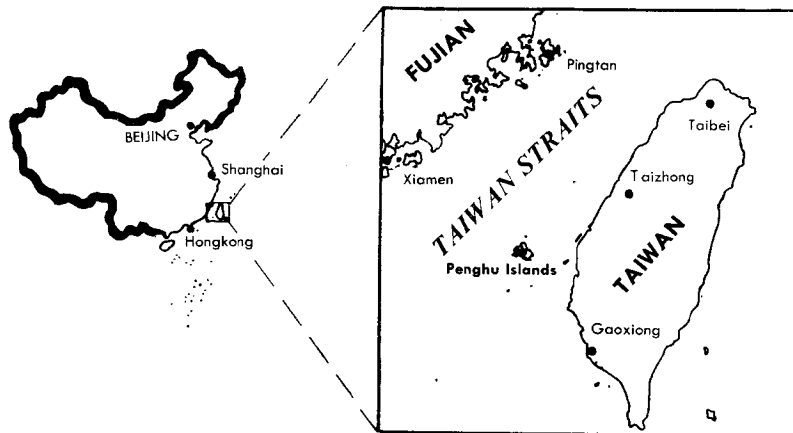
Based on China's Realities. The idea of "one country, two systems" was first put forward with the view of settling the Taiwan and Hongkong issues. There are two ways to settle the issues: peaceful and non-peaceful. The non-peaceful way, or the way to settle the issues by force, was deemed inappropriate. How could these issues be settled peacefully? It requires taking into full consideration the history and present conditions of Hongkong and Taiwan. Chairman Mao's line of seeking truth from facts was re-established in the Third Plenary Session of the Party's 11th Central Committee. All work should be based on reality. So, it is indispensable for us to respect the history and reality of Hongkong and Taiwan when we consider the question. Our proposal for reunifying the mainland and Taiwan is reasonable. After the reunification is realized, Taiwan can still practise capitalism while the mainland maintains socialism. Both of them are part of a united China. This is what we mean by "one country, two systems" which also applies to Hongkong.

The concept, which has been

advanced in accordance with our conditions, has drawn international attention. China's present socialist system cannot be changed and will remain in the future. But, if the capitalist system in Hongkong and Taiwan is not guaranteed, stability and prosperity there cannot be maintained and peaceful settlement will become impossible. So, on the Hongkong question, China must first of all guarantee that the present capitalist system and lifestyle will remain unchanged for 50 years after 1997.

unchanged in realizing the "one country, two systems" concept in Hongkong. The social system and lifestyle, and its position as an international financial centre and free port will be kept. China's plan for Taiwan is the same. Our actions will follow our words, and we will never play tricks. Not only before 1997, but for 50 years afterwards, conditions in Hongkong will not change. Fifty years of capitalism there will not affect the socialist system on the mainland.

The policy of "one country, two



Fifty Years Unchanged. The "one country, two systems" concept will first be put into practice in Hongkong. After China resumes the exercise of its sovereignty in 1997, Hongkong will remain capitalist for 50 years. When meeting with some friends from Hongkong, I told them, "Fifteen years is too short. Let it be 50 years." This is quite a long time, and has been advanced in connection with the fact that China needs 50 to 60 years to completely modernize.

Several things will remain

systems" is not my personal idea, but a principle and law adopted by the National People's Congress. Therefore it will not change. The key is whether this policy is correct or incorrect. If it is correct, nobody can change it. Otherwise, it should be changed. The flexible domestic policies of opening to the outside world and enlivening economic activities that China has followed since the Third Plenary Session have proved successful in the countryside. Who can alter these policies now? The living standard of about 80 percent of

A New Cadre System Proposed

“ZHONGGUO LAO NIAN”

(China Elderly)

Some people have suggested introducing a two-track system for the country's offices and cadres. State employees, or people who work in state organs and receive salaries and pensions from the state are supposed to be long to the first category. These organs include the Party, government and army institutions, as well as economic, cultural and social organizations directly administered by the state. Under this plan, however, the number of such offices should be limited and their structure streamlined.

The other cadre section would be the personnel employed in non-state organs. These units would be eventually required to provide their own funds and assume sole responsibility for their earnings. At the same time, these units

would have the power to decide their own wage scales and retirement plans (including age limits and offerings). While ensuring that these units implement the state general principles concerning labour and wages, the state would, under the new plan, allow them more flexibility.

As many state organs as possible that fulfil the requirements should be encouraged to adopt non-state status. The state will provide favourable loans and subsidies to aid the transformation.

Under this system, cadres employed in state and non-state organs will enjoy different treatment. For example, state employees may have more stable jobs, enjoy more subsidies and better benefits. Because the wages for non-state personnel may vary greatly, they should be allowed big pay increases when warranted,

provided this is in accordance with state laws. The state cadres, with the exception of a few leading cadres appointed by higher authorities, should be tested before they are hired. There should also be strict rules for their appointment and dismissal. A more flexible system should be adopted for hiring and firing non-state employees as well. Even those leading cadres should also not be exempt from dismissal. If no units are willing to hire the dismissed or fired cadres, unemployment payments would be provided them for a period of time. As to non-state cadres, there should be an even more flexible policy for appointment and dismissal. What such a policy entails is the gradual destruction of the “iron rice bowl.”

