

北京周報

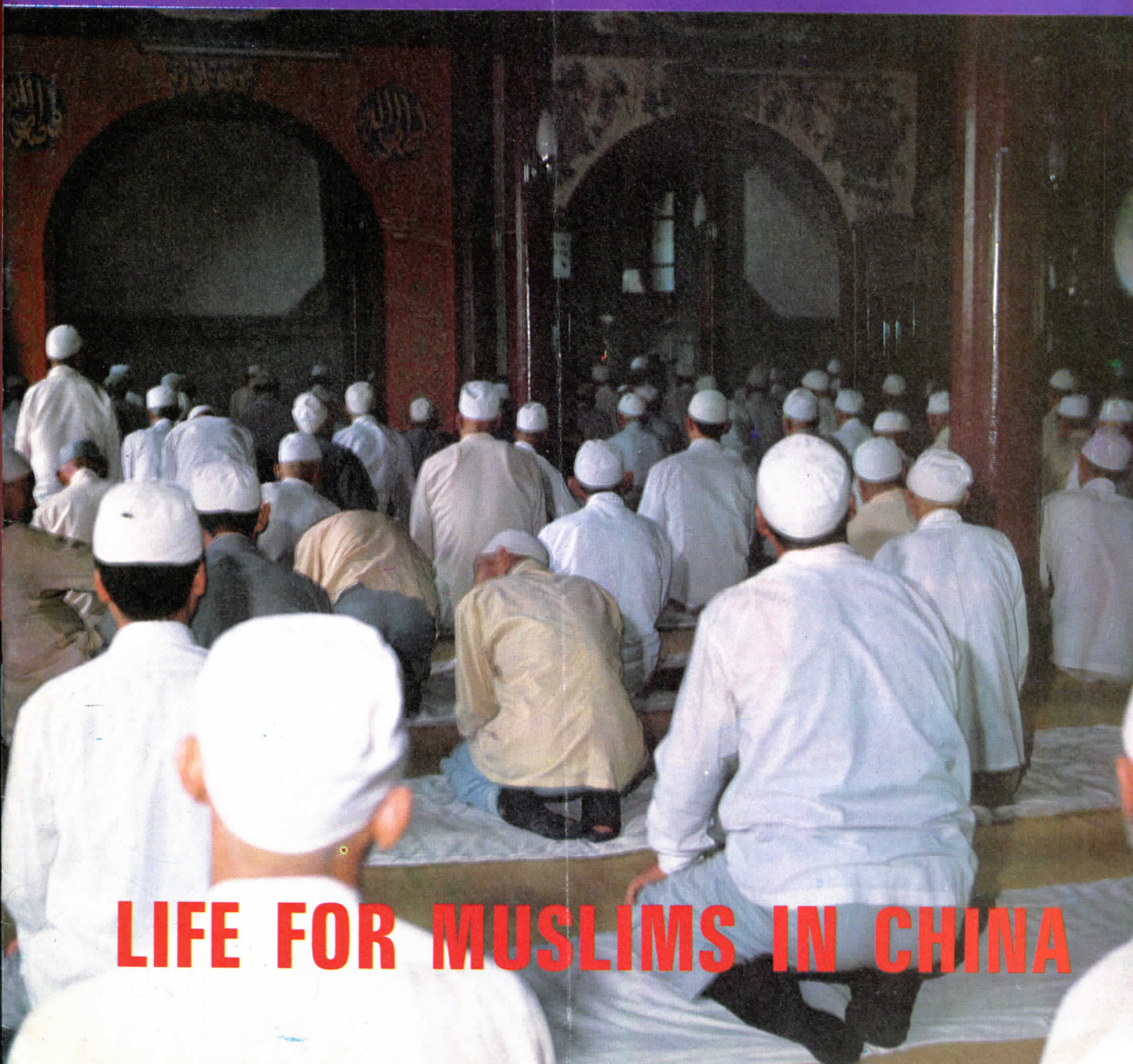
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