

北京周報

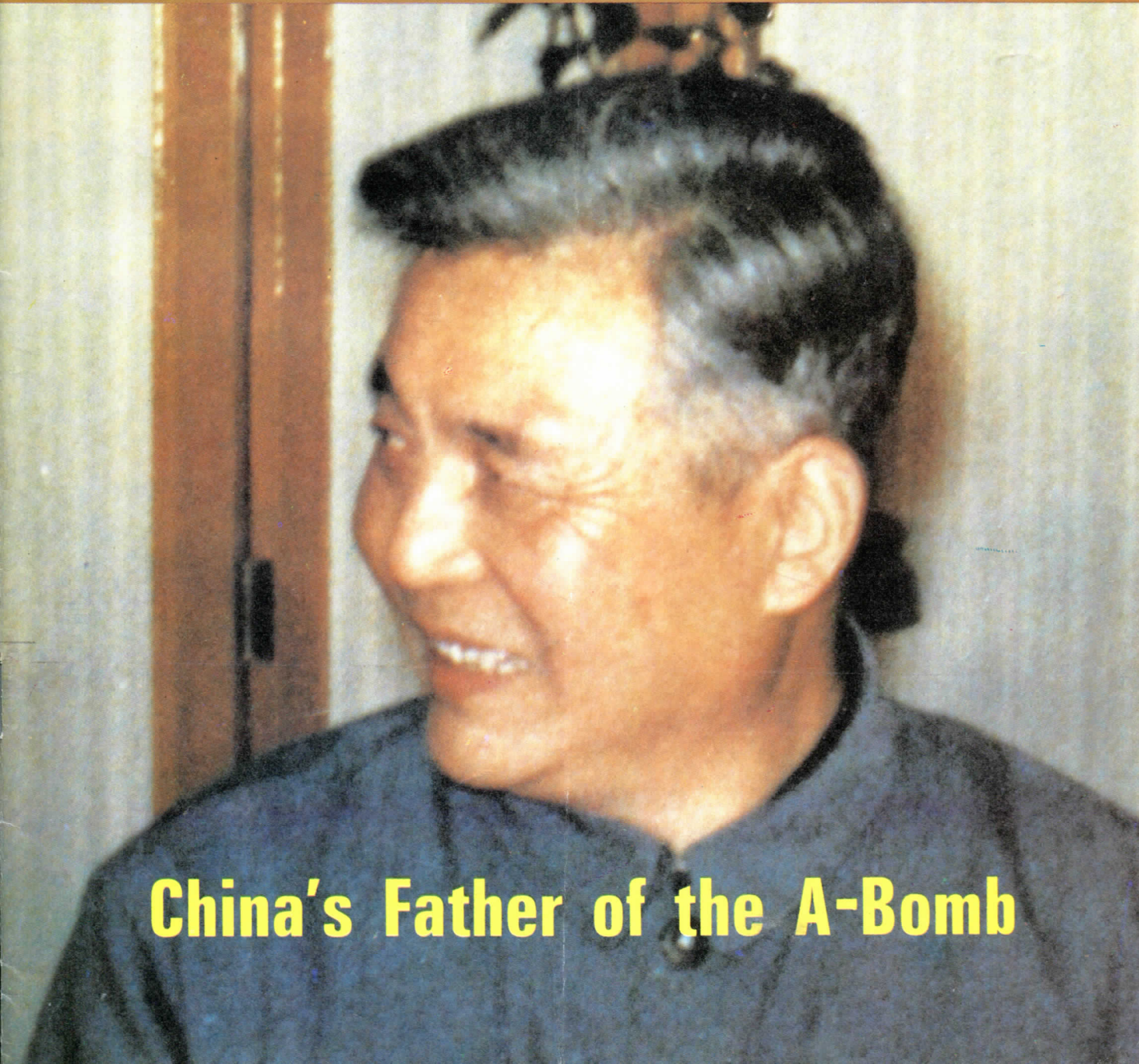
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DENG XIAOPING ON POLITICAL REFORM

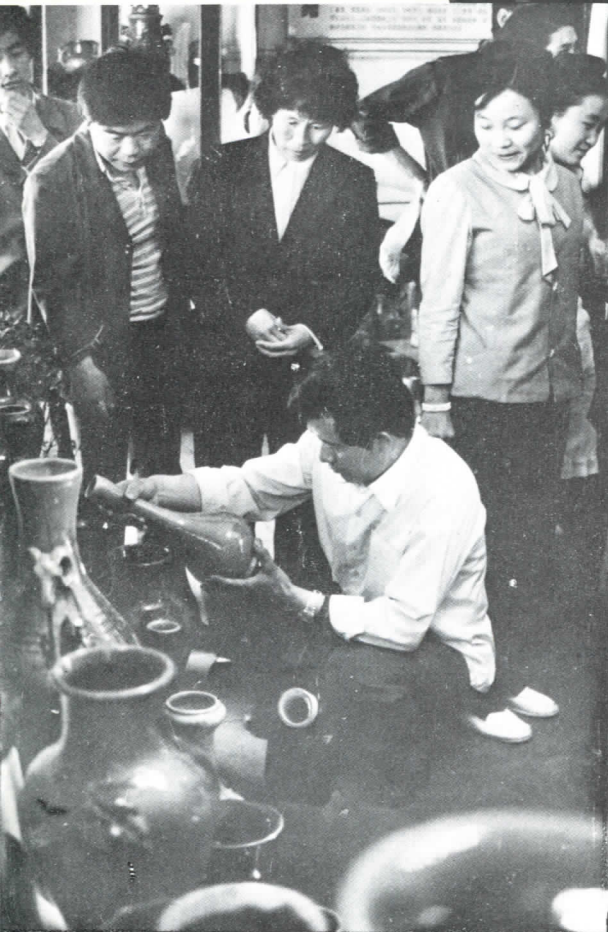


China's Father of the A-Bomb

SPOTLIGHT

Ancient-Style Market Street Opens in Tianjin

Customers buying porcelain at one of the street's ceramics shops.



At an entrance to the street is an archway in the style of the Qing Dynasty architecture.



The Yangliuqing New Year pictures shop. Yangliuqing, a town southwest of Tianjin, is famous for its traditional Chinese New Year pictures.



Tianjin's market street, fashioned after ancient style, has opened to visitors. The shops in the street mainly deal in antique works of calligraphy and traditional Chinese paintings, and various handicrafts.

An ancient-style pantomime show in the street.



VOL. 29, NO. 32 AUGUST 11, 1986

CONTENTS

NOTES FROM THE EDITORS 4

Developing Industry at
Balanced Tempo

EVENTS/TRENDS 5-10

Democracy Essential to Policy
Making
China to Change Farm Product
Mix
Price Increases Slowing Down
Soft Drinks: Demand Outstrips
Supply
Waste Hurts Building Industry

INTERNATIONAL 11-14

Addis Ababa: 22nd OAU Summit
Concluded
Britain: Howe's Mission Ends in
Failure
Europe: Rapid Advance for 'Eureka'
United States: Steel Industry
Struggles To Survive

Reforming Leadership System 15

Deng Jiaxian: China's Father of A-Bomb 20

The Lopsided Japan-US Economic Ties 23

SPORTS 27

FROM THE CHINESE PRESS 28-29

BUSINESS/TRADE 30-31

CULTURE/SCIENCE 32-33

LETTERS 34

COVER: Architect of China's nuclear
industry Deng Jiaxian.

Photo by Meng Zhaorui

HIGHLIGHTS OF THE WEEK

Deng on Reforming Leadership System

■ Deng Xiaoping explains the necessity and the basic policies for reforming the leadership of the Party and the state in a speech he gave in 1980 to an enlarged meeting of the Political Bureau (p. 15).

Making Policy-Making More Democratic

■ Vice-Premier Wan Li says it is essential to the reform of China's political system to make policy-making more democratic and scientific. He calls on workers in China's soft sciences to contribute to the study of policy issue (p. 5).

Father of China's A- and H-Bombs

■ Because of his lifelong devotion to the theoretical design of China's nuclear weapons, Deng Jiaxian, who died on July 29, achieved a reputation as the architect of his country's "two bombs" (p.20).

Industry Grows at moderate Rate

■ Thanks to a series of measures to moderate the growth rate, China's industrial production is back to normal. Economists expect it now to maintain sustained and balanced growth (p. 4).

Behind Japan's Economic Offensive

■ The United States is being elbowed out its international and domestic markets by Japan. The latter has become the largest creditor nation and the former a debtor nation. What these and other developments signify for the world is the topic of discussion by a Chinese scholar (p. 23).

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Developing Industry At Balanced Tempo

by Yao Jianguo

In the first half of this year, China's industrial output reached 428.4 billion yuan in value, up 4.9 percent from the corresponding period of last year. This figure, however, is smaller than the planned growth rate of 8 percent for the year. This does not mean China's industrial production has been losing momentum, but represents an inevitable slowdown from the extremely high rate of growth of 1985.

In the fourth quarter of 1984, capital construction and credit flows in China ran out of overall control. This led to a 23.1 percent increase in industrial output in the first half of 1985 over the same period of the previous year, aggravating already strained supplies of energy and raw materials. The government then adopted a series of measures aimed at moderating the rate of growth in the second half of 1985.

Compared with the corresponding period of 1985, industrial production in the first half of this year had the following features:

- Light and heavy industries developed proportionately. Light industry rose 5.1 percent while heavy industry increased 4.6 percent, with the output value of light industry accounting for 49.7 percent of the total industrial output value, and that of heavy industry 50.3 percent.

- The production of commodities in great demand has increased. The output of electricity rose by 8 percent, much higher than that for industry as a whole. Steel rose by 10.4 percent, rolled steel by 9.7 percent, pig iron by

14.6 percent and cement by 14.8 percent. Among consumer goods, refrigerators climbed 55.3 percent, electric fans 29.1 percent, cameras 33.2 percent. The output of dairy products rose 30.5 percent.

- The proportion of brand-name, high-quality products increased. Between January and May, the output of double-door refrigerators jumped almost 100 percent, and that of twin-tub washing machines 60-70 percent. In a national survey of 100 different industrial products, 75 had already fulfilled half of the annual plan. Those which have failed to reach planned targets are all unsalable products whose production has therefore been restricted.

- Market sales have been brisk both at home and abroad. From January to June this year, industrial goods purchased by the state was 7.7 percent higher than in the corresponding period of 1985; and retail sales went up 11.8 percent. Export-oriented products showed an impressive growth. In the six months China's exports reached US\$12.8 billion in value, a 13.7 percent increase.

However, some Chinese enterprises have performed poorly due partly to ill-considered policies when the old economic system was being replaced by the new, partly to increases in the prices of raw materials and fuels and partly to rigid state control in some fields. From January to May this year national revenue increased only 2.3 per-cent, lower than the growth rate of industrial output for the same period. Moreover,



some factories have turned out products of poorer quality at higher consumption of materials.

The situation is now favourable for China's industrial development, following the introduction of a series of reforms over the last few years. In planning control, China has narrowed the scope of mandatory planning and is relying more on guidance planning and market regulation. Enterprises have been given more decision-making powers in return for better performance. In the management of capital construction and the building industry, China has replaced the customary practice of financial allocations with the new method of issuing loans according to the state plan (but still failed to control the scale of local capital construction). It has also instituted a system under which one is required to complete a capital construction project with a fixed amount of investment and a system by which an engineering project is contracted out to a certain company through public bidding.

Although industrial growth for the first half of the year was lower than last year, it began to gain momentum again in the second quarter. In June it rose to 6.9 percent and a bigger increase is anticipated for the second half of the year. China's industry is then expected to maintain sustained and balanced growth at an appropriate rate. ■

Democracy Essential to Policy Making

One vital aspect of the reform of China's political system is to uphold fully socialist democracy by making the process of policy decision-making more democratic and scientific, said Vice-Premier Wan Li at a national symposium on soft science held from July 27 to 31 in Beijing.

Wan Li, who is also a member of the Political Bureau of the Chinese Communist Party Central Committee, said at the closing meeting on July 31 that the influence of long years of feudal society and small-scale production, combined with the backwardness of science, education and culture, an imperfect legal system, the incompetence of officials and shortcomings in their democratic style of work—have all left China without rigorous procedures and systems for forming policies. Moreover, he said, the country also lacked adequate support systems for policy consultation, appraisal, supervision and feedback. As there is no scientific way to test the soundness of a policy decision, it is often too late when a decision is found to be seriously wrong.

"The time to effect a change in this situation is overdue," he commented. "Otherwise, our socialist system will remain imperfect and the national economy will not be able to develop continuously and steadily."

He thought it essential to conduct re-education on the need for democratic and scientific policy-making throughout the Communist Party and the country, especially among leading officials. He said, "A problem common to many officials is an insufficient awareness of the importance of democratic and scientific policy-making, and of having the necessary abilities."

Wan Li also discussed the importance of soft science in

China's modernization programme. He said that science and technology comprise a great force promoting social progress, and that the task of research in soft science is to help people observe and analyse, from an overall point of view, complex economic and social phenomena and draw correct conclusions; and in so doing to adopt more scientific decisions on a larger scale to further promote the development of society, including the development of science and technology.

Wan Li also suggested the enactment of legislation to give legal protection to people engaged in policy research.

At the opening meeting on July 27, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, urged Chinese specialists to make great efforts in research in soft science for the making of overall national policies.

Song said that soft science is now of particular importance to China's socialist construction. Many subjects of research can often bring in millions or even billions of yuan in economic returns, and some again can have a very important bearing on the future of the state and the people.

"Under present conditions, we can reach the target of combining qualitative research with quantitative research in the near future," he said. He suggested research work in China's social science be focused on current policy issues.

Song cited historical experience and precedents to show that courage, boldness and resolution are important in making decisions of prime importance. But he added that they are not sufficient without facts to back them up.

He stressed that quantitative analysis is the scientific basis for overall strategic decision making, and that China should pay special attention to such analyses and to

the effect of different policies on development trends.

With regard to problems still existing in research in soft science, Song Jian said many departments are still influenced by the traditional habits of a closed society. "This is a major obstacle to the advancement of China's decision-making science," he observed.

Soft science is an inter-departmental and multi-disciplinary study that combines natural science, social science and engineering techniques. It has been used in strategic decision making, planning, management, and the forecasting of human and natural resources. Using tools such as computers, the aim of research is to find out the best long-range policy options through sample surveys, qualitative and quantitative analyses and trend predictions.