In addition, state cadres should be allowed to take up other jobs in their spare time, especially those who have stepped down from active service. The advantages of this practice surpasses its disad-

the Chinese people would decrease if these policies were changed, and in that case, 80 percent of the Party's popularity among the people would be lost.

Socialism Is Dominant. The main system in China must be socialism, which has already achieved success. The socialist system practised by 1 billion people on the mainland will not be changed, but a capitalist system will be allowed to exist in certain regions, such as Hongkong and Taiwan.

It is a supplement to the development of socialism that China pursues an open policy and allows some methods of capitalism to be introduced. It will benefit the expansion of the forces of production. For example, when Shanghai makes use of foreign capital, this does not mean the

entire city is practising capitalism. The same is true of Shenzhen, a special economic zone which still practises socialism. So Shenzhen is different from Hongkong. Shenzhen is not a model for Hongkong in the future, nor is Hongkong a model for Shenzhen today. In China, socialism is dominant.

A Way of Settling International Issues. We must always decide whether we are going to solve an international issue in a peaceful or a non-peaceful way. We must find a way to break deadlock. When we worked out the idea, we also took into consideration what methods should be used to resolve international disputes. So many issues all over the globe are tied up in knots which are very difficult to undo. It is possible, I think, that some of them might be untied through this method. Otherwise, disputes will remain unsettled,

with the two sides pitted against each other. If both refuse to budge, in the long run hostilities will break out, and even armed conflicts may break out, and war may be used to resolve them. So, if stability is desired, instead of fighting, the only way to settle problems is by the method we have advanced. Using this method we can justify ourselves to the people, stabilize the situation, and neither side is hurt. History is not without such precedents.

A number of problems cannot be settled in the old way. New ways must be worked out. New problems must be resolved by new methods. To stabilize the world situation we must have fresh ideas. I have said repeatedly that the Chinese are as concerned about international peace and stability as the rest of the world. China needs at least 20 years of peace to concentrate its attention on economic construction.

vantages. Cadres could also be encouraged to shift from state to non-state status.

Some people fear that these cadres may abuse their power for personal gains. The fear is justified, and such abuse should be

prevented. Anybody who seeks personal gain from his rank should be prosecuted. Despite such potential problems, however, the two-track cadre system is worth experimenting with, for it is never prudent to "forego eating out of fear of chokeup."

and a projectionist after he graduated from a middle school. Sun spent much time teaching himself science. When he mastered radio, tape recorder and television repair, his neighbours dubbed him a "rural electronics expert."

Sun decided to set up his own electronics school so that he can train more people in the field of electronics. In 1980 he wrote a 140,000-word textbook in five months and collected about 6,000 yuan for his school. With that money and the support of the local government, Sun rented 20 classrooms and bedrooms, and bought a number of teaching aids. Since opening later that year, the school has been growing rapidly. At present, it has 92 classrooms and dormitories, six classes with more than 400 students and 42 teachers and administrators. Sun has even opened two branch schools in Jilin and Gansu provinces. The two have a combined annual enrolment of more than 350 students.

To guarantee quality at his school, Sun Keyuan and his teachers worked out a rigid curriculum. Each year he recruits recently-graduated students who show promise for the teaching staff. He also holds regular discussions with the teachers, invites experts to lectures, and sends teachers for refresher courses in institutes of higher learning. Moreover, the school has bought more than 300 pieces of teaching equipment, including a transistor testing machine, a camera and an overhead projector.

Of Sun's graduates, more than 300 have established their own schools in their hometowns; more than 2,000 have set up repair shops; about 400 are working at town and state-run enterprises; and 50 are teaching at vocational schools. The government of the county where Sun lives recently awarded him the title "Model Teacher."

Small Coal Mines Need Attention

"JINGJI RIBAO"

(Economic Daily)

In the last few years, a large number of small coal mines have been established by townships, villages and individuals in all of China's mining areas. Although these mines have helped alleviate the country's coal shortage, they have also sparked new problems that merit attention.

First, the small mines should be subject to strict control, and a demanding set of requirements for their establishment should also be implemented. Most small mines are opened by farmers working together on a voluntary basis. Some have had neither design blueprints nor adequate technical staffing, or managers. As a result, there have been a number of mining accidents that have threatened many lives. The inadequacies of these mines have also endangered state-run coal mines.

It is for these reasons that small mines should be investigated and either brought up to standard

through merger or closed down.

Second, small coal pits should be permitted only in designated areas in order to avoid damaging the natural resources. Over the past few years, people have been in keen competition to open mines and have disregard damage to the nation's coal resources for the sake of profits. In so doing they have wasted much of the nation's coal. For instance, more than 10 small coal mines were set up in an area no bigger than 5 square kilometres. To curb such blind exploitation, departments concerned should designate special areas for small coal mines, so as to ensure rational mining.