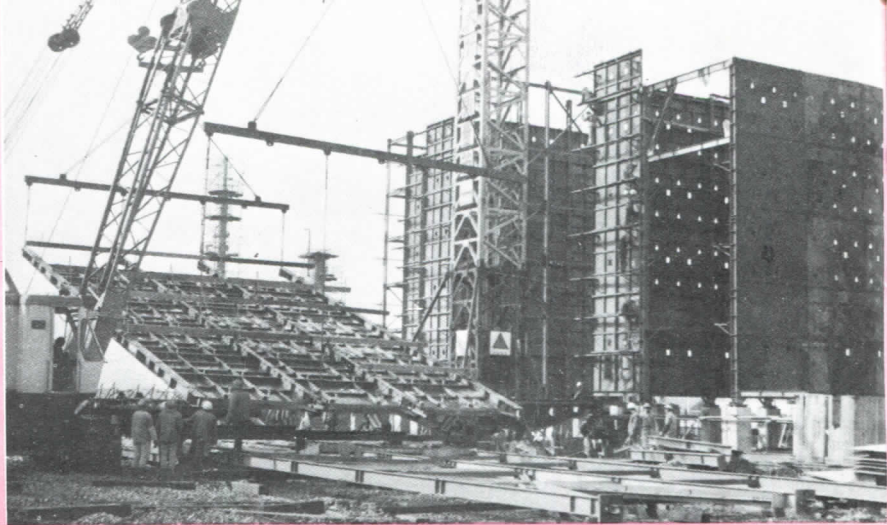
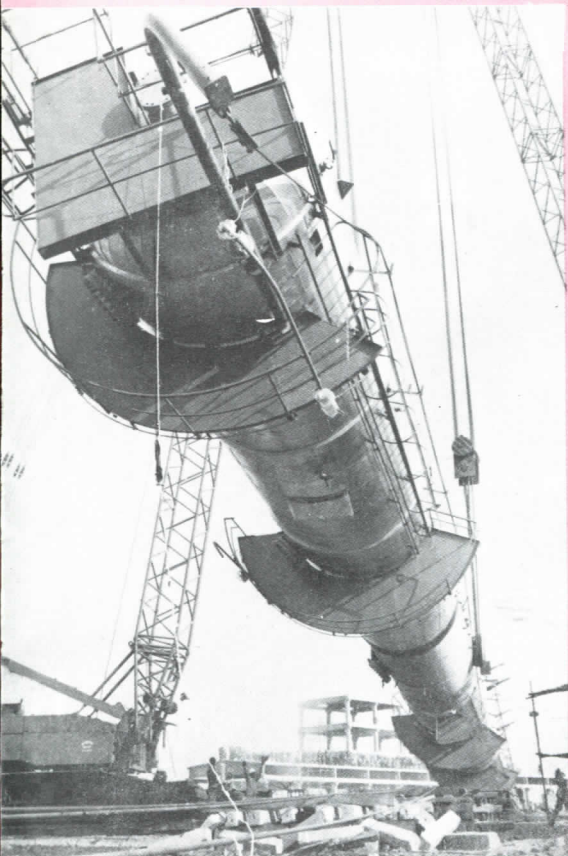
August 18, 1986