The development of soft science in China is still in its infancy. According to statistics produced at the symposium, there are only 15,000 scientists working in this field at 420 research institutes. In the last five years, these specialists have carried out 1,735 research projects, ranging from state development strategies to enterprise management policies, and the evaluation of construction projects.

As an example, several hundred scholars took part in an exploratory study entitled "China in the Year 2000" sponsored by the State Council's Centre for Economic, Technological and Social Development. In a period of just over two years, they completed a general report, 12 sub-reports and 17 special reports. Many of the results contained in these reports have been incorporated into China's Seventh Five-Year Plan for Economic and Social Development.

As another example, the State

Council, with the help of specialists, approved and issued 12 technological policy documents concerning energy, transport, telecommunications, agriculture, the consumer goods industry, the

machine-building industry, urban construction, etc. These policies were all included in China's first White Book published recently.

China's "brain trust" has also compiled tables on the country's

investment and production, which bring out the relationship between its 24 industrial sectors.

Major research projects now being undertaken by Chinese specialists include studies of the new technological revolution; population and family planning; the evaluation of the Three Gorges hydroelectric power station on the Changjiang (Yangtze) River; forecasts of the development of microelectronics in China; the future of the Shanxi energy development zone, etc. All these research programmes will be of great help in mapping out China's national policies. ■

Chinese Exhibition in USSR

The Chinese Economic and Trade Exhibition, the first of its kind held by China in the Soviet Union since 1953, has produced quite a stir since it opened in late July. The pictures shows Soviet visitors inquiring about the exhibits.



China to Change Farm Product Mix

The second step in China's rural reform will concentrate on establishing an overall market regulatory system suited to a socialist commodity economy.

Renmin Ribao (People's Daily) on July 22 quoted Du Runsheng, director of the Rural Policy Research Office of the Secretariat of the Chinese Communist Party Central Committee, as saying that such a move was designed to gear agricultural production to market demand.

The first step in rural reform has involved the gradual introduction of the output-based responsibility system nationwide since 1979, and the second has been the adjustment of the rural economic structure by the lifting of monopolized state purchases of major farm products since 1985.

Du told a recent meeting on rural reform that through the second step, China should be able to arouse the initiative of agricultural producers and at the same time alter the rural economic structure by market regulation.

This means that a rational flow of labour, funds, technology and

other productive factors should be introduced through the market mechanism, thus ensuring the farmers' right to use land as they see fit and hence stimulate the development of the forces of production in rural areas, he explained.

Du said that there are two kinds of market: one is the commodity market and the other the productive factor market. They are closely interrelated. "Peasants now expand or reduce the production of crops according to the price information they receive from the commodity market, which usually results in corresponding change of their product mix."

"But the process of readjusting the product mix inevitably involves an altered flow or transfer of funds, labour and other productive factors," he added.

The process of such transfer makes it necessary to have the productive factor market. "Without the productive factor market," Du said, "peasants will not be able to transfer labour and funds even if they find a certain product is in great demand. That is why only by linking the commodity market to the productive factor market can we establish a comprehensive market regulatory system."

The director called for constant improvements in management methods and organizational standards for the commodity market. "We should also try to set up new commercial businesses, which will pursue more flexible operations than state-run stores," he said.

As for the productive factor market, Du continued, "We should further encourage the free flow of labour to enable 100 million farmers to leave the land for non-agricultural jobs over the next 10 years."

Meanwhile, financial markets should be opened up throughout the country to enable surplus funds accumulated by farmers to be channeled into profitable businesses, he said. ■

Price Increases Slowing Down

China's price reform is taking effect.

China began its price reform last year, the first time such a big adjustment to the price system has been made since the establishment of the People's Republic in 1949.

The old price system was inadequate because of China's long neglect of the law of value and also for a number of historical reasons.

After the reform began last year, however, the prices of some goods shot up dramatically, especially the prices of meat, eggs, poultry and vegetables mainly due to the lack of experience on the part of state-owned grocery companies. For example, the price of fresh meat rose 30 percent—well-marbled cuts of pork sold for 3.2 yuan per kg against the previous 2.52 yuan, while the price of eggs rose 0.4 yuan to 2.6 yuan. This prompted grumbling from city dwellers although the government offered them monthly subsidies to help offset the higher prices.

There were conflicting attitudes to the reform: Some supported it, others objected, while most of the people were sceptical about it. But as time passes, the complaints have been getting fewer and fewer. Everybody can see that their life is becoming better, although things are more expensive. This proves that people's living standards do not depend on the stability of prices, but on the quantity of goods produced. Price reform has stimulated production, which has improved people's lives.

According to the State Statistics Bureau, the rate of retail price increases has been slowing down since the beginning of the year. The prices of major consumer goods in the first half of the year remained at about the same level as they were last December. A

News in Brief

China's leaders have called for a fresh look at aspects of the controversial plan to dam the Three Gorges on the Yangtze River. In Beijing, a State Council Committee was set up to assess the results of new studies. It is chaired by Vice-Premier Li Peng.

■ ■ ■

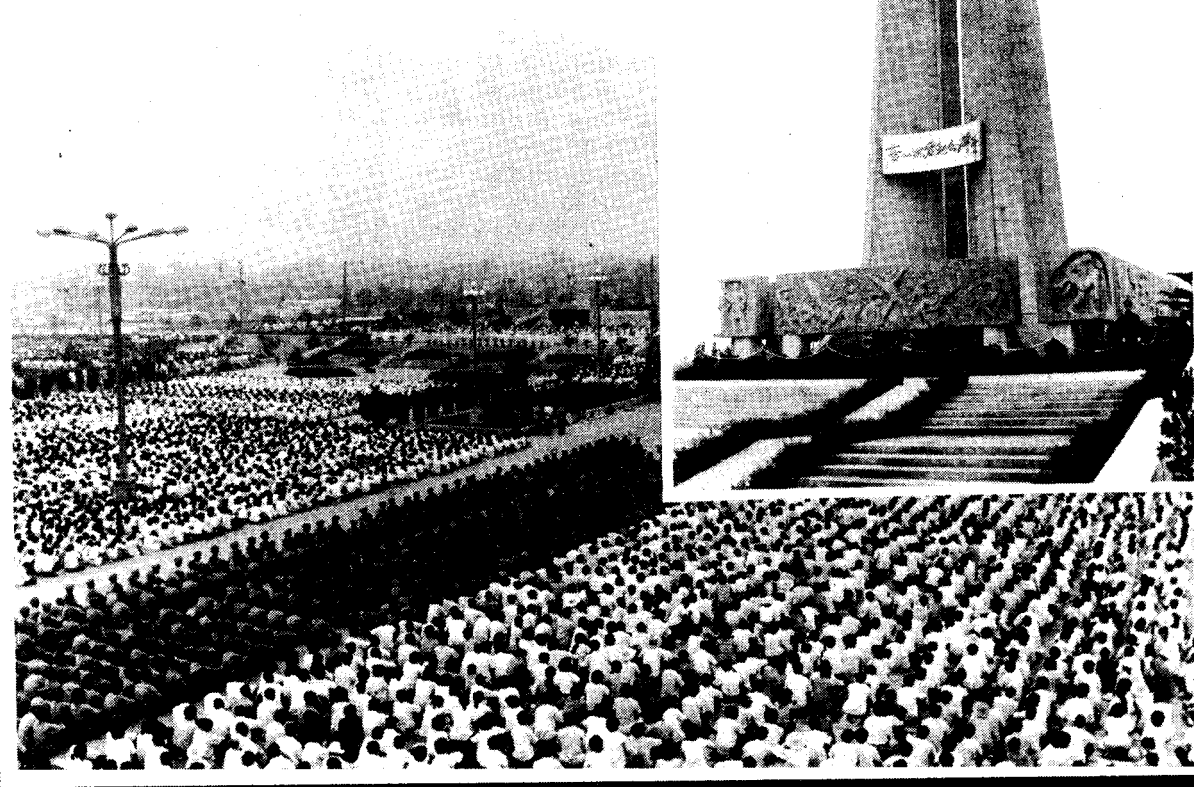
The water shortage in Beijing and some other northern areas can be overcome, Qian Zhengying, Minister of Water Resources and Electric Power said at a July 25 press conference. Qian pointed out that there was great scope for economies in the use of water in these areas as present consumption was low. Moreover, the rich water resources of the south could be used to ease water shortage in the north, she said.

■ ■ ■

China's must go on to tighten birth control in the 1990s or risk disaster in the future, Ma Bin, one of China's leading economists, told a recent national symposium on soft science. "In the next decade we will have to deal with the consequences of the absence of family planning in the 1950s and 1960s," Ma said. Ma and several of his colleagues attending the symposium believed China should work towards an average of 1.5 children per woman to limit the population to 1.2 billion by the end of the century.

Quake Monument Unveiled

On July 28, more than 10,000 people from around the country gathered in Tangshan to mark an earthquake that devastated the city 10 years ago. Vice-Premier Wan Li attended the rally and unveiled a monument together with Xing Chongzhi, secretary of the Hebei provincial Party committee. Participants stood to pay tribute to quake victims and to the heroes who came to their rescue. The 30-metre-high monument, carrying the inscription "Anti-Seismic Monument," written in the calligraphy of Party General Secretary Hu Yaobang, bears witness to the resurgence of the new Tangshan and to the invincibility of its people.



comparison between 1986 and 1985 on a monthly basis shows that retail price rises dropped from 8 percent in January to 3 percent in June. The general retail price index for the first six months of this year was 5.5 percent higher than in the corresponding period last year. The consensus is that the rate of increase of the retail price index can be limited within 6 percent. The inevitable outcome of the price reform, as the director of the

State Price Bureau Cheng Zhiping said, is that increased prices have brought about a glut in market supplies which, in turn, have brought the prices down.

In many localities, the prices of meat, eggs, poultry and vegetables have been stable or, in some cases, are even coming down. The rate of price rises for most staple and some non-staple food has been slowing down. Meanwhile, the prices of clothing, articles for education and recreation, medical

treatment and medicines have all been going up steadily, though there is a tendency for the rate of price increases to come down along with the cost of living index. This is particularly obvious in some big cities.

Economists hold that, apart from the objective reasons, this encouraging phenomenon can be attributed to the efforts of local governments, which have taken strict measures to strengthen the control of market prices. It is

almost certain that the rate of retail price rises will not be higher in the latter half of the year than in the first six months.

However, one problem remains: The prices of raw materials for some light industries are going up, with the result that the retail prices of many daily necessities, including newspapers and magazines, are also going up. ■

Soft Drinks: Demand Outstrips Supply

Though soft drink manufacturers nationwide are working hard to boost production, they are still way behind the enormous consumer demand, which has rocketed during the current heat wave as people have tried to quench their thirst and cool themselves down.

In Beijing, supplies have become so strained that customers are being required to return empty bottles for fresh purchases; and those who come without empties are, as a rule, given the cold shoulder. "I would not have thrown the empty bottles away if I

had known how things were going to turn out today," said one disappointed Beijing buyer, returning from a shop empty-handed.

China's soft drinks industry has grown at a dramatic rate over the past few years, according to the official newspaper *People's Daily*. Output of orange, lemon and lime drinks has increased four-fold since 1980 to 1 million tons last year, an increase of 28.3 percent annually. The number of factories has increased from 494 last year to 667 this year.

Guangzhou, in southern China, produced half as many drinks again this year as last, at 320,000 tons, including 80 different flavours.

The increase in sales is attributed to improved living standards. Housewives who formerly entertained people who dropped in with nothing but a cup of tea now serve squashes and coca-cola. Another reason may be the increase in the number of families that have refrigerators. Over 156,000 refrigerators were sold in Beijing in 1985, 2.2 times the number sold in 1984. At the Xianmen Store, a middle-aged woman buying a dozen bottles of

China & the World

China Reacts to Soviet Afghanistan Statement.

The key to the political settlement of the Afghan question lies in the prompt and complete withdrawal of Soviet troops from Afghanistan, a foreign Ministry spokesman said on July 30 when asked for the Chinese government's reaction to the statement by Soviet leader Mikhail Gorbachev on July 28 that the withdrawal of some Soviet troops from Afghanistan was possible by the end of this year.

The Chinese Government hoped that the Soviet Union would reach an agreement with all the parties concerned as soon as possible on the timetable of the prompt withdrawal of all Soviet troops from Afghanistan, the spokesman said.

China to Release Viet Spies.

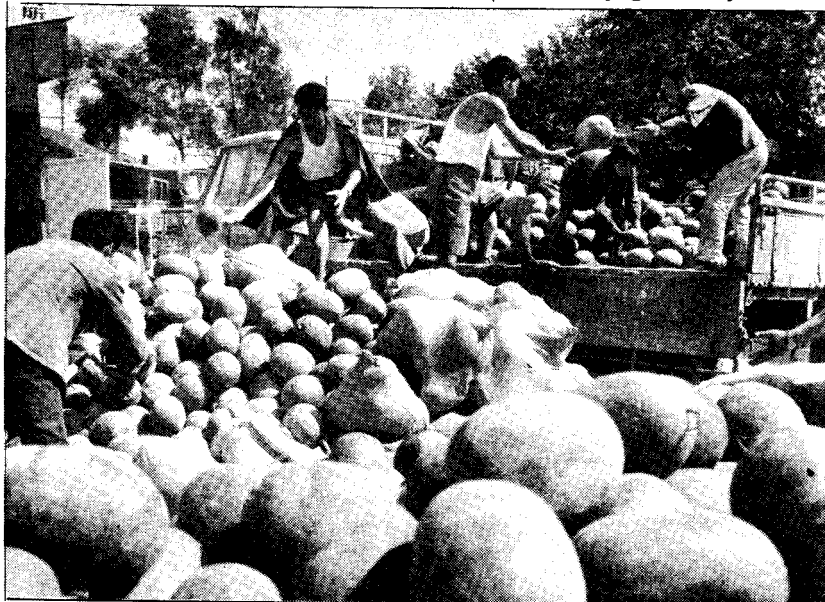
The Chinese government has decided to release in mid-August 25 armed Vietnamese who illegally intruded into Chinese territory, and four Vietnamese spies who entered China illegally. Wang Yingfan, deputy director of the Asian Department of the Chinese Foreign Ministry, informed the counsellor of the Vietnamese Embassy in Beijing of this decision at a meeting in Beijing on July 31.

Liaison Group Ends Talks on HK.

The Sino-British joint liaison group ended its fourth meeting in London on July 25 after solving some specific problems relating to Hong Kong.