Third, while speeding up the development of state-run coal mines support should also be given to the small mines. This is in line with the state policy of "walking on two legs." In addition to cracking down on their abuses, the departments concerned should give energetic support to small mines in terms of technology and administration and should also sponsor various training courses for the managers, section chiefs and technicians of small mines.

A Rural Electronics School Opens

"JINGJI RIBAO"

(Economic Daily)

Over the last five years, more than 3,000 electronics students from all parts of the country

have graduated from a vocational school established by Sun Keyuan, a farmer in Zouping County, Shandong Province.

Sun Keyuan, 38, who has been interested in radio technology ever since childhood, became a teacher

Foreign Trade Logs Record Year

China's import and export trade volume reached US\$59.21 billion in 1985, 19 percent more than the previous year, and 56.6 percent more than in 1980, said Huang Wenjun, a spokesman for the Ministry of Foreign Economic Relations and Trade, at a Beijing news briefing in January.

Huang said during the Sixth Five-Year Plan period (1981-85), the total volume of China's import and export trade was US\$229.37 billion, a 100 percent increase over the US\$114.7 billion logged during the Fifth Five-Year Plan period (1976-80). Of the 1981-85 volume, the import trade accounted for US\$114.35 billion, or 95 percent more than the US\$58.6 billion of the Fifth Five-Year Plan period, an average annual increase of 11.3 percent. Total export volume between 1981 and 1985 was US\$115.22 billion, 105.2 percent more than the US\$56.1 billion of the Fifth Five-Year Plan period, and an average increase of 7.1 percent a year. The trade surplus from 1981 to 1985 came to US\$870 million, showing that there was a basic balance between import and export trade.

Huang said the growth of export trade has become the focal point of China's foreign trade in recent years. During the first half of the 1980s, though the world was in the throes of a recession, China's export trade, instead of

experiencing a decline, recorded a sustained and steady growth (see Table I). During that same period, textiles (including silk), grain and cotton became increasingly important among China's export commodities.

From 1981 to 1985, because the Ministry of Foreign Economic Relations and Trade carried out import trade in a planned way, rapid progress was made in this field (see Table I). The product

Table I

China's Import and Export Trade in 1985

Unit: US\$100 million

	Total	Import	Export
1985	592.1	334.1	258
Percentage increase over 1984	19	31.8	5.7
Percentage increase over 1980	56.6	70.9	41.2

mix also changed significantly. The long-standing import of large quantities of agricultural and sideline products, such as grain, cotton, fats and oil crops, was replaced by the import of such raw

and semi-finished materials as chemicals, steel products and timber, and technology and equipment which are indispensable to China's industrial and agricultural production.

During the 1981-85 period, the imported raw materials that showed larger growth than during the Fifth Five-Year Plan period were as follows: Steel products rose by 48.6 percent; chemicals, 150 percent; timber, 640 percent; and chemical fertilizer, 82.4 percent. During the same period, the amount of foreign exchange used for the import of new technology and complete sets of equipment increased by 60 percent compared with the Fifth Five-Year Plan period. These imports were for dozens of industries, including machinery, electronics, chemical and light industries, petroleum, coal, building materials, metallurgy, motor vehicles, hydro-electricity, textiles, railway and communications. Between 1981-85, the import of sugar, Western medicine, tropical and subtropical medicine, household electrical appliances and other consumer goods also somewhat increased.

Actively developing its foreign trade on the basis of equality and mutual benefit is a long-term policy of the Chinese government. According to this policy, China has forged trade relations with 170 countries and regions. In 1985, the volume of China's foreign trade with its main trading partners increased to some extent compared with that of the year before (see Table II).

Table II

China's Foreign Trade With Main Trading Partners in 1985

Unit: US\$100 million

Country or region	Japan	Hongkong	EEC	US	West Germany	Soviet Union	Britain	Italy	France
Total trade volume in 1985	165.7	96	69	64.2	28.4	19	14.3	8.3	7.9
Percentage increase over 1984	30.2	7.2	24.5	7.6	27.9	61	20.1	25	36.2

In reference to China's yawning trade deficit of US\$7.61 billion in 1985, Huang said the additional import in 1985 of vital equipment and materials needed for economic construction aggravated the growing trade deficit. Some units, he said, also mistakenly imported colour TV and refrigerator production lines and expensive consumer goods such as cars and colour televisions. In view of this situation, measures have been taken by the Chinese authorities to curb the improper import of such consumer goods.

Huang said he believed China will begin to right its unfavourable balance of trade in 1986.

— Yue Haitao

CITIC to Buy Ka Wah Bank

The China International Trust and Investment Corp. (CITIC) will buy more than 90 percent of the shares of the Ka Wah Bank of Hongkong, said a CITIC official recently.

Lei Ping, general manager of CITIC's banking department, said the transaction will entail an investment of HK\$350 million.

With total assets of HK\$300 million, invested mainly by overseas Chinese, the Ka Wah Bank which registered in Hongkong has clients in the region and throughout Southeast Asia. Ka Wah Bank has for some time faced financial difficulties.

Rong Yiren, chairman of the board of CITIC, is vice-chairman of the Standing Committee of the National People's Congress. Approved by the People's Bank of China, his corporation can handle financial business. CITIC representatives said the purchase of the Ka Wah Bank is an important move to expand the bank's business, and hoped that it would contribute to Hongkong's financial stability.