PRICE REFORM ESSENTIAL TO GROWTH



LIFE FOR MUSLIMS IN CHINA

SPOTLIGHT



Installation of other key equipment. *Wang Baoxin*

Workers of the Yangzi ethylene engineering project hoisting the 72-metre-high, 204-ton ethylene rectifying tower. *Cui Huixin*

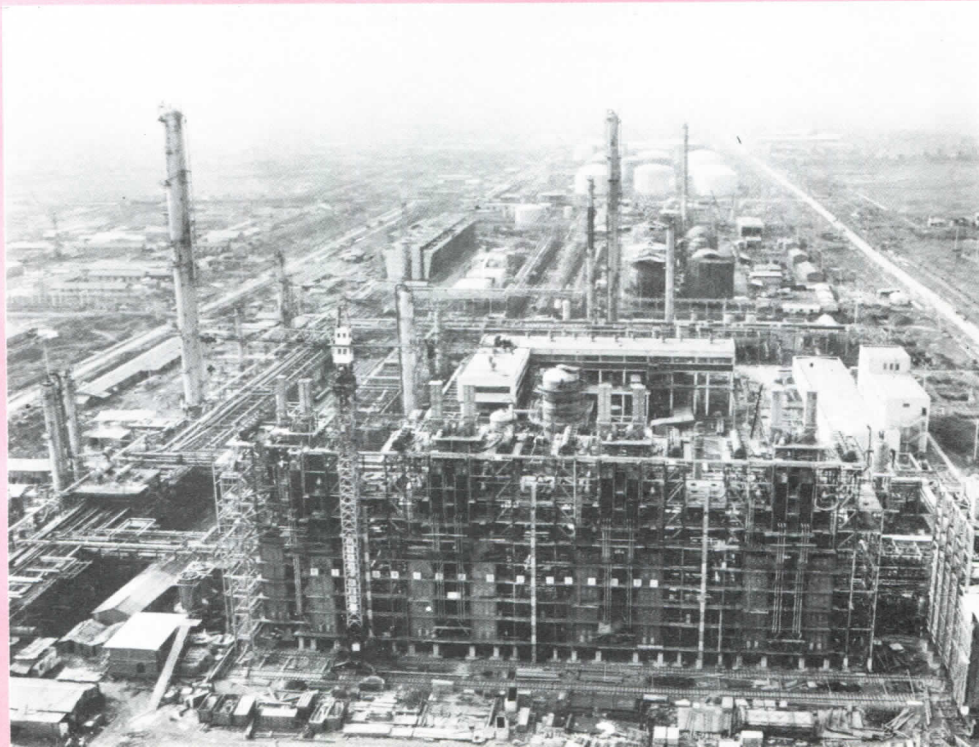
Chinese and Japanese technicians checking the quality of construction. *Wang Zhentao*

A bird's eye view of Yangzi ethylene engineering plant. *Chen Zonglie*



Yangzi Ethylene Engineering Project

The Yangzi ethylene engineering project, one of the state's major projects, is now under construction in Nanjing. With 10 sets of petro-chemical equipment, the project is expected to have an annual production of 300,000 tons of ethylene and 450,000 tons of aromatics complex after completion.





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COVER: The Moslems during a prayer ceremony at the Changying mosque in the suburbs of Beijing.

Chen Zonglie

HIGHLIGHTS OF THE WEEK

Reforming the Political System

■ Reform of the political system, a question raised seven years ago, is now under discussion and is centred on how to establish a socialist political system that is both democratic and efficient and supported by the legal system (P. 4).

The Pricing Reform: Its Aim and Direction

■ This lengthy article by a high-ranking member of the Chinese Academy of Social Sciences analyses from both theoretical and practical points of view the need for reforming the price system, so essential to the further development of the nation's economy and to the reform of the entire economic structure (p. 14).

1,000 Years Added to China's Culture

■ Recent archaeological finds in Northeast China's Liaoning Province have pushed back the start of Chinese civilization at least one thousand years. The discovery has also challenged the idea that the Yellow River basin is the cradle of China's civilization (p. 30).

Rural Moslems: Prayer and Progress

■ The Huis constitute one of China's largest Islamic minorities. The township of Changying, 20 km east of Beijing, gives an insight into their religious activities, local education and changes to their life since the start of the economic reform (p. 19).

Religion Is Still Part of Most Cultures

■ Zhao Fushan, vice-president of the Chinese Academy of Social Sciences, writes that religion is a social phenomenon embracing hundreds of millions of people. In a socialist society, religion is still part and parcel of the cultures of its different nationalities (p. 26).

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Why the Political System Needs Further Reform

by Geng Yuxin

How to create a socialist political system that is efficient, democratic and supported by a proper legal system has been the topic of speeches by Chinese leaders and of press comment recently. This political reform is of the utmost importance as it will be conducive to the smooth development of the ongoing reform of the economic structure.

Reforming the political system is not a new idea. It was raised, and in fact begun, more than seven years ago.