The communique issued by the group said the two sides agreed on the terms of the right of abode endorsement to be entered in the new certificate of identity.

Melon-growers send 10 million watermelons to downtown Beijing each day.



drink and some cartons of ice cream enthused: "I put them in the refrigerator so that when the children return from school, they can drink or eat immediately. It is more convenient than preparing tea."

Seasonal weather changes are apparently beginning to play a smaller role in sales of goods once linked to summer. During the first four months of 1986, Beijing turned out 45.48 million bottles of aerated water, a 49 percent increase over the same period last year. In addition, 35 million ice-llollies and over three million kilogrammes of ice cream were sold.

While China's drinks industry has a history of over 80 years, with more than 1 billion people to satisfy, average per-capita consumption is only less than one litre, while in the United States and West Germany the figure is more than 100 litres.

And the problems of meeting the demand are getting worse. Street peddlars sometimes try to sell soda that is nothing more than a mixture of plain water, synthetic sweetener and food colouring. Some individuals or workshops make aerated waters in unsanitary conditions, and unlicensed peddlars often buy bottled drinks directly from the producer and resell them in the free market at a hefty profit.

A beer shortage has also brought inevitable consumers' complaints. The shortage is not only due to greater consumption, but also to limited storage capacity and poor refrigerating equipment, as well as a lack of raw materials, such as hops and barley.

Nationwide, China now has some 500 breweries, which produced 3.1 billion litres of beer in 1985, ranking 11th in the world. However, the supply still fails to meet demands, especially in the big cities.

A Chinese official recently promised to overcome the shortage within two years and said the government has spent 150 million

yuan for building a large brewery capable of producing 100 million litres annually, only one of three of the same size to be built in the period 1986-90.

The official claimed that by 1990 China's annual beer output will reach six billion litres when the three big new breweries, along with a number of smaller ones, are commissioned. "By then annual beer consumption will double to six litres a head," he said.

Fortunately, things have been made easier this year by a bumper crop of watermelons. The *Economic Daily* recently reported that the people of Beijing have so far consumed more than 100,000 tons of this popular summer fruit. The total will exceed a quarter of a million tons by the end of the summer. Over the past week shipments to the downtown area have amounted to 10,000 tons a day. The price is roughly the same as last year—about 0.20 yuan a kilogramme (about US\$0.06). But it drops sometimes, especially after heavy rain. Many older residents say that they have never eaten so much watermelon in their lives and never at such low prices.

"The thriving markets are, first of all, the direct result of the current economic reform, which includes the adoption of planned cultivation and marketing, and a flexible pricing policy," the newspaper said. ■

Waste Hurts Building Industry

Two truckloads of perfect timber have been unearthed by workers planting trees around a new building in Qinghua University, Beijing.

The wood, worth several thousand yuan, had been left over after the completion of the building and buried when builders levelled the ground.

Such waste of materials can be found on many construction sites in big cities. Innumerable bricks and tiles, sacks of cement and tons of steel bars have been conve-

niently bulldozed underground to finish off the work.

On one site, for a block of flats, 150 tons of timber were burnt as firewood in the short span of a year. And 700,000 yuan were lost by the careless storage of materials and the resulting theft of equipment on another site.

People in the know complain that "money is thrown about like water" on some sites.

The main reason for the waste is poor management. Also, some materials are of low quality.

There are more than enough projects for building companies to take on in some of the large cities like Beijing. They are therefore more likely to be appointed than contracted to do work and the costs are paid by the users. Waste in such cases is almost inevitable.

"But we are trying to bring such things under control," said a staff member from the Ministry of Urban and Rural Construction and Environmental Protection.

He said that more and more cities are turning to the contract system. Everything, including the prices of labour and materials, is detailed in the contract, and the squandering of resources will be thus effectively controlled.

One building company, for example, gives bonuses to those who use materials economically. More than 10 tons of galvanised wire, about 70 cubic metres of bricks and 8,000 tools of various kinds were picked out of the debris on one site, and the amount of rubble taken away each day from it dropped from 20 to eight tons. About 10,000 yuan were saved in transport expenses as a result.

China has been reforming the construction industry since the late 1970s. A profit of 1 billion yuan has been made each year by state-run companies alone.

But problems such as waste can be solved only when reforms are carried out conscientiously, and when the loose ends in the rules and regulations governing them are finally tied up. ■

ADDIS ABABA

22nd OAU Summit Concluded

Safeguarding national independence and revitalizing the economies of African countries was the rallying call of the summit, which also voiced its all-out support for the struggles of the South African and Namibian people.

The 22nd assembly of the heads of state and government of the Organization of African Unity (OAU) ended on July 30 after adopting a series of resolutions prepared by their foreign ministers at the 44th session of the OAU Council of Ministers.

At present, the struggle of the South African people against apartheid and that of the Namibian people for national independence are developing in depth and the appeal of the international community for sanctions against the racist regime in South Africa is becoming ever stronger. At the same time, the African countries are making progress in their efforts to rejuvenate their economies. It was in these circumstances that the 22nd summit was held, attended by 28 African presidents, vice-presidents and prime ministers as well as 22 ministers. President of the People's Republic of the Congo Denis Sassou-Nguesso was elected chairman of the OAU, replacing outgoing chairman Abdou Diouf, president of Senegal.

According to the resolutions adopted at this session, African leaders strongly condemned the racist regime in South Africa and its policy of apartheid.

They reaffirmed their commitment to ensuring the imposition of comprehensive and mandatory sanctions against South Africa, and urged member states to isolate the racist regime by denying landing and berthing facilities to South African ships and aircraft.

The African leaders also rejected US President Ronald Reagan's recent speech on South

Africa and condemned the refusal of the United States and Britain to impose sanctions against South Africa.

On the Namibia issue, the African leaders reaffirmed the inalienable right of the Namibian people to self-determination and national independence. They also condemned South Africa for its continued occupation of Namibia in defiance of the resolutions of the OAU, the non-aligned movement and the United Nations on Namibia.

In order to seek ways of eliminating apartheid and hastening Namibian independence, the African leaders also decided to set up a committee of heads of state on the question of southern Africa. It includes all the heads of state of the frontline countries and the chairmen of the liberation movements, as well as the leaders of Nigeria, Algeria, Ethiopia, Cape Verde and the Congo.

During the summit the African leaders also reviewed the outcome of the UN Special Session on the Critical Situation in Africa held in

New York last May. OAU leaders recognized that the primary responsibility for the implementation of the priority programme formulated by the 21st OAU summit rests on the shoulders of the African governments themselves.

They urged all OAU member states and regional organizations to establish mechanisms and consider policies related to their commitments under the UN programme of action for African economic recovery and development, in order to ensure the effective implementation of Africa's priority programme for economic recovery for 1986-90.

The summit resolution on the Middle East reaffirmed its support for the Arab countries, as victims of Israeli aggression, and its support for the Palestinian people in their just struggle to recover their usurped rights and their occupied territories under the leadership of the Palestine Liberation Organization.

The summit also adopted a declaration condemning the US interference in the internal affairs of Angola. It said that the financial and military support that the US administration is giving to "bandits" in Angola constitutes a serious violation of the 1970 UN declaration on friendly relations among states and the principles contained in the Charter of the United Nations.

by Chang Qing

BRITAIN

Howe's Mission Ends in Failure

British Foreign Secretary Sir Geoffrey Howe returned to London empty-handed from his mission to persuade South Africa to abandon its apartheid policies.

British Foreign Secretary Sir Geoffrey Howe, on behalf of the European Community (EC), began a week-long visit to

Southern Africa on July 22. This was his second visit to the area within a month.

During the week, Howe visited

Zambia, Botswana, Swaziland and Lesotho, and went to Pretoria twice. His mission to persuade Pretoria to release Nelson Mandela and lift the ban on the African National Congress was thought unrealistic from the outset. In fact it ended up in humiliation as the white minority government said it "cannot allow uncalled-for direct interference in our internal affairs."

Howe was not only embarrassed by Zambian President Kenneth Kaunda's public condemnation, but received a sarcastic rebuff from South African President P.W. Botha. The latter said Howe was threatening South Africa. Before leaving for London, Howe had to admit that "the responses which I have received have not yet enabled me to claim that I have made the progress I would have liked." It is possible that some kind of further action will be taken against South Africa in the coming few months, he added.

The British government's stand on South Africa is criticized by the opposition parties and by public opinion. Within the British Commonwealth, most member countries stand for economic sanctions against South Africa and, as a result, most have boycotted the Commonwealth Games. Now some member states

are saying that if Britain remains unwilling to impose sanctions against South Africa, they will withdraw from the Commonwealth, or take sanctions against Britain.

It is reported that early in August a mini-Commonwealth meeting, attended by Australia, the Bahamas, Canada, India, Zambia, Zimbabwe and Britain, will be called to discuss the questions of sanctions. On returning to London, Howe immediately met Prime Minister Margaret Thatcher to prepare for the meeting.

Although public opinion in London considered Howe's mission as finished, Howe himself said he would go to South Africa again if the EC wanted him to. Sources from 10 Downing Street said two months were still left before the EC's deadline, so they should be patient. Several days earlier, Thatcher suggested she herself may go and talk with Botha if necessary. But there is no such plan yet, a government official said. Some observers think Britain will not impose all-out economic sanctions against South Africa even under heavy pressure, and will only take limited sanctions. British Labour Party leader Neil Kinnock has censured the government for adopting delaying tactics. ■

by Li Yunfei

The number of Eureka member nations now stands at 19 after Iceland was granted membership at the third ministerial meeting of member countries on June 30. The 21-nation Council of Europe has also expressed its willingness to participate in five individual Eureka projects, which means that almost all of Western Europe will be involved in the programme.

The number of projects incorporated in Eureka has jumped from the original 10 to 72, involving almost all fields of high-technology. More and more small to medium as well as large enterprises have declared an interest in the programme.

France is taking the lead, participating in 40 projects, while Britain is taking part in 28 and Federal Germany 19.

A decision to set up a seven-member secretariat in Brussels was made at the third ministerial meeting. It will serve as a permanent establishment to oversee ministerial conferences and as an information centre responsible for co-ordinating projects.

Eureka enjoys a good reputation for its policy of working both for Europe and with the developing world, and a number of third world nations have shown an increasing interest in the programme. Some have even expressed a desire to join in.

Eureka is expected to encompass 200 high-tech projects valued at US\$20 billion in the coming five to ten years. It will promote Europe-wide co-operation in advanced technology industries, establish a high-tech network, and develop new competitive consumer goods, thus revitalizing the Western European economy.

The final goal of Eureka is to put Western Europe, which is not content to play a supporting role in a world of rapid technological development, into the position it believes it deserves, that of high technology leader.

Public opinion in Western Europe seems satisfied with

EUROPE

Rapid Advance For 'Eureka'

Western Europe's "Eureka" programme was launched one year ago. Its achievements have so far been much greater than those of any previous international co-operative effort.

When French President Francois Mitterrand first proposed the Eureka Co-operation Programme in April 1985, it immediately attracted the atten-

tion of all West European nations. Following this generally positive response, Eureka has enjoyed a healthy and rapid progress since its inception.

Eureka's achievements thus far, saying it has achieved "surprising success" and is "full of vigor."

The rapid progress of the Eureka project will have a profound effect. In terms of economics and technology, Western Europe came late to the new technologies, missing out because a new technological markets were broadening the speed of production and Western Europe's share of the high-tech market declined. Since 1972, the annual rate of growth of production of high-tech products in Japan has been 14 percent while in the United States it has been much less, 7.6 percent, with Europe trailing behind at less than 5 percent.

In 1980, West European, Japanese and American companies accounted for 26 percent, 15 percent and 46 percent respectively of world electronics production. By 1985, West Europe's share had declined to 21 percent, while Japan has climbed to 21 percent and the US was roughly the same, at 47 percent. Western Europe's share had dropped 5 percent in five year. Between 1979 and 1984, the European

Economic Community's electronics trade deficit with Japan and that of the United States has increased from US\$3.9 billion and US\$5.6 billion to US\$8.5 billion and US\$10.8 billion respectively. A radical change in this situation is a matter of urgency for Western Europe.

As regards politics and military strategy, the United States and the Soviet Union are competing in the development of high technologies. The arms race of the two superpowers is expanding into space and Europe will be the first to be threatened. Europeans realize that only a united, strong Europe with a robust economy and excellent technological capabilities can be strong and secure.

Federal German Chancellor Helmut Kohl said recently that no European country alone could meet the technological challenges of the United States and Japan.

Only a Europe united in both financial resources and manpower can keep its economic position in the world of the future, he added.

Kohl's remarks reflect a

common feeling among Western European politicians and indicate why Eureka has developed so quickly since it was unveiled one year ago. ■

by Li Shuxun

UNITED STATES

Steel Industry Struggles to Survive

Suffering from keen foreign competition and dwindling domestic consumption, the US steel industry is in dire straits.

The LTV Corporation, the second-largest steelmaker in the United States, announced on July 17 that it had filed for protection against its 20,000-strong creditors under Chapter 11 of the Federal Bankruptcy Law.

The move came after the Dallas-based company found itself unable to repay its staggering debt, now totalling US\$4.59 billion.

"There was a cash-flow crunch, a debt-service crunch and a pension-cost crunch, and there was no relief in sight," said the company's Vice-President Julian Scheer.

LTV, a conglomerate with assets exceeding US\$6 billion, produces steel, military equipment and petroleum products. It has been in the red for years, largely because of its poor performance in the steel market. It lost more than US\$100 million in the first three months of this year and US\$724 million last year, on a turnover of US\$8.1 billion.

By filing the petition, the company can reorganize itself, streamline its management, reduce operating costs and improve its financial position. The company's Chairman Raymond A. Hay said that a restructuring plan would deal with the US\$1.7-billion debt payment due over the next three years, and some US\$400 million in annual pension obligations to its 56,000 em-

ployees and retirees.

LTV's filing is believed to be the second-largest in the country in terms of liabilities incurred. It bodes ill for other steel manufacturers with hopes of a return to prosperity following a four-year slump.

"This is part of a trend towards a shrinking steel industry that has a while to run yet," said Walter F. Carter, steel economist at the McGraw Hill Company, adding "the LTV is not the first to file for bankruptcy protection, and it probably will not be the last."

The steel industry, once the symbol of US economic might, has been in the red since 1981, with annual average losses of about US\$3 billion.

According to statistics compiled by the American Iron and Steel Institute, 700 steel mills have been closed down since 1984, 18 sold and seven others driven out of business. Last year, the industry employed 150,900 people, 393,400 less than in 1953.