— Yue Haitao

Chaotic Tungsten Exports Changed

In 1985, the volume of China's tungsten concentrate exports rose by 25 percent over the previous year, reinstating China as the "kingdom of tungsten."

China's total tungsten reserves, the output and export volume of its tungsten concentrate all rank first in the world. China's tungsten concentrate exports accounted for 40 percent of the world's total. The production level and the amount of tungsten supplied by China are vital to a balance between supply and demand on the international tungsten market. During the chaotic decade (1966-76), the slump in China's tungsten concentrate exports entailed a sharp rise in the international market price of tungsten. Since China implemented the policy of opening to the outside investors in 1979, some Chinese department officials, disregarding the interests of the overall situation, exported massive amounts of tungsten, causing the plummeting of the mineral's price on the international market.

Two measures have been taken by the Chinese authorities to stem such practices.

First, the product mix of China's tungsten export has been changed, and strenuous efforts have been made to develop refined processing of tungsten products. The varieties of both processed primary tungsten products and finished tungsten products have grown markedly. In 1985 the export volume of tungsten carbide powder rose by 400 percent over that of 1981.

Second, trans-departmental and trans-regional organizations have been set up to co-ordinate the export of tungsten and its manufactured products. The China Tungsten Association, for example, was established in early

January in Nanchang, capital of Jiangxi Province.

Coal Exports On the Rise

China exported an all-time high of 7.567 million tons of coal in 1985, 860,000 tons more than the planned targets.

Shanxi Province, China's largest coal producer, exported 3.4 million tons of coal last year. Hebei Province followed with 1.06 million tons of coal.

Last year, Japan was the largest importer of coal from China, followed by the Democratic People's Republic of Korea.

According to the coal ministry's plan, total coal output by the end of 1990 is expected to reach 1 billion tons. The export volume is also expected to increase significantly by then.

News in Brief

- China will, for the first time, participate in the 20th International Tourism Fair scheduled for March in West Berlin.

The fair's sponsors will provide China with a floor space of 120 square metres. The China International Travel Service, the Youth Travel Service, the White Swan Hotel and the China Hotel in Guangzhou have signed up for the fair.

- In January, the China Swan International Travel Co. began receiving tourists from abroad.

This company is the first travel service in China to concentrate on arranging specialized boat and car tours for foreign tourists. China Swan International has been invested with the power to establish contact and sign contracts with other countries, and to open offices abroad. It has established business and agent relations with travel services in North America, Europe, Japan, Australia, Hongkong and Macao.

Greeting New Year in Varied Fashion

China's most popular holiday, Spring Festival, or the first day of the lunar New Year, falls on February 9 this year. In order to celebrate the occasion, people all

generations. Today during lunar New Year, people set off fire-crackers, don their holiday best, paste red New Year couplets inscribed with good wishes on

dinner (northerners have *jiaozi*), fire-crackers, decorating their rooms with lanterns and coloured ribbons, and playing games until midnight, or sometimes until daybreak.



Hebei farmers celebrating in dragon dance.

WANG DONGHAI

over the country have a three-day vacation, during which families get together to celebrate this most festive time of the year.

As legend has it ancient China was haunted by monsters, called *nian* (or year), who would devour human beings on the night of the 30th day of the 12th month. Though they were mighty, all *nian* feared the colour red, loud noises and fire. Therefore, on the night of the *nian*'s prowl, people would tuck themselves safely away in their homes with their families and try to feed the *nian*'s with pieces of meat somewhere away from their houses. When the monsters finally appeared, people dressed in red, would light fire-crackers and torches trying to frighten off the monsters. Once the *nian* fled, the people would congregate and congratulate one another for having escaped disaster. This tradition has been observed for

door panels, and visit relatives and friends.

Though always joyous, Spring Festival is celebrated in diverse ways by China's different nationalities.

— Hans.

For the Hans, who constitute the majority of China's population, the Spring Festival celebration begins on the eighty day of the 12th month, when people eat *la ba zhou*, or rice porridge with small red beans, dates, peanuts, chestnuts, glutinous rice and millet which symbolizes a good harvest for the coming year.

During the last week of the year, most families spend time cleaning their homes, shopping for gifts and goodies, making new clothes and preparing their New Year couplets.

On New Year's Eve, most families celebrate with a good

On New Year's Day, the Hans put on their holiday outfits, visit family elderlies, friends and relatives, and exchange greetings and good wishes. Such visits are known as *bai nian*, or New Year's calls, lasting from New Year's Day to the middle of the first lunar month. During the day many go to New Year's fairs, where they buy delicacies, necessities or toys.

For the Hans, the 15th of the first month is the Lantern Festival, during which people dine on *yuan xiao* (round sweet dumplings made of glutinous rice flour stuffed with dried fruits or nuts), and light lanterns in the shape of flowers, birds, fish or rabbits. The *yuan xiao* and the Lantern Festival signal another upsurge of the New Year celebration and after that the Spring Festival mood ends until next year.

— Mongols.