The Third Plenary Session of the 11th Communist Party Central Committee held at the end of 1978 announced that the focus of work of the Party and state should shift from class struggle to modernization and construction. "Carrying out the four modernizations," it pointed out, "requires great growth in the productive forces, which in turn requires diverse changes in those aspects of the relations of production and the superstructure not in harmony with the growth of the productive forces, and requires changes in all the methods of management, actions and thinking which stand in the way of such growth. Socialist modernization is therefore a profound and extensive revolution."

Since then the reform has spread gradually to the political field with significant success. The National People's Congress, functioning as the highest organ of state power in China, has enacted a new Constitution and a large number of new laws and decrees. Initial measures have been taken to separate the powers of the Party from those of the government, to abolish life tenure of office for leading officials and to promote dedicated and competent young people to leadership at various

levels. Enterprises have been given more decision-making powers and factory directors have assumed full responsibility for their work. Political powers have also been restored to the townships, which now replace the people's communes. These changes have given a powerful fillip to China's socialist democracy, and to its legal system as well as to reforms in the economic and other fields.

However, these changes will not be enough to attain our long-term political and economic goals. This is especially true in a country like China that has long been influenced by feudal thinking. Attainment of our goals not only involves changes in political and legal systems, but requires remoulding people's minds by overcoming the influences of old customs and outdated ideas.

In 1980, Deng Xiaoping pointed out: "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." He added, "All the defects I have just described bear the stamp of feudalism to one degree or another."

He asserted: "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 future of boundless promise." (see *Beijing Review*, No. 32, pp. 15-19).

In order to resolve the problem of over-concentration of power, the state decided to grant enterprises full autonomy. This has already stimulated workers' enthusiasm and spirit of enterpr-



ise. However, management departments at the higher level remain unwieldy and over-staffed. Many such departments have even tried to take back the powers granted to enterprises by setting up administrative companies. This was one of the factors which caused the recent down-turn in industrial growth. According to a report of the State Economic Commission, the growth rate of China's industry for the first half of this year was planned to be 7-8 percent, but actually only 4.9 percent was achieved.

Practice has proved that if the political system is not revamped, it will be difficult to carry through the economic reform. Moreover, unless there is a breakthrough in the political reform, what has been achieved will not be consolidated and may even be undone.

To pave the way for future reform, investigation and study is going on. Administrative structures will be simplified and management streamlined to raise efficiency. This is required by the need to protect the autonomy of enterprises and to change the method of management of the national economy from direct state control to indirect control of enterprises.

It is also expected that further steps will be taken to separate the functions of the Party from those of the government, reform the system of appointment to office and perfect the socialist legal system, and hence improve the standards of democracy and ethics of society. ■

China Improves Its Appeal to Investors

China hopes to increase the use of foreign capital during the Seventh and Eighth Five-Year Plan period (1986-1995), Chinese Premier Zhao Ziyang told businessmen in the petrochemical industry and bankers from Japan, the United States, the Federal Republic of Germany and Britain in Beidaihe on August 7.

Zhao said that shortage of funds remains a major restraint on China's modernization drive and the country therefore welcomes foreign loans of all kinds and wants to see more overseas firms investing in China and setting up joint ventures, co-operative projects and companies operated entirely with foreign funds.

Zhao said the scale of foreign investment in China is not large at present and he hoped greater progress could be made in this direction.

He said, "Foreign business people all agree that China is a potential market, and wages, rents and service fees are relatively low. But some overseas firms now complain that investors in China feel disappointed at the higher costs."

He stated that China is prepared to consider this problem seriously in order to keep the country attractive to overseas investors. The costs of production of Sino-foreign joint ventures, co-operative companies and independent foreign firms must be kept low enough to make them competitive in the international market.

He pointed out that because of China's insufficient foreign exchange reserves and loan repayment capability, foreign investors all face the problem of remitting their dividends out of China. He then put forward some tentative ideas on the solution of this problem.

China may grant special preferential treatment with regard

to wages, land rents and various other charges to those foreign investors who export their products to other countries. "The aim is to make such foreign investment in China more competitive than elsewhere in the world," he said.

This would also apply to foreign investors who sell their products in China but reinvest their profits in this country. Favourable treatment could also be accorded overseas investors who do not take their profits out of the country but spend them buying Chinese goods, Zhao said.