The combined capacity of the nation's steel mills has dropped about 20 percent to the present 128 million tons a year from 160 million tons in the peak year of 1977. Wall Street steel specialist Charles A. Bradford predicts that over the next five years, another 20 to 25 percent of existing capacity will disappear.

His projection seems to accord

with recent development. In July, the United States Steel Corporation, the country's largest steel manufacturer since the turn of the century, changed its name to U. S. X. Corporation, with steel production accounting for only a part of its operating, also embracing energy and real estate business. The company has eliminated almost one quarter of its production capacity by leaving plant idle and laying off more than 50,000 workers over the past few years.

The Bethlehem Steel Corporation, the nation's third-largest steel company, is watching LTV with extreme concern. The company lost US\$92 million in the first quarter of this year and has a long-term debt totalling more than US\$1.7 billion. A spokesman for the company, commenting on the LTV petition said, "It is difficult at this point to assess the impact of the filing on the steel industry."

US industrialists and steel experts attribute the current trouble partly to fierce competition on the world market and the high proportion of imported steel in the US domestic market. Last year the country imported 24,278,195 tons of steel, 25.2 percent of total domestic consumption. However, this ratio is reduced to about 23 percent so far this year.

The Reagan administration has since 1984 been negotiating with 14 steel-producing countries in an attempt to limit their imported share to 18.5 percent of total US demand. But cheaper steel from Japan and South Korea has a competitive edge over the US product. For example, for every ton of steel sold at a price comparable with that of rival foreign traders, the LTV Company would lose US\$25.

Another major factor contributing to the woes of US

companies is shrinking domestic demand. Traditionally, energy and auto industries are heavy consumers. But falling oil prices have curtailed oil exploration and development to a level unseen for many years. This also has an adverse impact on the steel industry.

It is estimated that the auto industry will use 10 percent less steel this year. Steel analyst John Tumazos predicts that as much as 40 percent of domestic automotive steel consumption will be cut within five years as more substitutes like plastics find their way into car manufacturing.

William T. Hogan, professor of economics at Fordham University in New York, said of LTV's petition, "for anyone looking at the steel industry, this should be a cause for alarm." The move could represent "a bottomless pit," he added.

by Xia Zhaolong

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Reforming Leadership System

by Deng Xiaoping

In August 1980 Deng Xiaoping, Chairman of the CPC Central Advisory Committee, delivered a speech entitled "On the Reform of the System of Party and State Leadership," at an enlarged meeting of the Political Bureau of the CPC Central Committee. Based on Marxism, Deng made a scientific analysis of the past and present of the system of Party and state leadership, and explained clearly the necessity, the content and the basic principles and policies for carrying through the reform. It is a programmatic document guiding China's reform of its political system in the future.

The report consists of five parts. The following is the full text of the third part, which describes the major defects of the existing system and the direction of the reform (see "Selected Works of Deng Xiaoping," English edition, pp. 309-317).

Some of our current systems and institutions in the Party and state are plagued by problems which seriously impede the full realization of the superiority of socialism. Unless they are conscientiously reformed, we can hardly expect to meet the urgent needs of modernization and we are liable to become seriously alienated from the masses.

As far as the leadership and cadre systems of our Party and state are concerned, the major problems are bureaucracy, over-concentration of power, patriarchal methods, life tenure in leading posts and privileges of various kinds.

Bureaucracy remains a major and widespread problem in the political life of our Party and state. Its harmful manifestations include the following: standing high above the masses; abusing power; divorcing oneself from reality and the masses; spending a lot of time and effort to put up an impressive front; indulging in empty talk; sticking to rigid way of thinking; being hidebound by convention;

overstaffing administrative organs; being dilatory, inefficient and irresponsible; failing to keep one's word; circulating documents endlessly without solving problems; shifting responsibility to others; and even assuming the airs of a mandarin, reprimanding other people at every turn, vindictively attacking others, suppressing democracy, deceiving superiors and subordinates, being arbitrary and despotic, practising favouritism, offering bribes, participating in corrupt practices in violation of the law, and so on. Such things have reached intolerable dimensions both in our domestic affairs and in our contacts with other countries.

Bureaucracy is an age-old and complex historical phenomenon. In addition to sharing some common characteristics with past types of bureaucracy, Chinese bureaucracy in its present form has characteristics of its own. That is, it differs from both the bureaucracy of old China and that prevailing in the capitalist countries. It is closely connected with

our highly centralized management in the economic, political, cultural and social fields, which we have long regarded as essential for the socialist system and for planning. Our leading organs at various levels have taken charge of many matters which they should not and cannot handle, or cannot handle efficiently. These matters could have been easily handled by the enterprises, institutions and communities at the grass-roots level, provided we had proper rules and regulations and they acted according to the principles of democratic centralism. Difficulties have arisen from the custom of referring all these things to the leading organs and central departments of the Party and government: no one is so versatile that he can take on any number of complex and unfamiliar jobs. This can be said to be one of the main causes of the bureaucracy peculiar to us today. Another cause of our bureaucracy is that for a long time we have had no strict administrative rules and regulations and no system of personal responsibility from top to bottom in the leading bodies of our Party and government organizations and of our enterprises and institutions. We also lack strict and explicit terms of reference for each organization and post so that there are no rules to go by and most people are often unable to handle independently and responsibly the matters, big or small, which they should handle. They can only keep busy all day long making reports to higher levels, seeking instructions from them, writing comments on documents and passing them around. Some people are seriously afflicted with selfish departmentalism: they are always ducking



responsibility, jockeying for power and wrangling with others, thinking only of the interests of their own unit. What is more, we have no regular methods for recruiting, rewarding and punishing cadres or for their retirement, resignation or removal. Whether they do their work well or poorly, they have "iron rice bowls." They can be employed but not dismissed, promoted but not demoted. These things inevitably result in overstuffing and in too

many administrative levels and deputy and nominal posts, all of which, in turn, foster the proliferation of bureaucracy. Hence the necessity for radical reform of these systems. Of course, bureaucracy is also connected with ways of thinking, but these cannot be changed without first reforming the relevant systems. That is why we have made so little headway in our repeated attempts to reduce bureaucracy. Much work, includ-

ing education and ideological struggle, has to be done to solve the problems I have mentioned in the various systems. But it must be done, or it will be impossible for us to make substantial progress in our economic and other work.

Over-concentration of power means inappropriate and indiscriminate concentration of all power in Party committees in the name of strengthening centralized Party leadership. Moreover, the power of the Party committees themselves is often in the hands of a few secretaries, especially the first secretaries, who direct and decide everything. Thus "centralized Party leadership" often turns into leadership by individuals. This problem exists, in varying degrees, in leading bodies at all levels throughout the country. Over-concentration of power in the hands of an individual or of a few people means most functionaries have no decision-making power at all, while the few who do are overburdened. This inevitably leads to bureaucratism and various mistakes, and it inevitably impairs the democratic life, collective leadership, democratic centralism and division of labour with individual responsibility in the Party and government organizations at all levels. This phenomenon is connected to the influence of feudal autocracy in China's own history and also to the tradition of a high degree of concentration of power in the hands of individual leaders of the Communist Parties of various countries at the time of the Communist International. Historically, we ourselves have repeatedly placed too much emphasis on ensuring centralism and

Now that we are engaged in the extremely difficult and complicated task of socialist construction, over-concentration of power is becoming more and more incompatible with the development of our socialist cause.

From the Zunyi Meeting to the socialist transformation due attention was paid to collective leadership and democratic centralism. Unfortunately, this fine tradition has not been upheld, nor has it been incorporated into a strict and perfected system.

unification by the Party, and on combating decentralism and any assertion of independence. And we have placed too little emphasis on ensuring the necessary degree of decentralization, delegating necessary decision-making power to the lower organizations and opposing the over-concentration of power in the hands of individuals. We have tried several times to divide power between the central and local authorities, but we never defined the scope of the functions and powers of the Party organizations as distinct from those of the government and of economic and mass organizations. I don't mean that there is no need to emphasize centralism and unification by the Party, or that it is wrong to emphasize them under any circumstances, or that there is never any need to oppose decentralism or the assertion of independence. The problem is that we have gone too far in these respects, and we have even failed to clarify what we mean by decentralism and assertion of independence in the first place. Now that ours has become the ruling party in the whole country, and especially since we have basically completed the socialist transformation of the ownership of the means of production, the Party's central task is different from what it was in the past. Now that we are engaged in the extremely difficult and complicated task of socialist construction, over-concentration of power is becoming more and more incompatible with the development of our socialist cause. The long-standing failure to understand this adequately was one important cause of the "Cultural

Revolution," and we paid a heavy price for it. There should be no further delay in finding a solution to this problem.

Besides leading to over-concentration of power in the hands of individuals, patriarchal ways within the revolutionary ranks place individuals above the organization, which then becomes a tool in their hands. Patriarchal ways are an antiquated social phenomenon which has existed from time immemorial and has had a very damaging influence on the Party. Chen Duxiu, Wang Ming and Zhang Guotao were all patriarchal in their way. During the period from the Zunyi Meeting of the Political Bureau of the Central Committee [in 1935] to the socialist transformation [in the mid-50s], the Central Committee and Comrade Mao Zedong invariably paid due attention to collective leadership and democratic centralism, so that democratic life within our Party was quite normal. Unfortunately, this fine tradition has not been upheld, nor has it been incorporated into a strict and perfected system. For example, when major issues are discussed inside the Party, very often there is insufficient democratic deliberation. Hasty decisions are made by one or a few individuals and votes are seldom taken, as they should be under the principle of majority rule. This shows that democratic centralism has not yet become a strictly applied system. After the criticism of the opposition to rash advance in 1958 and the campaign against "Right deviation" in 1959, democratic life in the Party and state gradually ceased to function

normally. There was a constant growth of such patriarchal ways as letting only one person have the say and make important decisions, practising the cult of personality and placing individuals above the organization. Lin Biao propagated the "peak theory," saying that Chairman Mao's words were supreme instructions. This theory was widespread throughout the Party, army and country. After the smashing of the Gang of Four, the personality cult continued for a period of time. Commemorative activities in honour of some other leaders also sometimes smacked of the cult of personality. Recently, the Central Committee issued a directive insisting that there should be less publicity for individuals. It pointed out, among other things, that improper commemorative methods not only mean extravagance and waste and lead to divorce from the masses, but also imply that history is made by a few individuals — a notion which is detrimental to education in Marxism inside and outside the Party and to the elimination of feudal and bourgeois ideological influences. This directive, which contained some regulations designed to correct undesirable practices, is a very significant document. Here I must also mention that after 1958 residential quarters were built in many places for Comrade Mao Zedong and some other comrades on the Central Committee, and that after the downfall of the Gang of Four work still continued on some such building projects in Zhongnanhai. All this had a very bad influence and entailed much waste. Furthermore, to this day a few high-ranking cadres are still given

In the draft of the revised Party Constitution discussed at the Fifth Plenary Session of the Eleventh Central Committee, it was proposed that life tenure in leading posts be abolished. As we see it now this provision needs to be further revised and supplemented.

welcoming and farewell banquets, and traffic is held up and great publicity made wherever they go. This is most improper. All the practices I have mentioned, which seriously alienate us from the masses, must be banned at all levels from the top down.

Many places and units have their patriarchal personages with unlimited power. Everyone else has to be absolutely obedient and even personally attached to them. One of our organizational principles is subordination of the lower Party organizations to the higher, which means that a lower

organization must implement the decisions and instructions from the higher one. This does not, however, preclude relations of equality among Party comrades. All Party members, those who take on leadership work as well as the rank and file, should treat each other as equals, equally enjoy all rights to which they are entitled and fulfil all the duties they are expected to perform. Comrades at the higher levels should not imperiously order about those at lower levels, and they certainly must not make them do anything in violation of the Party Constitution or the country's laws. No one should fawn on his superiors or be obedient and "loyal" to them in an unprincipled way. The relationship between a superior and a subordinate must not be the one repeatedly criticized by Comrade Mao Zedong, the relationship between cat and mouse. Nor should it be like the

relations in the old society between monarch and subject, or father and son, or the leader of a faction and his followers. The patriarchal ways I have described are partly responsible for the grave mistakes some comrades make. Even the formation of the counter-revolutionary cliques of Lin Biao and Jiang Qing was inseparable from the patriarchal ways surviving inside the Party. In a word, unless such ways are eliminated once for all, the practice of inner-Party democracy in particular and of socialist democracy in general is out of the question.

Tenure for life in leading posts is linked both to feudal influences and to the continued absence of proper regulations in the Party for the retirement and dismissal of cadres. The question of retirement did not arise during the period of revolutionary wars when we were all still young, nor in the fifties when we were all in the prime of life, but it was unwise of us not to have solved the problem later. Still, it should be acknowledged that it could not have been solved, or at least not completely, under the conditions then prevailing. In the draft of the revised Party Constitution discussed at the Fifth Plenary Session of the Eleventh Central Committee, it was proposed that life tenure in leading posts be abolished. As we see it now, this provision needs to be further revised and supplemented. What is essential is to improve the systems of election, recruitment, appointment, removal, assess-

ment, impeachment and rotation of cadres and, in the light of specific conditions, to work out appropriate and explicit regulations for the terms of office and retirement of leading cadres of all categories and at all levels (including those elected, appointed or invited). No leading cadre should hold any office indefinitely.

During the "Cultural Revolution," Lin Biao and the Gang of Four did everything to procure a privileged life style for themselves and inflicted great suffering upon the masses. At present there are still some cadres who, regarding themselves as masters rather than servants of the people, use their positions to seek personal privileges. This practice has aroused strong mass resentment and tarnished the Party's prestige. Unless it is firmly corrected, it is bound to corrupt our cadres. The privileges we are opposed to today are political and economic prerogatives not provided for by law or the existing regulations. The appetite for personal privilege shows that there are still lingering feudal influences. From old China we inherited a strong tradition of feudal autocracy and a weak tradition of democratic legality. Moreover, in the post-Liberation years we did not consciously draw up systematic rules and regulations to safeguard the people's democratic rights. Our legal system is far from perfect and has not received anywhere near the attention it deserves. Privileges are sometimes restricted, criticized

and attacked, but at other times they are allowed to proliferate again. To eradicate privilege, we must solve both the ideological problems involved and problems relating to rules and regulations. All citizens are equal before the law and the existing rules and regulations, and all Party members are equal before the Party Constitution and regulations on Party discipline. Everyone has equal rights and duties prescribed by law, and no one may gain advantages at other's expense or violate the law. Whoever does violate the law must be subjected to investigation by the public security organs and brought to justice by the judicial organs according to law. No one is allowed to interfere with law enforcement, and no one who breaks the law should go unpunished. No one may violate the Party Constitution or discipline, and anyone who does must be subjected to disciplinary action. No one is allowed to interfere with the enforcement of Party discipline, and no one who does should be allowed to escape disciplinary sanctions. Only when these principles are implemented resolutely can such problems as the pursuit of privilege and the violation of law and discipline be eliminated for good. There must be a system of mass supervision so that the masses at large and the Party rank and file can supervise the cadres, especially the leading cadres. The people have the right to expose, accuse, impeach, replace and recall, according to law, all those who seek personal privileges and refuse to change their ways despite criticism and education. The people have the right to demand that these persons pay for what they have unlawfully taken and that they be punished according to law or through disciplinary measures. Regulations must be worked out governing the scope of powers attached to particular posts and the political seniority and material benefits of cadres at all levels.