In ancient times, Spring Festival was known as the White Festival among the Mongols, for whom the colour white represents good fortune and prosperity.

Before the festival, Mongolian women would set to work sewing new dresses for the old and young and preparing mutton delicacies and wine, while the men would get things in order for the holiday's horse-racing.

On the eve of the New Year, a Mongolian family's dinner starts at midnight in their yurt, a sturdy, round tent-like structure. The meal is an elaborate one. After everyone is encouraged to eat and drink to their hearts' content, there are still much left, which symbolizes that they will have

more to eat and drink in the coming year. The eating is often interrupted by toasts from the younger generation to their parents and grandparents. Following the main meal, families often sit by the fireside until dawn, playing chess with pieces made from goat bone, and listening to stories.

Early the next morning, men and women dressed in brightly coloured gowns mount their horses to visit relatives and friends. During the visiting rounds, if there is a son-in-law present at the host's family, he must toast the guests, who are then required to empty their cups. The series of toasts is then followed by singing and dancing.

— Tibetans.

Tibetans have their own New Year's Day which does not follow the same day as Spring Festival. On the day before the Tibetan New Year's Eve, families toss a bucket of dirty water to the west just before sunset. The act symbolizes that those elements that may be harmful to the health will be cast off with the setting sun, and that the New Year will bring health to all new borns, plants and animals.

On New Year's Eve, cakes, cream crackers and meat are the food of celebration. Early the next morning, Tibetan women go to the rivers or wells to fetch "new water," symbolizing auspicious beginnings and longevity for their family.

Back at the homes large colourful oval plates sit on the centre table and are filled with wheat, sugar, roasted barley, decorated with paper flowers in the shape of wheat-ears. Family members toast each other with barley wine and present *hadas* to the elderly, (a *hada* is a long piece of white silk used as a greeting gift.) During the Spring Festival, *hadas* are also exchanged between relatives, friends and neighbours. Guests are entertained with barley wine, butter tea and cakes. During

the holiday, young Tibetans participate in horse races or shooting contests. After the contests, people often gather by a bonfire while they sing and talk until midnight.

— Miaos.

The Miaos spend their Spring Festival in different ways according to where they live. In Yunnan, during the first week of the month elder Miaos hold a ceremony in which they offer the young their blessings and good wishes for the coming year. During this ceremony, a pole decorated with flowers and colourful streamers is set on a wide path. Miaos come from all over to see the pole, and to receive the blessings of the local elderly. The young people also sing folk songs, play reed pipes, and do the lions' dance during the ceremony, which is normally a jubilant one.

In Guangdong Province bull-fighting is the main activity for Miaos during Spring Festival. Thousands of spectators gather on hills to watch the bull fights, after which the Miaos celebrate with rice wine and dancing.

It is also common for unmarried Miaos to look for partners during the festival. A ceremony to aid their search begin with a group of young men who go to girls' villages where they indicate their availability by singing and blowing leaves. The men are soon

joined by beautifully attired unmarried girls who also sing. The boys and girls then proceed to select possible spouses.

— Bais.

For Bais, who live in Yunnan Province, a family get-together lasts all night on New Year's eve. After midnight, young men and women compete with each other to see who can carry the most water—a symbol of diligence and happiness. Early New Year's morning, breakfast for the Bais is always sweet rice soup, which is served in anticipation of a "sweet" new year.

Among the Bais' favourite activities are the dragon lantern dance and the lions' dance. The most thrilling of the Bais New Year's events is when their set off an enormous fire-cracker made from a hollow bamboo pole stuffed with gunpowder. When lit, the fire-cracker shoots some 100 metres into the sky. This tradition dates back more than 1,000 years.

— Dongs.

On New Year's day the Dongs in Guizhou and Hunan provinces and Guangxi Zhuang Autonomous Region have large bands and song and dance troupes that tour their villages paying New Year calls. All the entrance to Dong villages women line up to welcome the orchestra. Band members also ask the women questions in song. They are supposed to sing their response.

A farmer's family in Huangtugang, outside Beijing, making "jiao zi" for the Spring Festival.



Sports in China Has Ancient History



"The Equestrian," a stone relief from the Eastern Han Dynasty (25-220), unearthed in Yinan, Shandong Province.

Many of China's ancient fairy tales contain accounts of the nation's forefathers honing their athletic skills.

Attesting to the validity of the tales are, among other things, the large number of stone "balls" unearthed in Shanxi Province's Yanggao County, which were used in hunting by men in the paleolithic age, about 100,000 years ago. Movements such as those involved in throwing the ball at the prey are considered by many to be man's earliest sports forms.

A further indication of early athletics was a clay bowl, unearthed in Datong County of Qinghai Province and dating back between 4,000 and 10,000 years, which was decorated on the inside with three groups of dancing figures. A 3,000-year-old cliff carving in Yunnan Province bore similar evidence of the athletic abilities of early Chinese with its images of men dancing, running and constructing acrobatic pyramids. In the latter part of China's primitive society, sports gradually become distinguished from labour and were eventually integrated with recreation and health activities.