Zhao continued, "I think we can think of other ways. So long as both sides can find a reasonable

solution to the foreign exchange problem on the basis of equality and mutual benefit, foreign firms will enjoy bright prospects in China that is, they will be able to expand co-operation with China by making full use of the favourable conditions here—the vast market, the large labour force and comparatively low prices. On our side, we could absorb foreign capital in a bolder manner."

Premier Zhao said although the petrochemical industry is regarded as a "sunset" industry in the developed countries, it is a "sunrise" industry in China and has great potential for expansion. ■

First Factory to Go Bankrupt

The Shenyang Explosion-Prevention Equipment Factory was declared bankrupt on August 3, making it the first bankruptcy ever recorded on the Chinese mainland since the founding of the People's Republic.

A collectively owned plant, it had 72 employees, with fixed assets worth 302,000 yuan. Over the past 10 years, the factory had run up debts of 503,000 yuan (about US\$120,000).

At a press conference called in Shenyang, a senior official of the Shenyang City Industry and Commerce Administrative Bureau said that the factory's assets will be sold off, and the money divided among the 219 creditors in proportion to what they are owed.

The official said that the employees, including the factory director, would lose their jobs except for the few handicapped workers, who would be given new jobs by the local civil affairs department. Those who have

reached retirement age will be pensioned off. The others will receive technical and managerial training before they are recommended new jobs by labour service companies, he said.

"During the next six months," the official said, "they will receive 75 percent of their original wages, which will be replaced by a relief fund of 30 yuan a month from the seventh month if they are still unemployed."

Those who have families to support will be given more, but no more than their original wage, the official added.

The Shenyang factory was warned a year ago, along with two others, that it faced bankruptcy because of their excessive financial losses. The other two factories recovered during the one-year period given to them to improve.

According to provisional bankruptcy regulations for collectively owned enterprises issued by the Shenyang municipal government, if a factory cannot improve its performance in the year after being warned, and its total fixed assets are unable to cover its debts, it must close down.

Not long ago the State Council submitted a draft bankruptcy law for state-owned enterprises to the Standing Committee of the Sixth National People's Congress for consideration. The law is now in trial practice in the three industrial cities of Shenyang in Liaoning Province, Wuhan in Hubei Province and Chongqing in Sichuan Province.

The enactment of a bankruptcy law is now essential to China's further economic development, and it has received the support of the majority of the population. The intention is to eliminate backward concerns through competition. "It is an inevitable historical step," said Yuan Mu, deputy secretary-general of the Central Financial and Economic Leading Group of the State Council.

In Yuan's opinion, letting backward companies go to the wall is progressive and will enable those that try to remain competitive to survive. "But not all backward enterprises can be improved," he noted.

He stated that it is not necessary to protect those factories which cannot keep going because their equipment and technology are outdated, and it is no good propping them up with money from more advanced enterprises.

In answering the argument put forward by some people that bankruptcy is something unique to capitalism, Yuan said socialism should take advantage of all the achievements of human civilization, including the advanced managerial methods that capitalism has developed in organizing large-scale production.

"Why shouldn't we make use of the advanced science and technology, and the methods of management and forms of organization created under capitalism—such as corporations owned by shareholders with limited liability—if they can serve socialism after we have modified

them?" he asked.

Of course, China has its own unique conditions, and particular care will be needed in disposing of the property of bankrupt enterprises, the re-employment of their workers and staff and the payment of debts, etc. before the law on bankruptcy comes into force nationwide. ■

Stock Exchange Debut in China

Stock exchange" may be new phrase to the younger generation in China. But it has made its debut on the Chinese financial stage. A stock market, the first of its kind, opened in Shenyang, the provincial capital of Liaoning, in northeast China on August 5 to enable companies and people in urgent need for cash to sell their stocks.

On the stock market holders and buyers can either trade over the counter according to given quotations, or offer their own prices, or deal freely with one another. Commissions vary from 0.4 to 2 percent of a share's face value.

The market, run by the Shenyang Trust and Investment Corporation, is an attempt to develop the city's money market, commented Xue Jian, an official of the Financial Administration Department of the People's Bank of China.