Here, the most important thing is to have definite organizations to exercise impartial supervision.

It is true that the errors we made in the past were partly attributable to the way of thinking and style of work of some leaders. But they were even more attributable to the problems in our organizational and working systems. If these systems are sound, they can place restraints on the actions of bad people; if they are unsound, they may hamper the efforts of good people or indeed, in certain cases, may push them in the wrong direction. Even so great a man as Comrade Mao Zedong was influenced to a serious degree by certain unsound systems and institutions, which resulted in grave misfortunes for the Party, the state and himself. If even now we still don't improve the way our socialist system functions, people will ask why it cannot solve some problems which the capitalist system can. Such comparisons may be one-sided, but we must not just dismiss them on that account. Stalin gravely damaged socialist legality, doing things which Comrade Mao Zedong once said would have been impossible in Western countries like Britain, France and the United States. Yet although Comrade Mao was aware of this, he did not in practice solve the problems in our system of leadership. Together with other factors, this led to the decade of catastrophe known as the "Cultural Revolution." There is a most profound lesson to be learnt from this. I do not mean that the individuals concerned should not bear their share of responsibility, but rather that the problems in the leadership and organizational systems are more fundamental, widespread and long-lasting, and that they have a greater effect on the overall interests of our country. This is a question that has a close bearing on whether our Party and state will change political colour and should therefore command the attention of the entire Party.

Some serious problems which appeared in the past may arise again if the defects in our present systems are not eliminated. Only when these defects are resolutely removed through planned, systematic, and thorough reforms will the people trust our leadership, our Party and socialism. Then our cause will truly have a future of boundless promise.

We cannot discuss the defects in our system of Party and state leadership without touching upon Comrade Mao Zedong's mistakes in his later years. The resolution on certain questions in the history of our Party since the founding of the People's Republic of China, a document now being drafted, will include a systematic exposition of Mao Zedong Thought and a reasonably comprehensive assessment of Comrade Mao's own merits and demerits, including criticism of his mistakes during the "Cultural Revolution." As thoroughgoing materialists, we Communists cannot but accept what should be accepted and reject what should be rejected, basing our judgement strictly on facts. Comrade Mao rendered immortal service to our Party, our country and our people throughout his life. His contributions are primary and his mistakes secondary. But to avoid mentioning his mistakes because of his contributions would not be a materialist approach. Neither is it a materialist approach to deny his contributions because of his mistakes. The "Cultural Revolution" was a blunder and a failure because it ran completely counter to the scientific tenets of Mao Zedong Thought. These tenets, which have been tested and proved correct through long years of practice, not only guided us to victory in the past but will remain our guiding ideology in the years of struggle ahead. It is incorrect and against the fundamental interests of the Chinese people to have any doubt or to waver to any degree on this important principle of our Party. ■



Deng Jiaxian: China's Father of A-Bomb

Because of what he saw as the humiliation China suffered at the hands of foreign aggressors and because of his patriotic desire to build up China's defence capabilities, nuclear physicist Deng Jiaxian, 62, devoted his life to designing and building China's atom and hydrogen bombs. Great as his accomplishments were, it was only recently, a few months before his death on July 29, that the cloud of secrecy surrounding Deng has been lifted and that he has begun to be publicly known as the "Father of China's A and H bombs."

Deng Jiaxian.

WANG HUI

by Ku Mainan

Many may still remember that in the early 1940s a group of internationally recognized nuclear physicists suddenly "disappeared" for years until July 16, 1945, when the United States exploded its first atom bomb. China also has scientists who vanished from view and set out to build a bomb for China. One of them was Deng Jiaxian.

A few years ago when the Chinese-American professor Chen-ning Yang asked a physicist who had graduated from Beijing University in the 1960s whether he had ever seen or heard of Deng Jiaxian, the physicist said "no." The secrecy of Deng's work was so thorough that even his wife, Xu Luxi, did not know what he had done. "I discovered what my husband was doing when I read the recent newspaper reports about him," she said.

True, Deng is not as well-known as J. Robert Oppenheimer, who was widely recognized as the brain behind the United States' atomic bomb. Deng was, however, the most important of China's nuclear scientist and the architect of its nuclear industry.

His Choice

In 1950, a year after New China was founded, Deng Jiaxian





Deng's memorial meeting in Beijing on August 3 was attended by Chinese leaders Zhao Ziyang, Wan Li and others. WU SHENHUI

returned to China with a doctoral degree in physics from Purdue University in the United States. He was then 26. When he reported for work at the newly founded Modern Physics Research Institute of the Chinese Academy of Natural Sciences, some of the elder physicists like Qian Sanqiang, Peng Huanwu and Wang Ganchang were especially pleased. They regarded Deng as an energetic "injection of new blood."

In autumn 1958, a high-ranking official of the Second Ministry of Machine-Building Industry told Deng he had been chosen to head China's team of physicists working on the country's first atomic bomb.

Deng told his wife only that he was going to change jobs. "I will have to do something special and leave you and the children. The job is so important that it is well worth my life," he said.

He and his wife sat up the night recalling their past—their happiness, their sorrows and those of their country. Both remembered World War II, which decimated their country and left many of their countrymen homeless. The

bombs that exploded during the July 7, 1937, Marco Polo Bridge Incident were fresh in their ears. In their mind emerged the images of unarmed Chinese falling in front of the Japanese machine-guns.

"A defenceless country is bound to be bullied, and its people will suffer," Deng told his wife.

Years of Sweat

He was appointed head of the theoretical department of the Nuclear Weapons Research Institute in 1958. The institute was nothing more than an empty plot of farmland staffed with a few scientists. All its work was begun from scratch, with only a few pieces of equipment. Deng laboured day and night at the institute for several months with construction workers until a decent building was erected.

Years earlier, the Chinese government had signed a new defence technology agreement with the Soviet Union. According to the agreement, the Soviet side would supply China with a

teaching model of the atomic bomb. Deng and his colleagues prepared for its arrival. In the end, however, the model did not arrive, for the agreement was scrapped and all the Soviet experts in China were called back.

One day, Vice-Minister of the Second Machine-Building Industry Liu Jie said to Deng: "You'd better prepare to do the job on your own."

China was left alone without guidance or data. Deng remained optimistic, however, and hand-picked a group of college graduates, all in their 20s. He worked during the day and instructed his trainees at night. Sometimes he prepared lectures until after midnight, slept briefly in the office and was back at work before dawn.

If the whole production process of an atomic bomb were likened to a dragon, theoretical design would be the head. Deng was at the head of the dragon that was China's atomic bomb production.

"We were struggling alone in the dark at that time," said one of Deng's students, now in his early 50s. "It was Deng who showed us



the orientation and urged us to concentrate on theoretical study."

Deng demanded much of his students, but never pulled rank on them. He also demanded a great deal of himself. In his work schedule, there were no days off. At 7:30 pm on Sundays, however, Deng allows his students to rest.

Because Deng believed that everything is possible, he and his group pushed themselves to the limit until 1959 when they sketched out the theoretical design of China's first atomic bomb. China then had no sophisticated computers. Using four hand-driven computers and sometimes even abacuses, Deng and his group went on three shifts for nine months until they had calculated, confirmed and reconfirmed every detail. They asked theoretical physicists Zhou Zhaoguang and others to double-check their data. When both calculations proved to tally with each other, they began a series of experiments and succeeded.

It was 3 pm on October 16, 1964, that a mushroom cloud heralded by a deafening explosion rose to the sky in China's west. China's first atomic bomb had been exploded.

'How Could I Leave the Battlefield?'

No sooner had Deng calmed down from the excitement over the successful explosion of China's first atomic bomb than he and his group began a much more difficult task, researching the hydrogen bomb.

Like atomic bomb technology, the technology behind a hydrogen bomb is jealously guarded by the superpowers. Again, Deng and his group had to start from scratch.

The responsibility of creating a theoretical design for the hydrogen bomb was considerable. They had periods of success and periods of failure. But for the most part Deng's days spent on the hydrogen bomb were frustratingly non-productive.

To their joy, a research group in Shanghai discovered a shortcut for the manufacture of the hydrogen bomb in 1965, only several months after Deng had begun his research. Deng immediately flew to Shanghai and decided to begin experiments without delay.

Deng was the leader of his group and willing to bear all risks. "In case of danger, we die together," he told his colleagues. "In what we are doing, every trifle is important and potentially hazardous. Any mistake could mean disaster," Deng said.

One day, after midnight when he had just got in bed, the phone rang. Something had gone wrong in processing a component and Deng was needed immediately. He set off in his pajamas and slippers. In pitch dark, his car bumped along a rugged road for three hours before reaching the workshop. Without delay, he grappled with the problem and solved it.

Another time when an underground test was about to begin, a signal disappeared from the monitoring screen.

"What's happened?" everyone asked. Again, they called Deng. Deng arrived and fixed the trouble on the spot. In the desert where the pit was located, the wind was strong and the weather was biting at more than 30°C below zero. When somebody saw how tired Deng was and asked him to go back for a rest, Deng said: "No. This is a battle. How could I leave?" No sooner had the test ended than Deng fainted with fatigue. The first thing he asked after coming to: "Did you get all the data?"

Unfortunately, just as the testing of the hydrogen bomb was about to go ahead, the 10 chaotic years of the "cultural revolution" began in 1966. The people involved in the project were split into two warring factions, and many of the scientists were framed for "misdeeds" and forced to leave their posts. Deng's wife, a

professor of anatomy, fell prey to the "cultural revolution" too, because of her academic accomplishments. Deng was frustrated and disappointed.

All he wanted was to continue his research. Every day that the "cultural revolution" stole from his work, Deng felt as a national loss. He lobbied the two factions and persuaded them eventually to mend their fences and allow research to continue. As a result, China's first hydrogen bomb exploded successfully in June 1967.

It took the United States seven years to go from atomic bomb to hydrogen bomb, the Soviet Union five years and France eight years. It took China only two years and eight months.

A Life Without Rest

Deng was a man who knew no rest. In 1984 when he was "forced" by colleagues to relax, he visited the West Lake in scenic Hangzhou. An engineer who went with him asked: "Because of your accomplishments and seniority, you could have had all the comforts. You could have travelled around, giving some lectures and sightseeing. Why do you choose such a difficult course and demand so much of yourself?"

"I feel no regret for what I have done," Deng said. "A man has to do something for his country." When they walked to the nearby tomb of Yue Fei, a 12th-century hero known for his patriotism, and saw the tombstone inscribed with the words: "Devotion to the country," Deng said to the engineer: "Come, please take my photo in front of the tombstone." Like Yue Fei, Deng devoted all his life to the defence of his motherland.

Deng directed 15 of China's 32 nuclear tests. Years of hard work, however, so taxed his health that he was finally stricken down by cancer. He died in a Beijing hospital on July 29, 1986. ■

The Lopsided Japan-US Economic Ties

by Zhou Zhixian

In the uneven development of the world economy, Japan is setting new world records in its foreign trade surpluses. Japan's favourable balance of trade with the United States has increased five-fold in the first half of the 1980s, from US\$9.11 billion in 1980 to US\$49.7 billion in 1985. In 1985 alone Japan's trade surplus increased by 34 percent.

According to forecasts made by the OECD, Japan's trade surplus in 1986 will reach US\$77 billion, equalling the gross national product of Belgium (US\$77.1 billion in 1984) and will be ten times higher than the highest trade surplus ever attained in history by the United States (US\$7.73 billion in 1957).

A Historical Turning-Point

Japan has accumulated a huge amount of funds in foreign exchange and in a matter of four or five years transformed itself into the largest creditor nation in the world. By March 1986, its net assets abroad reached US\$124 billion. At the same time the United States ceased to be a creditor nation in 1985 for the first time in seventy years, becoming a debtor nation.

In the fiscal year April 1985-March 1986 Japan bought US\$67 billion worth of American foreign

bonds, mainly financial bonds, and exported US\$72.4 billion worth of goods to the United States. Nearly one-third of the United States financial deficits now have to be made up by Japanese funds. Analysts are beginning to wonder how long the United States, harassed as it is by the so-called "twin deficits"—a budget deficit of US\$200 billion and a trade deficit of nearly US\$150 billion—can hold out by relying on foreign funds for GNP growth. In the US Congress, there are more than three hundred protectionist bills against Japan at various stages of enactment.

The economic "friction" between Japan and the United States has reached such a pitch that some American officials accuse Japan of carrying out "economic colonialism" against the United States.¹

In September 1985, the G5 conference (the financial summit of five developed industrial countries) decided to intervene jointly and internationally to bring down the high exchange rate of the US dollar. In the months since then the Japanese yen has risen in value by 20, 30 and now 40 percent. According to a study by the Japanese Bureau of Economic Planning, for every 10-percent rise in the exchange rate, Japan's exports decrease by 2.22 percent. On the other hand, as the prices Japan pays for its imports become relatively lower, combined with the sharp drop in oil prices, Japan's trade surplus has not been reduced at all.

The principal cause of Japan's foreign economic imbalance, par-

ticularly that with the United States, is its powerful industrial export capacity developed through its policy of "establishing the country through trade," and its tradition of "export first." For this reason, Japan's surplus in foreign trade has become a "structural" problem. Recently, Japan frankly declared itself to be the "big country of trade surplus" in the world.

The present situation is that Japan's pressure on the United States has reached or almost reached the "limit" that the United States can sustain. A review in Britain's influential *Financial Times* compared "the rise and fall of the dollar empire" to the movement from prosperity to decline of the British empire—the so-called "Imperial cycle."