Ancient records showing a game called *jirang* (hitting the soil) was popular some 4,000 or 5,000 years ago. The game involved trying to toss a ball between 20

and 30 steps away. The one who came closest to the designated site won. *Jirang* was probably the earliest competitive sport.

Cuju (ball-kicking), another ancient sport, was similar to today's football, and has a history of at least 2,500 years. During the Western Han Dynasty (206 BC-24 AD), according to a book from that period entitled *Twenty-Five Articles on Cuju*, kicking a ball towards a goal was played competitively and was judged by referees. In the Tang Dynasty (618-907), the game changed. Contestants were no longer in direct contact with one another but separated by a high net with a 0.3-metre-wide goal on the net. Like in football, the team with the most goals won. A *cuju* ball was composed of eight pieces of smooth hide with an inflated animal bladder inside. The ball could be kicked about several metres high.

During the Northern Song Dynasty (960-1127), new routines were added to kicking games. The ball-kickers could touch the ball with any part of their body except their hands and often kicked the ball 100 times without letting it fall to the ground.

During the Yuan (1271-1368) and Ming (1368-1644) dynasties, women also played the ball-kicking game. The game gradually died out during the mid-Qing Dynasty (1644-1911).

"Weiqi"

Weiqi, also known as *go* in Japan, is said to date back about 2,000 years before Christ. It is one of the oldest form of chess in the world. In the Eastern Han Dynasty (25-220), *weiqi* players were divided into higher, middle and lower grades. Later in the Southern and Northern Dynasties (420-589), nine levels of players evolved. During the Ming Dy-

nasty (1368-1644), *weiqi* became one of society's more fashionable games, and reached its full development in the Qing Dynasty (1644-1911). Several dozen *weiqi* manuals written by famous players have been handed down from past are still available today.

The strategy behind *weiqi* has often been likened to directing military operations, which may explain why scholars and military people have long been among its more devoted fans. *Weiqi* was introduced to Japan in the Sui and Tang dynasties (581-907) and to Europe in the 19th century.

Games of Strength

A variety of trials of strength have also been found among China's historical records. During the Spring and Autumn Period and the Warring States Period (770-221 BC), two forms of such trials took shape, *qiaoguan* and *kangding*. *Qiaoguan* involved raising a heavy door bar by one end with one arm. *Kangding* involved lifting a large tripod by its two handles. The tripod lifting prevailed in the state of Qin, where a famous muscle man called Wuhuo was reported able to have lifted a 500-kg tripod. Professional vessel lifters also appeared in the Han Dynasty (206 BC-220 AD), when other tests of strength, such as uprooting a tree, carrying an animal on one's back and lifting a deer, were also popular.

Qiaoguan was still in vogue during the Tang Dynasty. However, it was no longer a contest of strength among imperial court warriors. Instead, it was listed as a subject on the examination for cadets. The door bar was replaced by specially-made weights according to prescribed specifications.

In the cadet examinations during the Ming and Qing dynasties stone lifting replaced

qiaoguan. Stones, which weighed 100, 125 and 150 kgs, were easy to make and practise with. Lifting stones and barbells later became a traditional sports event in China.

Archery

Archery has a history of more than 3,000 years in China. Books from the Spring and Autumn Period and Warring States Period record the processes of making bows and arrows. During the period of Warring States, schools for teaching archery were established and number of theories on archery were published. Skilled archers during this period are said to have been able to shoot an arrow through a willow leaf a hundred paces away, or through seven metal leaves on a warrior's armour.

Shooting arrows while riding a galloping horse is an age-old Chinese skill. In the Warring States Period, horseback archery became one of the army's most important combat skills.

Gymnastics

In the middle of the Western Han Dynasty (206 BC-24 AD), *juedixi* (gymnastics) began to take centre stage among China's sports. Combining ancient Chinese culture, arts and sports, early gymnastics incorporated dance, music, acrobatics, magic and wrestling.

In 108 BC during the Reign of Emperor Wudi of the Han Dynasty, a gymnastic performance was held at Changan, the capital, drawing people from as far away as 150 km. The emperor often held such shows in honour of foreign visitors, in order to promote exchanges in culture, arts and sports.

Martial Arts

With a distinctly oriental flavour, *wushu* or martial arts is considered the quintessential Chinese sport. *Wushu* has three

particular merits: self-defence, health benefits and beautiful movements.

Wushu dates back to primitive society when people used clubs and other primitive tools to fight animals. In the Spring and Autumn Period and Warring States Period, *wushu* assumed greater importance as more weapons were developed. Additional attention was also given to its health benefits. In the Qin and Han dynasties (221 BC-220 AD), *wushu* contests and performances became popular. In the *Historical Records*, compiled by Sima Qian (c. 145 BC-?), a piece entitled "Banquet at Hongmen" describes a performance of sword attack and defence. During the Tang Dynasty (618-907), *wushu* reached new heights when it was included in the imperial court's examinations. By the Ming Dynasty, many schools of *wushu* with different styles were born throughout China. The famous Shaolin Temple was one of the cradles of *wushu*.

Daoyin which combines breathing exercises with movements that imitate those of animals, is used to promote good health. It not only encourages physical fitness but also develops one's

physical and mental co-ordination. It is also said to be effective therapy for many illnesses.