It does not really matter whether this comparison is appropriate or not. But it is a fact that 40 years after the war, an important change has taken place in the balance of strength between Japan and the United States.

Looking forward to the year 2000, Japanese official and semi-official experts agree that after the passing of the Pax Britannica in a modern history, the Pax American is on the verge of decline. The United States still possesses considerable strength and the newly emerging "super-creditor nation" Japan is not yet strong enough to replace the United States. But in 10 to 15 years, the Tokyo financial market will rival New York's as an international financial centre. It is probably true to say that the Japan-US alliance

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has reached a "historical turning-point" as far as its economic relations go in the latter half of the 1980s, despite the fact that their political and military alliance remains what it was.

Elation and Uneasiness

Over the last few years, Japan's huge banking and industrial capital resources have swamped the American market both in terms of trade and in the export of capital. As described by some Japanese reporters, the offices and subsidiaries of Japanese banks, businesses and stock companies based in Wall Street and in the many skyscrapers built with Japanese money are shouting in one voice: "Whoever can dominate the American market can dominate the world."

Of course, the inflow of Japanese capital into the United States means "transfusing" huge credit capital into American business and "contributing" towards the growth of the United States' GNP. This is welcomed by the latter. In 1985, Japan invested US\$60 billion in American bonds, which equalled the total US private investment in the same year. Japanese non-governmental direct investments in the United States amounted to only US\$230 million in 1970 but rose sharply to US\$17 billion in 1985, a 73-fold increase. The more than 500 Japanese factories in the United States employ a million American workers and staff, and to furnish these factories with spare parts and transport and other services, an additional three million are employed in support industries. Moreover, another half million Americans are employed by 4,500 non-manufacturing Japanese companies. As the Japanese yen rises in value and the cost of making foreign investments

becomes relatively lower, there is a growing drive in Japan for engaging in "overseas production."

Japanese big business and American transnational corporations have joined hands in monopolizing the production of brand-name products, buying up factories that are losing money, and producing fast-selling Japanese goods locally on a considerable scale. An automobile factory built with Japanese capital with an annual output of 50,000 cars, for example, needs to employ, directly and indirectly, 50,000 American workers. A recent semi-official Japanese research report says that by the year 2000, direct foreign investments by Japanese manufacturers will have increased nine times over the 1984 figure, and the Japanese manufacturing industry as a whole will have shifted 20 percent of its production capacity overseas. It is obvious that most of the "overseas production" will be done in the United States. It can be calculated that by then the international markets, mainly the American market, will be flooded with about US\$100 billion worth of products turned out by overseas Japanese businesses.

From the Carter administration to the Reagan administration, the Federal authorities and many state governments and even some trade union leaders have encouraged Japanese businessmen to make investments and set up factories in the United States. Today, California is in the lead with 140 Japanese-financed factories. Next comes Texas with 38 factories, Georgia with 31 factories and some other states with about 20 Japanese-financed factories. Public opinion, welcoming Japanese capital, tells Japan has brought to the United States "employment opportunities," "advanced production technology" and "good methods of management." At the same time, some senior officials, among them

Richard D. Lamm, have pointed out that Japanese factories in the United States means that the children of Americans will be working for the Japanese for a long time to come.

People found it difficult to imagine that one day Japanese investors will play the role of the old colonial factory owners on the American continent. But the fact that a first-rate industrial power has to prop up its economy with capital, technology and employment opportunities furnished by its former "junior partner" cannot but make people think deeply. In Japan the phenomenon is known as "the hollowing of the American economy." It is said that apart from the fields of nuclear technology, space, and some computer high-tech, the United States is falling behind. There are some "hollows" in its national economy which are being filled in by Japan.

Despite the fact that there are clear signs of "interdependence" in today's international economic relations, the advance of history is still far away from the time when the "nation states" will die out. Whether Japan is making "contributions," or filling in "hollows," in the American economy, in the last analysis, all the long-term and short-term investment bonds and direct investments have to be paid for with investment benefits, both in capital and interest. The essential difference between a national economic system and the international one lies in the fact that within a country, debts of whatever size between the government and citizens, or between citizens, only involve money being transferred from A's purse to B's; there is no question of any loss or gain to the national economy. But a transaction between the United States and Japan means either a gain or a loss in the national accounts of the two countries. However clever an economic theory, this simple fact of life cannot be avoided. Over the last

It is hard to imagine that one day Japanese investors will play the role of old colonial factory owners on the American continent. But the fact is: A first-rate industrial power is propped up by a "junior partner." In Japan, the phenomenon is known as "the hollowing of the American economy."

year, some alarming forecasts have appeared in the United States. For instance, E. G. Corrigan, President of the Federal Bank, declared: If the present situation continues for five more years, America's accumulated foreign debts will reach as high as US\$500 billion in 1990 and US\$35-45 billion will have to be paid as interest every year. The Morgan Guaranty Trust Co. forecast in April 1985 that if no serious measures are taken, the United States will amass US\$943 billion in foreign debts by 1989 and will have to pay out yearly interest of US\$90 billion. There is no doubt that Japan, the biggest creditor nation in the world, will reap the largest share of the interest and investment benefits.

It may be noted that with the rise in value of the Japanese yen by large margins in the last two months, a drive is gaining momentum in Japan to raise efficiency and cut down costs. Managers of big businesses obviously want to avail themselves of the "grave situation" of the rising value of the yen to intensify technical renovations, improve management, make further efforts to "save manpower," "save materials" and "raise output," so as to adapt themselves to expanding exports under conditions of high exchange rates. An exporter of capital today, Japan, because of its export tradition, will not forget to continue to improve its competitive edge in export markets. Japan has gone through the onslaughts of two rises in the oil price and yet managed to increase its competitiveness. As a Japanese saying goes: "A sparrow, even when it is a hundred years old, will not forget to hop."

Therefore, the trend for the future is not as optimistic as Japan's Western partners have estimated. The higher exchange rate of the yen may curb the growth of Japanese exports for a short time, but eventually the West will find itself facing a graver challenge from Japan.

On the eve of the seven-nation summit in Tokyo, Japan published a report by the Research Society for Internationally Co-ordinated Economic Structural Readjustment—a private consulting body of Prime Minister Nakasone, which admitted that if Japan's foreign economic "imbalance" continued, it would not benefit the "regulated development" of Japan and the world economy, and that its "structural foreign trade surplus" has generated "a state of crisis." It expressed an intention to make a "historic change" in the structure of the Japanese economy. It proposed 1) to expand domestic demand; 2) to bring about a change in the industrial structure to fit in with "internationally regulated development;" 3) to improve access to Japan's domestic market and promote imports; 4) to safeguard the stability of international monetary values and promote financial liberalization and internationalization; 5) to promote international co-operation and contribute to the world economy; 6) to improve Japan's finances and banking. The above six basic policies are taken together, policies for increasing imports and domestic consumption, expanding the export of capital and curbing the increase in regular foreign exchange surpluses. But these measures still look like "assuming a correct

posture" and have little in the way of specific content; "clear targets but short on means," said the authoritative *Japanese Economic News*.

New Forms of International Co-ordination

The problem of the United States and Japan is, when viewed in a broader perspective, actually a "tripartite" problem involving Japan, the United States and Europe; it is also affects the relations of Japan and the United States with the Asian and Pacific countries and the whole of the third world. It is difficult to see a reasonable solution being found to the problem that does not take the overall international economic situation into account.

At the end of 1985, the distribution of the world's economic forces can be roughly indicated by the proportion of each country's GNP, as follows: a) the United States, 28 percent; b) the European countries, 17 percent; c) Japan, 10 percent; d) the western Pacific region (including China, the ASEAN countries, Northeast Asia, Australia and New Zealand), 6 per cent; e) the Soviet Union and the East European countries, 17 percent; f) other parts of the world, 22 percent.

Japan and the United States, which make up 38 percent of the world's GNP, have formed excessively close market connections and at the same time come into "conflict". In 1985, 85 percent of Japan's trade surplus came from the United States. The two countries each made up about 14 percent of the export volume of the world's manufacturing industry in 1985. In reality, the United

States is being elbowed out by Japan in the international market while its domestic market is being infiltrated by Japan. The Japanese domestic market, even when the "customs and non-customs barriers" which have been the target of much criticism are removed cannot take much more than US\$130 billion of imports. But Japan's actual potential for exports far exceeds the present volume of US\$175 billion. (According to a survey made by the Morgan Guaranty Trust Co., there is often a surplus of 5.4 percent between the latent production capacity of Japan and its output volume, sometimes reaching 8.9 percent. The actual figure probably far exceeds this.) In short, Japan has a "structural" surplus of production capacity.

The most interesting thing is that Japan has, a part from the United States (which takes 37 percent of its exports and China 7 percent), only a few "groups of small markets," the largest being South Korea, which takes 4 percent of its total exports. In fact except for the United States, Japan has no sizable export market. No country in the world can "expand and at the same time balance" its trade with Japan. The European Common Market's trade with Japan has for many years shown annual deficits of US\$15-20 billion.

The developing countries of the third world had, by the end of 1985, accumulated debts amounting to US\$865 billion, of which US\$140 billion were due to be paid back in both principal and interest. Debts owed to Japan totalled US\$40-50 billion, of which US\$7-8 billion is due for repayment. At present, many of the mature debts are being rescheduled.

Today, the United States has become the world's No. 1 debtor nation. Its overseas net debts (amount after balancing debts against credits) have been estimated at about US\$100 billion.

This plus the nearly US\$150 billion trade deficit actually makes the close economic ties between Japan and the United States difficult to maintain. The same is true with Japan-Europe economic relations, Japan here having a smaller trade surplus.

The international economy has therefore been bogged down by a "circulation blockade." For many years, Japan and the United States, Japan and Europe, or Japan, the United States and Europe have been talking about

The only hope is for Japan and the US to take a broad view of the world economy and link the third world with the "economic circulation" of the developed countries.

many kinds of "international co-ordination." But this has always been limited to a bilateral or tripartite co-ordination. The greatest effort has been placed on urging Japan to "open" its domestic market which does not have much potential, or on expecting Japan to strengthen its "security system" and "sharing defence responsibility," in the hope of supplying Japan with some weapons and military equipment and thus reduce some of the foreign exchange deficit. These measures, leaving aside their advantages and disadvantages, have had little effect as far as relaxing "economic friction" is concerned. The basic fact is that Japan is in possession of excessive capacity for industrial export, having accumulated a huge amount of capital. Unless the United States is willing to allow its industries at home to "hollow," there is no way to ease the pressure from Japan.

Is there no hope of solving the

problem of Japan's imbalance of foreign trade through "international co-ordination?" The only hope is for Japan and the United States to liberate their thinking from the narrow alley of Japan-US bilateral or Japan-US-Europe tripartite relations solution and take a broad view of the world economy and North-South relations, and link the third world with the economic "benign circulation" of the developed countries.

The existing lop-sided economic relations between the United States and Japan are characterized by either intense friction or blockages of monetary circulation. Without a satisfactory solution to the North-South question, North-North frictions will grow increasingly more acute. This is the lesson of the past few decades. To deal with the problem of the third world's accumulated debts, more constructive measures should be adopted in addition to taking emergency measures. Postponing the repayment of debts or repaying old debts by contracting new debts can after all only temporarily tide over a "debt crisis." If Japan, instead of heavily gravitating all its foreign economic activities towards the United States, were to divert more of its industrial capacity and investment potential to developing the Asian-Pacific third world market, helping these countries to develop their economies, and increasing their capacity to earn foreign exchange, so that they could trade with Japan, the United States and the European developed countries, this would genuinely help reduce Japan's excessive surplus against the United States. In the same way, the United States can correspondingly increase its imports from the third world of the Asian-Pacific region so that this region may have more foreign exchange to increase the purchase of American products and thereby reduce the foreign trade deficit of the United States. ■

Mountaineering Heroine: 10 Years Later



Phanthog (centre) with her friends in Wuxi.

LIU ZHENG

Phanthog, the first and only Chinese Tibetan woman to conquer Mount Qomolangma (Mount Everest as called in the West) has settled to a quiet life in the picturesque city of Wuxi for five years. "But," she told reporters recently, "I still miss the mountains that tower above my native Tibet."

On May 27, 1975, when she was 37 and mother of three children, Phanthog and nine others reached the summit of Mount Qomolangma from the north slope. Their ascent came just 15 days after the first woman, a 35-year-old Japanese, climbed atop the mountain from the south slope on May 12.

With typically Tibetan dark skin and a broad smile, Phanthog said though she could still feel the aftereffects of reaching the peak, she could no longer remember the details of the climb, during which she lost three toes to frostbite. She said she also remembered the strain she had suffered at 7,000 metres above sea level. "I feels half-asleep," she said.

"Yet, you are so determined to reach the top that you forget all about the possible crevasses under your feet and avalanches from above."

Phanthog was selected as a member of China's national mountaineering team in 1958 when she, at 20, was working in a factory in Tibet's Chamdo Prefecture where much of her family remains. At first, she said, she had no idea how important mountaineering would become to her.

Speaking fluent Mandarin, with a Beijing accent, Phanthog said she had lived in Beijing for 10 years before she followed her husband, a Wuxi native, to his hometown. She now works as deputy director of the Wuxi Sports and Physical Culture Commission.

Before she entered the Central College of Minority Nationalities two decades ago, Phanthog had little schooling. Moving to south China proved yet another challenge to her. Her colleague Xu Qinglin said when Phanthog first

came to Wuxi, she seemed at a loss. She couldn't understand the Wuxi dialect, and she found the local foods too sweet and the weather too wet. And most of all, she said she found that to be a deputy director, issuing directives and listening to reports everyday, is not like mountaineering. Yet she is working hard to adapt herself to the new job and is doing well.

She said though she had come to like Wuxi's mild and sweet foods, she disliked its cold wet winters without indoor heating and its hot, humid summers. She said she often longed for her home and family in Tibet and had returned there September last year for a visit that included much celebration.

Today she doesn't have a colour TV set or refrigerator at home and her three children speak only Mandarin. Her husband, Deng Jiashan, the former political commissar of the national mountaineering team, is now a middle school head master in Wuxi and the family's chef. "Compared to Han cuisine," Phanthog said, "mountaineering is simple."

She said she thought she could still conquer mountains as high as 6,500 metres, or even 7,000 metres despite her 48 years of age. Standing 1.68 metres tall and weighing 65 kg., Phanthog said she wished there were mountains around Wuxi for her to climb.

Phanthog said if a good mountaineer was not afraid of death, conquering a summit could become a most rewarding experience. Before Mount Qomolangma, her other major climbs included Mount Dutaka, 7,546 metres above sea level and Mount Gongger Jiubie, 7,595 metres above sea level, both in the Xinjiang Uygur Autonomous Region. ■

by Zhao Zonglu

Commodity Production and Moral Life

"RENMIN RIBAO"

(People's Daily, Overseas Edition)

The current development of commodity production has engendered both economic and social progress in China's rural areas.

Since the implementation of the responsibility system, the farmers have become independent producers and sellers; they may leave the land and engage in different kinds of industrial and commercial activities. Because of this mobility, their social position has risen considerably.

Also once farmers become producers and sellers, they often travel to different parts of the country looking for markets for their goods. Occasionally they settle down in these new places. This has made it possible for them to establish wider social contacts with others and to develop their skills and abilities. The commercialization of the rural economy has, therefore, resulted in hundreds of millions of China's farmers making the most of their individual potential.

Remnants of feudalism and patriarchy linger in rural China, and such things as arranged marriages, widows remaining unmarried, male domination and the preference for male children continue to shape some rural lives. These ideas are at least in part founded in the natural economy, which cannot be shaken unless commodity economy is developed. Only then can such ideas be done away with.

However, aside from rural social progress, commodity production has had other effects. Along with the commercialization of the economy, some negative social elements have also been on the increase. Though some have held that the fundamental reason

for the negative phenomena is the socialist commodity production, there are arguments against such reasoning.

Since competition is essential for commodity production, it is suitable for both capitalist and socialist commodity production. How to understand and apply competition, however, differs in the two systems because ownership patterns and ideologies differ in the two systems.

For instance, every producer has to pay attention to time, speed and efficiency in doing competitive business. The Western adage "time is money" reflects the law governing commodity production and is applicable to both capitalist and socialist commodity production. The saying, however, is applied differently under a socialist system than it is under a capitalist one.

Under capitalism's private ownership of the means of production, profits are the goal.

Capitalists might go after maximum profits at the expense of social welfare. Under a socialist system, however, the producer and seller are to be responsible to society; their work should encourage the improvement of people's livelihood.

To the socialist commodity producers, since they are also the sellers, it is necessary to bear competition in mind and to pay attention to the relations between time, efficiency and money. When they say "time is money," the purpose is to raise the economic efficiency of the socialist enterprises. Their ultimate aim in production is not to exploit others or to seek profits. However, some under the socialist system have tried to harm the consumer, and decadent Western ideas have also infiltrated into China because of the open policy.

It is inevitable that under fierce market competition, there are those who will put money above everything else. The fundamental reason behind the negative aspects of competition is the idea of exploitation that has managed to endure through the ages in China.

Who Enjoys Subsidies? Who Pays?

"ZHONGGUO RIBAO"

(China Daily)

It is understandable when foreigners staying in China complain about certain inequities. For instance, foreigners pay 150 yuan to fly from Beijing to Shanghai, while the Chinese next to them pay only 90 yuan. Unfair?

But if they care to ask how much their Chinese companions earn per month and compare the sum with Western salaries, they may feel an even greater sense of unfairness—for the Chinese

make an average of about 100 yuan (about US\$30) per month.

College graduates may make only 60 yuan, and their monthly contribution to society may be worth far in excess of this. They may have just helped design a new electronic system worth thousands of dollars, or have helped policy makers avoid a costly planning mistake. Their contribution to society is not fully rewarded in currency.

Naturally, their share of public wealth is not tied entirely to money. They eat state-subsidized food, live in state-subsidized

houses, enjoy free medical care, and their children get free education. And, when they fly, they get charged affordable rate.

There are some foreigners who complain they are routinely charged more than the Chinese. Their arguments have some justification. Different air fares are just the tip of the iceberg, followed by an almost endless list of other things: Chinese may pay 10 yuan to get a nice restaurant dinner, while foreigners may have to pay 20; Chinese may also pay half of the foreigners' rate for a hotel room.

Charging visitors higher prices is by no means a Chinese tradition. Nor do the Chinese take foreigners, especially Westerners, to all be capitalists. (This, of course, does not include some reprehensible street vendors and sales clerks, some of whom indeed try to "rip off" foreigners.) Foreigners do not have to agree with the Chinese economic structure, but they may grumble less when they understand it a little better. This seems especially important for representatives of foreign companies. They often protest: "We are asked to pay our Chinese employees a couple of thousand yuan a month. But we know they get only a small percentage of that. Why can't our employees get what we pay them, or we pay what they get?"

But should the Chinese allow people working for these firms to make 20 times as much as those working for Chinese companies? Should there be a whole different price system so that those working for foreign companies do not have access to state-subsidized food, housing, education, medical care, and so on?

One way to solve all these small but complicated issues might be a government notice specifying where foreigners should be charged more and where they should be charged the same. ■

Suggestions on Agriculture

"GUANGMING RIBAO"

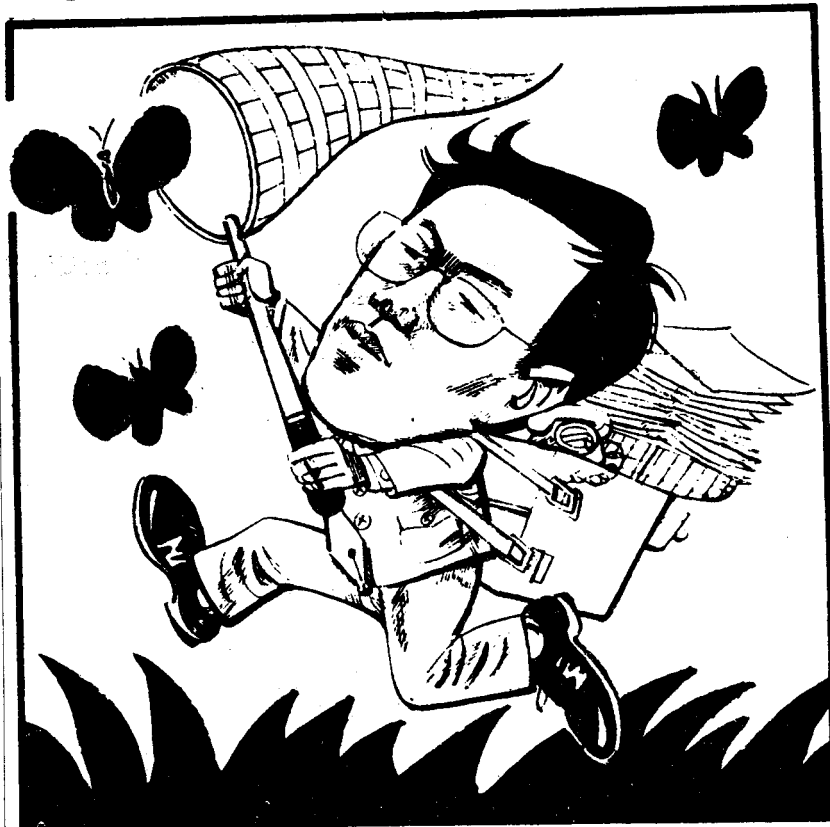
(Guangming Daily)

A Chinese expert recently suggested that in the next 15 years, China should consolidate its northern and southern regions, improve the environmental conditions of its northwest and southwest and develop its central region. Liu Xunhao, a professor at Beijing Agricultural University, said China should also consider its central region as a major area for development. This region, which covers the drainage areas of the Huanghe (Yellow), Huaihe and Haihe rivers, the hilly country in Shandong Province and the Changjiang (Yangtze) River basins, the mountainous

regions in Henan, Hubei and Anhui provinces and the Fenghe and Weihe valleys in Shanxi and Shaanxi, has about 31,000,000 hectares of land under cultivation, accounting for nearly one-third of the country's total arable land. And the climate in this region is well suited to agricultural purposes. The region's per-hectare yield, at the country's average level, has great potential for further development, he said.

At present, central China is the nation's production base for rice, cotton, edible oil, soybeans, tobacco, livestock products and fruit. Liu said that with the development of agriculture, this area may become the major producer of wheat, maize, peanuts and sesame. ■

Now that writer Wang Meng has become Minister of Culture will he still be able to write good novels like the prize-winning "The Butterflies?"



Foreign Loans On the Rise

In the first half of 1986, China foreign loans increased and its foreign investment decreased. The change was announced by Liu Xiangdong, spokesman of the Ministry of Foreign Economic Relations and Trade at a July 30 press conference.

Liu said during its Seventh Five-Year Plan (1986-90), China will continue to use foreign funds by improving its investment environment and perfecting its foreign economic legislation.

Initial statistics show China concluded from January to June US\$2.57 billion worth of contracts on foreign loans. Of this, US\$2.5 billion has been used, three times more than the same period last year. Contracts of foreign investment amount to US\$1.24 billion, which is 20 percent lower than last year. The amount of investment comes to US\$722 million, an increase of 6.9 percent.

Liu said during the same period, 304 joint ventures, 252 co-operative ventures and 10 foreign ventures received business licenses, in addition to the signing of an offshore oil prospecting contract. These new ventures involve all departments of the national economy, Liu said. Seventy percent of them are production enterprises. Direct investment from Hong Kong and Macao makes up 80 percent of the total amount of foreign investment. They are followed by the United States, Japan, Singapore and West European countries.

Liu said, during the seven and a half years from 1979 to 1986, China has approved the establishment of 2,645 joint ventures, 4,075 co-operative ventures and 130 foreign ventures. One-third of these have gone into operation, and 90 percent of them are doing well.

by Li Rongxia

Expanding Foreign Co-operation

In the first six months of 1986, China signed 326 contracts worth US\$688 million of foreign projects and labour co-operation. Of this, US\$400 million worth has been used. At the moment, 50,000 Chinese are working abroad under these contracts, said Liu Xiangdong, spokesman of the Ministry of Foreign Economic Relations and Trade, at a press conference on July 30.

Liu said three more contracting and labour co-operation companies were established in the first half of 1986, bringing China's total number of such companies to 66.

Under the principles of equality, mutual benefit, practical results, variety in form and common development, the Chinese government has approved operation of 35 new non-trade enterprises in foreign countries. This kind of Chinese enterprises, located in 49 countries and regions, now comes to 214, totalling US\$340 million in investment. The Chinese investment accounts for US\$195 million.

Liu said these new developments are playing an active role in promoting South-South co-operation and in strengthening economic ties between China and countries and regions all over the world.

Harbin Flax Exports Successful

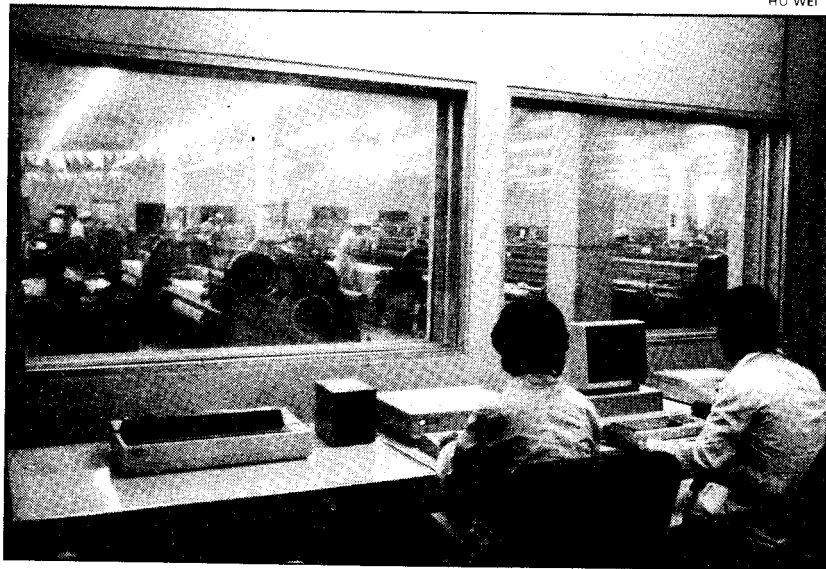
The Harbin Flax Mill, which the state gave foreign trade autonomy, transacted US\$18 million in the first half of 1986. The mill also met its export order quotas.

Output of the mill accounts for 90 percent of China's flax total,

and 90 percent of it is sold to more than 90 countries and regions including Japan, the United States, Italy and Hong Kong, occupying 85 percent of the country's flax exports. In 1985, the mill exported 8 million metres of flax fabrics worth US\$12 million, accounting for 25 percent of the textile exports of Heilongjiang Province, as against its 1981

An automated 5,000-spindle workshop of the Harbin Flax Mill.

HU WEI



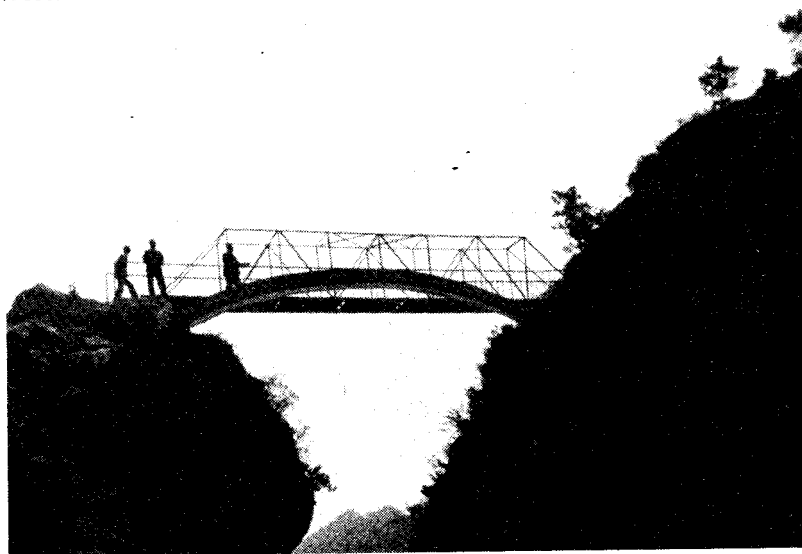
exports of only 400,000 yuan. In addition, negotiations are underway with overseas Chinese in Western Europe on jointly running garment factories in France and other countries.