A stone inscription of the Warring States Period (475-221 BC) attests to the ancients' understanding of the relationship between movement and energy. Monographs on *daoyin* first appeared during the Western Han Dynasty (206 BC-24 AD). The silk painting "Daoyin Movements," unearthed in 1979 from the No.3 Western Han tomb in Changsha, Hunan Province, is to date the earliest description of *daoyin* and so far the most complete illustration of ancient gymnastics. The painting shows 44 people performing various *daoyin* exercises. The famous physician Hua Tuo (220-280 AD) of the period of the Three Kingdoms adapted about 40 *daoyin* movements into five groups copied from the movements of the tiger, deer, bear, ape and bird—the so-called *wuqinxi* (five-animal exercises). During the Song Dynasty *daoyin* was evolved into *baduanjin*. Later *yijinjing*, which came into being in the Ming and Qing dynasties combined breathing exercises and massage.

"Baduanjin" exercises from the Song Dynasty (960-1279).



Zhou Enlai: Consummate Diplomat in Action

Beijing Review, No. 1, 1986, with its feature on Premier Zhou Enlai was certainly a special issue.

After reading the article "Zhou Enlai: Consummate Diplomat in Action" I felt I had watched Zhou's life first hand. China used to commemorate birthdays, but seldom the anniversary of someone's death. With this issue, however, *Beijing Review* published a set of articles on the 10th anniversary of the passing away of Premier Zhou. The articles illustrate both the deep impression the Premier left on his people and the great love the Chinese people have for Premier Zhou. We Japanese also respect and love Zhou, he is not only still living in the hearts of the Chinese people but also in ours. We need to uphold and develop a solid Japanese-Sino friendship. Today, our review of the great contributions made by Zhou Enlai is of special importance.

Naotaro Murayama
Tokyo, Japan

Your No. 1 issue of 1986 was indeed a good one. First of all, I was deeply impressed with the photograph of Premier Zhou on your front cover.

The article "Zhou Enlai: Consummate Diplomat in Action" explains the beginning of Zhou's diplomatic life and how he established Chinese diplomacy. This article was surely appreciated by many.

The article "Zhou Comes Alive on Screen, Stage" shows the Premier's more lively side. I hope you publish more articles like these.

Masatashi Swada
Hyogo, Japan

What China Is Now Like

In your issue of January 13, 1986 I particularly enjoyed Duan Liancheng's article "Sunshine and

Shadows—Notes on a 100-Day Journey in the South." I think it brings home to readers what China is now like.

Reports on the special economic zones are always interesting too; like the one on Xiamen. I think it is a good idea to advertise employment opportunities.

In "Events and Trends" the article "Ji Pengfei on Hongkong's Basic Law" (Issue No. 2, January 13, 1986) is very good. Ji Pengfei states in an unambiguous way the policy for the transition period.

I would like to see more articles on how the responsibility system is now being applied in the cities.

Congratulations on your new cover and layout. They are very sophisticated.

J. Martin L. Clarke
London, Britain

Comments From a French Reader

At the beginning of the new year, I give my sincere and best wishes to all the staff of *Beijing Review*. As a long-time subscriber of your magazine, I speak highly of your work.

This year, I noticed an obvious improvement in your magazine, both in content and layout. Because subscriptions are your main contribution to circulation, there is not a great need for *BR* to look beautiful. It is the articles of the magazine that are important. I must say I am satisfied as far as this is concerned.

Ten years ago, your articles were too political, full of quotes and slogans, and lacking in facts. Today, the reports I read are both clear and precise, and your analyses of international situations are very objective. I think your "International" column has the best articles. The correct views, deep analyses from Chinese commentators and leaders, and their insights into the future are often very impressive. To intro-

duce China as it really is, with both merits and faults, is an honest and wise way of reporting. Everybody has his or her own views on China and can judge on their own with other reliable materials.

Jean Paul Metz
Nancy, France

Some Suggestions

I have found the "Events and Trends" column and "Articles and Documents" the most interesting. They provide objective and actual reports on China's current life and major events. The information in your magazine is useful and necessary for readers interested in China.

I have been reading *Beijing Review* for almost three years, and have noticed much improvement in that time. May I suggest you include the following in your reportage.

—Radio Beijing programming and shortwave frequency channels.

—More indepth news reports and stories on Chinese cultural and social activities.

—The philosophical makeup of Chinese education, also its foundation, structure and system.