The Harbin Flax Mill was built in the early 1950s with Soviet aid. Reform of management and technology started in 1982. Today, it has signed technical contracts worth US\$3.5 million with Japan and the Federal Republic of Germany. The 24 spindle frames and weaving machines from Japan and the finishing equipment from Federal Germany will go into full operation soon. In addition, it has imported spinning installations from the Soviet Union under credit trade. One of the nation's 309 key technical upgrading projects, the Harbin Flax Mill will spend 60 million yuan on putting up five production lines for bleaching, dyeing, printing and mercerized finishing. ■

Nandaihe Developments

Nandaihe (South of the Daihe River) in Hebei Province on the Bohai Sea has recently been designated a tourist area.

A scene at Nandaihe.



Beidaihe (North of the Daihe River), the 100-year-old summer resort, is one of China's 10 most popular scenic spots and received 160,000 vacationers daily in 1985 during the summer. The number far exceeded Beidaihe's accommodation capacity.

Nandaihe, 200 km east of Beijing, is also favourably endowed by nature. Its mean temperature in summer is 24.5°C, and that of the sea water is 25°C. The 3,000-metre long and 150-metre wide beach is beautiful and well-protected by a tree line. The sea is one metre deep 50 metres beyond the shore and two metres deep at 500 metres. It is free of pollution and contains a minimum amount of bacteria.

The government says it will build tourist facilities on more than 200 hectares in Nandaihe. Of this, 100 hectares to the west will be for service centres. The investment is estimated at 50 million yuan. Eight sanatoria are now under construction. A recreation centre, occupying 100 hectares, will be built to the east to serve both Nandaihe and Beidaihe.

Telephone services, power supplies, fresh water and sewage are all available in Nandaihe.

Funing County, in which Nandaihe is located, abounds in building materials such as cement, bricks and granite. The county administrator said what Nandaihe lacks are technology and funds.

The development of Nandaihe accounts for part of the construction plan of Qinhuangdao City, to which Funing County belongs. The city authority plans to exploit all the beaches in Funing and Changli counties. These beaches run to dozens of kilometres in length. ■

Yang Xiaobing

French Open Joint Timber Venture

The Helin Furniture Co. Ltd., to be jointly run by the Hejiang Forestry Administration of China's Heilongjiang Province and the Seribo Corp. of France, is now under construction. This will be China's first joint venture for timber processing and utilization.

The total investment accounts for 75 million yuan, of which the French will provide US\$14.5 million. The project's annual designed capacity comes to 50,000 square metres of shaving boards, and the period of operation will be 15 years. Profits due the French side will be paid with income from exports of shaving boards, 30 percent of which are to be sold in France.

Talks on this joint venture began in 1982. The Chinese partner then was Jiamusi City of Heilongjiang Province. The talks were suspended when the question of raw materials and funds came into consideration. A joint venture contract was signed on September 29, 1984, however, after the Hejiang Forestry Administration replaced Jiamusi.

by Yang Xiaobing

Americans Catch Spirit of Beijing Opera



A scene from the Beijing opera "The Phoenix Returns to Its Nest" performed by a troupe from the University of Hawaii in English.

A troupe from the University of Hawaii recently proved foreigners can perform Beijing opera and master its unique style and difficult acting and singing techniques.

With its performance in English of the Beijing opera *The Phoenix Returns to Its Nest* on July 19 in Beijing, the company became the first to stage a whole Beijing opera in a foreign language. Its efforts were warmly applauded by full-house audiences during the week-long engagement at the People's Theatre, one of the capital's major opera houses. The 1,200-seat theatre was packed for the premiere, and more than 100 people waited outside the theatre hoping for tickets even long after the opera had begun.

The troupe was invited by the China Association for the Advancement of International Friendship. Its performance came close to perfectly imitating the real thing, showing its members had learnt a great deal about the letter and spirit of Beijing opera. Especially good was the performance by Lynne Weber as the heroine Cheng Xuer. The minute she set foot on the stage, Weber received a long standing ovation.

The University of Hawaii, which pays much attention to

international education, requires its students of drama and music to study both Western and Oriental drama and music. Courses on Beijing opera began there in 1984 when the university invited three Beijing opera experts—Yang Qiuling, Li Jialin and Wan Ruixing of the China Beijing Opera Theatre—to coach its singers and musicians. They also spent six weeks in early 1985

Yang Qiuling (first right) and director Elizabeth Wichmann (back role, second right) helping an actress' hair-dressing.



rehearsing *The Phoenix Returns to Its Nest*, a romantic comedy created and performed by late Beijing opera master Mei Lanfang in 1928. In 1985, for its performance of *The Phoenix*, the group won first prize from the Hawaii State Operatic Committee. Elizabeth Wichmann was awarded best director for the programme.

Wichmann was among the first group of American students to study in China in 1979. During her stay in China, she studied the opera piece *the Drunken Beauty* from Shen Xiaomei of the Jiangsu Beijing Opera Theatre. Later when she returned to the United States, Wichmann decided to introduce the art of Beijing opera to American audiences in English.

According to Wichmann, many Americans are interested in Oriental art. Yet, because of the differences in language, history, culture and custom, exchanges between Western and Oriental art and culture have been difficult. Beijing opera, the singing of which

is often difficult for some Chinese to understand, can be nearly impossible for foreigners. Wichmann said she decided to concentrate first on drafting as good a translation of *The Phoenix* as possible. Though she speaks and reads Chinese, she said she was often confused by the complicated language of the opera. In overcoming the problems of tonality, local humour and rhyme, Wichmann said she was unable to achieve a literal translation. She was, however, successful in capturing the drama and comedy in the work.

Chinese opera uses standardized singing, acting, dialogue and dancing. Wichmann and the Hawaii troupe did the same and performed *The Phoenix* as a Beijing opera piece down to every detail. The company's singing and acting was well co-ordinated, and the American student actors and actresses looked like Beijing opera actors and actresses not only through their make-up and gestures, but also through their expressions and more subtle movements. The orchestra's accompaniment, too, was equally as "genuine." ■

Classic Tome Computerized

Do you want to know which Chinese idiom is most used in *A Dream of Red Mansions*? Or, would you like to read all the detailed descriptions of how Jia Baoyu and Lin Daiyu, the two major characters in the classic novel, expressed their love for one another? Now you need not search for such items by flipping through the volumes of the work. With the help of a computerized file on the Qing Dynasty novel this and other information can be called up within a minute or so.

The programme, which took 16 months to compile and the work of 30 Chinese-language teachers and computer professionals at Shenzhen University, also con-



The troupe's orchestra.

PHOTOS BY ZHANG XIAOHUA

tains more than 200 entries about 30 subjects ranging from linguistics, literature to ancient culture. For example, the computerized reference file can help linguists find the exact location of a term, how many times it occurs in the novel, and how it is used in the sentences. Writers can use the programme to find information about the poetry in the novel, the use of certain styles of rhetoric, as well as descriptions of appearance, love or psychology in the novel. In addition, there are also entries on the novel's food, dress, gardening, toys, medicine and healthcare.

On May 6, the programme was evaluated by a committee made up of linguists, researchers and computer experts, who said the programme was a useful application of modern scientific technology into Chinese classics.

Researchers have used the programme for a variety of projects. The programme reveals that the novel runs to 731,017 words, including 4,462 Chinese characters and 1,623 idioms and phrases fixed with four Chinese characters. Users also learn that there are 24 rhetoric skills used in the novel. Of these the most used is the metaphor.

The data from the computerized file has been compiled into a series of books on 18 special subjects, including phrases and idioms,

rhetoric, food, clothing, furnishings, utensils, poems and *ci**, drama, music, painting, anti-theft couplets, riddles, education, ancient classics, descriptions of love, of psychology and appearance. The publication of the series will mean the end of much page-flipping for researchers who do not have access to the computerized system.

According to new data obtained from the file, there is some doubt about who continued author Cao Xueqin's unfinished writing. In the past, Du Zhifang, Cao's second wife, was thought to have written the last 40 chapters of the novel. New information shows, however, that the written language used in the later part of the novel reflects the Beijing dialect more than in the first 80 chapters. It seems unlikely that Du, a southerner who lived with Cao only three years in Beijing in northern China, could continue Cao's writing in Beijing style. The exploration of this and other ideas aided by the new programme is sure to shed additional light on *A Dream of Red Mansions*. ■

* *ci*, poetry written to certain tunes with strict tonal patterns and rhyme schemes, in fixed numbers of lines and words, originated in the Tang Dynasty (618-907) and was more fully developed in the Song Dynasty (960-1279).

Pillar of Majesty'

What is the history and symbolism behind the tall pillar which is usually pictured in your "Notes From the Editors"? (For example, p. 9, issue No.19)

Ron Furnival
Pittsburgh, USA

The stone pillar which is carved with clouds and dragons has a long history. Known in Mandarin as "Hua Biao," or column of majesty, the pillar is said to date back to the Yao and Shun era, when it was called "Slender Pillar." During that period, the pillar was wooden, and would be located at busy intersections or on a main street, and people would write their suggestions or grievances on it. Emperor Yao was then said to collect the thoughts at the pillar and apply the ideas he found useful to his rule.

The pillar later became a road sign, an ornament of stone and then on bridges, palaces and tombs. "Hua Biao" pillars are most common today in north China, such as the Emperor Taizu Mausoleum of the Qing Dynasty in Liaoning Province and the two columns of "Hua Biao" that have added to the majesty of Beijing's Tiananmen Square.—Ed.

Compulsory Education

In your issue No. 19 "Notes From the Editors" column, the article said: "The Fourth Session of the Sixth National People's Congress (NPC) has adopted a new law which will gradually put into practice a nine-year compulsory education system." It also said: "This is a major event that will promote the cultural quality of Chinese people and will affect the future of the country." According to your report, as things stand today, a number of children were deprived of the

rights to education in some rural areas because of feudal ideas held by their parents and the families' desire to make money.

It has never been easy for a developing country to carry out compulsory education. Even developed countries have met some difficulties in this regard. Japan has had such problems and has been grappling with conflicting views on education. As education is my profession, these problems always worry me.

The importance of education, particularly of primary education and compulsory education should not be over looked.

Your article also said: "Compulsory education emphasizes that students should develop in an all-round way morally, intellectually and physically." I hope the Chinese people will, through the four modernizations, further develop education and build a peace-loving country of truth, democracy and civilization.

Tamotsu Kuroyaki
Toyama, Japan

Chinese Medicine

I am a Colombian doctor residing in China, and I was attracted by your articles in your issue No. 20 on traditional medicine. The first was entitled "Traditional Chinese medicine Making Its Mark on the World" and dealt with traditional Chinese medicine as compared with new scientific ideological trends. The article contained valuable information for people interested in traditional Chinese medicine.

The article was, however, too general when discussing such things as "blood clotting diseases," "cerebral angiography diseases and the preparation No. 2." I thought there should be an attached list or chart to explain more clearly what these were.

The next article "Traditional medicine Works Wonders" also had the same problem. The contents seemed too sweeping

with too limited space to report several special subjects. (such as the Xiaozhiling Injection, the couching-nettin extraction procedure and the Huayu decoction used for treating kidney stones.)

A. Jimeneg
Colombia

Beijing's Quadrangles

When I visited Beijing last autumn I lived in a quadrangle in the Dongcheng District. I lived in this yard for 10 days and was very comfortable. Though it was my first time in your country, I learnt a great deal. I particularly appreciated the beauty of the quadrangles.

During my visit, I noticed construction everywhere, and saw innumerable buildings and historic sites under repair. I hope Beijing's quadrangles will be preserved.

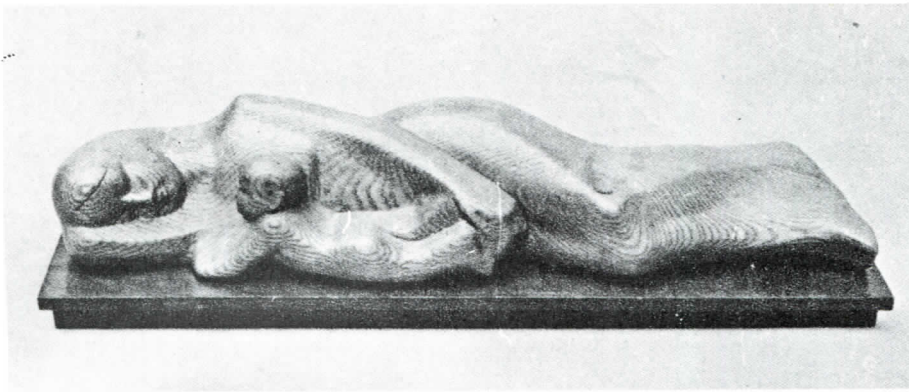
Senzuru Hijiri
Kagayama, Japan

Suggestion

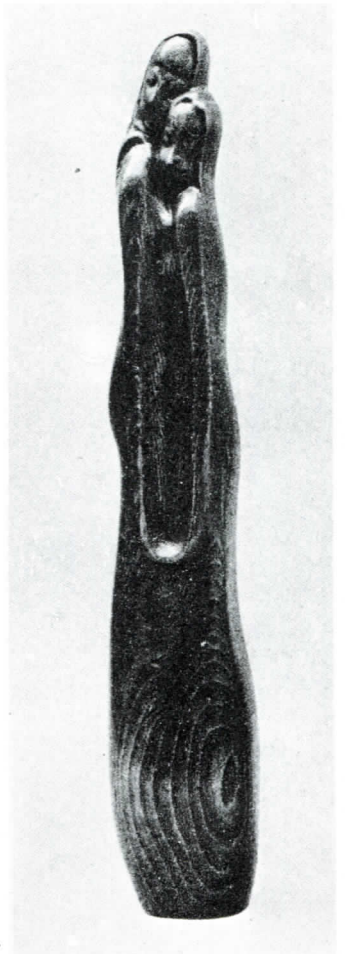
May I suggest that *Beijing Review* include the times of and departments involved in the commemorative activities in such article as "Hunan Honours Master Geologist" in issue No. 18, 1986. The news sources also should be indicated. If the article is reprinted from *People's Daily* or *Guangming Daily*, this too should be made known.

Naoki Hasama
Kyoto, Japan

You are right. Please accept my thanks. The commemorative activities for Ding Wenjiang were held in Changsha, Hunan Province, from April 23-25, and were sponsored by the Science and Technology Association of Hunan province.—Ed.



Feeding a Child. *by Xu Longhua.*



Sisters.
by Liu Wenlu.



Son.
by Cao Guochang.

ART PAGE

Wood Carving

These unique pieces are carved in various types of wood by Chinese sculptors.



At the Cattle Market.

by Xu Kan.

"Diamond" Canvas Bags

钻石牌



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