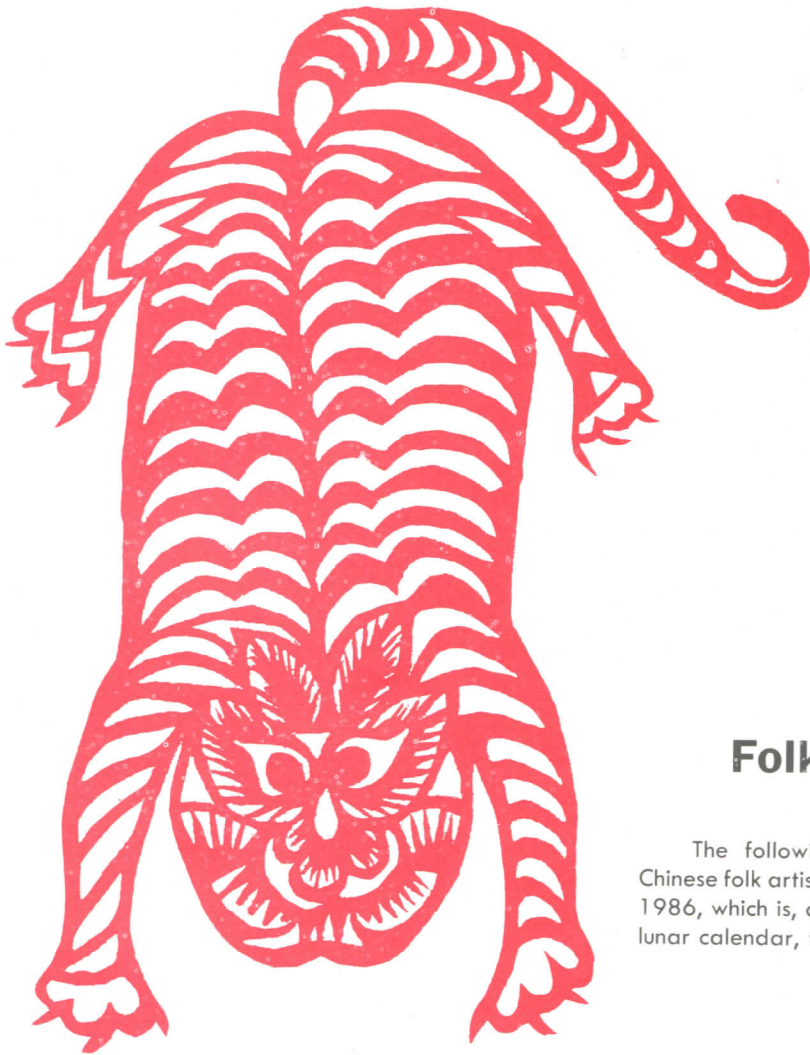
—Brief reports on potential trends and problems for China's urban residents.

R. Varela E
Mexico

In *Beijing Review*, No. 39, 1985 was an article by Wang Dacheng entitled, "SEZS: Why an Experiment." This article was useful for the information on the rules and regulations of the special economic zones.

The content, layout and writing in your magazine have impressed me. May I suggest you begin an "Export Information" column, in which you would introduce business information on China's various products and enterprises.

M. Alegre
Lima, Peru



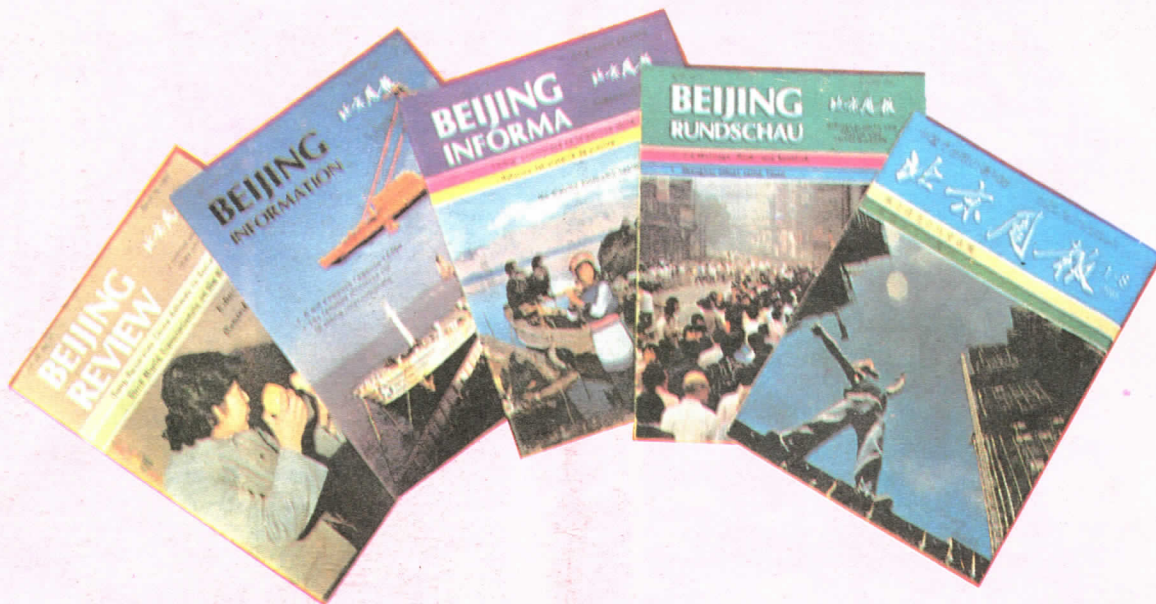
Folk Papercuts

The following papercuts were made by Chinese folk artists in celebration of the new year, 1986, which is, according to the ancient Chinese lunar calendar, the year of the tiger.



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