He said that opening up the country's money markets is a big part of the reform of China's economic structure that is to take place over the next five years.

Shenyang and four other cities, the Guangdong provincial capital of Guangzhou, Chongqing in southwest China's Sichuan Province, the Hubei provincial capital of Wuhan, and Changzhou in the coastal Jiangsu Province, have been chosen as pilot cities to try out the reform.

In the first half of this year the five cities lent or borrowed 13.74

billion yuan (about US\$3.43 billion) on their money markets. This has significantly improved the flow of funds in these and another 20 cities.

In addition to borrowing from the bank, businesses in the five cities were allowed two years ago to issue shares and securities to their employees and to outsiders. Since the beginning of last year, Shenyang has issued shares worth more than 200 million yuan.

"This is a good way to absorb idle funds and make up for money shortages," Xue explained.

In Shenyang some 20 collective enterprises have sold part of their shares to their staff. Bai Shuyu, a woman worker in Shenyang Compressor Factory, bought a 200-yuan share with her savings.

"Though the sum is small," Bai said, "I find myself more devoted to the factory because of it."

All the enterprise's 937 members have shares in it, their total investment amounting to 200,000 yuan, a sum very difficult to obtain through other channels.

Shares are not only issued by small and collective businesses but by some of the state-run ones in the larger cities. Beijing Tianqiao Department Store Co. Ltd. and Shanghai Yanzhong Industry and Commerce Co. Ltd. are good examples.

The stock exchange is a product of the increasing number of holders of securities. But at this stage, the Shenyang exchange deals only in the shares of two industries, according to the manager of the market. Other negotiable securities, like treasury bonds, financial bonds and company shares, have not been handled for the time being.

Foreigners are not yet allowed to buy shares, said the People's Bank official, because the technical means for them to do so do not exist and also because some businesses are unable to pay in foreign exchange.

"We welcome experiments like the securities market," he said. "But we are not sure if it can be

imitated by other places in the country. We are still green horns in running our money markets. ■

More Museums In Beijing

A cluster of new museums have sprung up in Beijing in recent years.

Museums are often regarded as barometers of the level of a country's economic and cultural development. Before liberation, Beijing had only the Palace Museum and two exhibition rooms, even though it was the historical capital city. A lot of relics were in a neglected state.

After 1949, however, the people's government began to attach importance to museum construction and built many social science museums and monuments across the country. In Beijing, new structures built after liberation include the Museum of Chinese History, the Chinese People's Revolutionary Military Museum, the Geology Museum, the Chinese Art Gallery, the Beijing Planetarium and the Ming Tombs Underground Palace. But the pace of construction was slow because of national economic conditions; it went to a standstill during the "cultural revolution."

China opened its door to the world in 1979, and since then it has emphasized the importance of promoting cultural and ethical development in addition to material development.

One result has been the building of more museums. According to Ma Xigui, secretary-general of the Beijing Museum Institute, only 11 museums were built in the capital in the 29 years from 1949 to 1978, while 30 museums, including six institutes that house historical relics, have been established in the last eight years. These include the Soong Ching Ling Residence, the International Friendship Museum which displays gifts from other countries, the Chinese Agricultural Museum, the Capital Museum; and the monument to Xu Beihong, who was a famous painter in contemporary China.

Two newly opened museums that are attractive to visitors are the Bells Museum and the Beijing Art Museum. The Bells Museum has 161 ancient bells on display, some dating back to the Qin Dynasty (221-206 BC). The biggest one is the Yongle Bell, known as the "bell king." More than 500 years old, it is 6.75 metres high and weighs 46.5 tons. A set of 14 chiming bells can be struck by visitors. They are replicas unearthed in Xinyang, Henan Province, dating back to the Warring States period (475-221 BC). The Beijing Art Museum,

News in Brief

Big Civil Engineering Project Calls for Bids. Ten firms from Britain, China, Italy, Japan, West Germany and Spain have sent in bids for civil engineering work on the Shuikou station in Fujian Province—China's second-largest hydroelectric power station. It is the first time China has invited international bids for such a large civil engineering work.

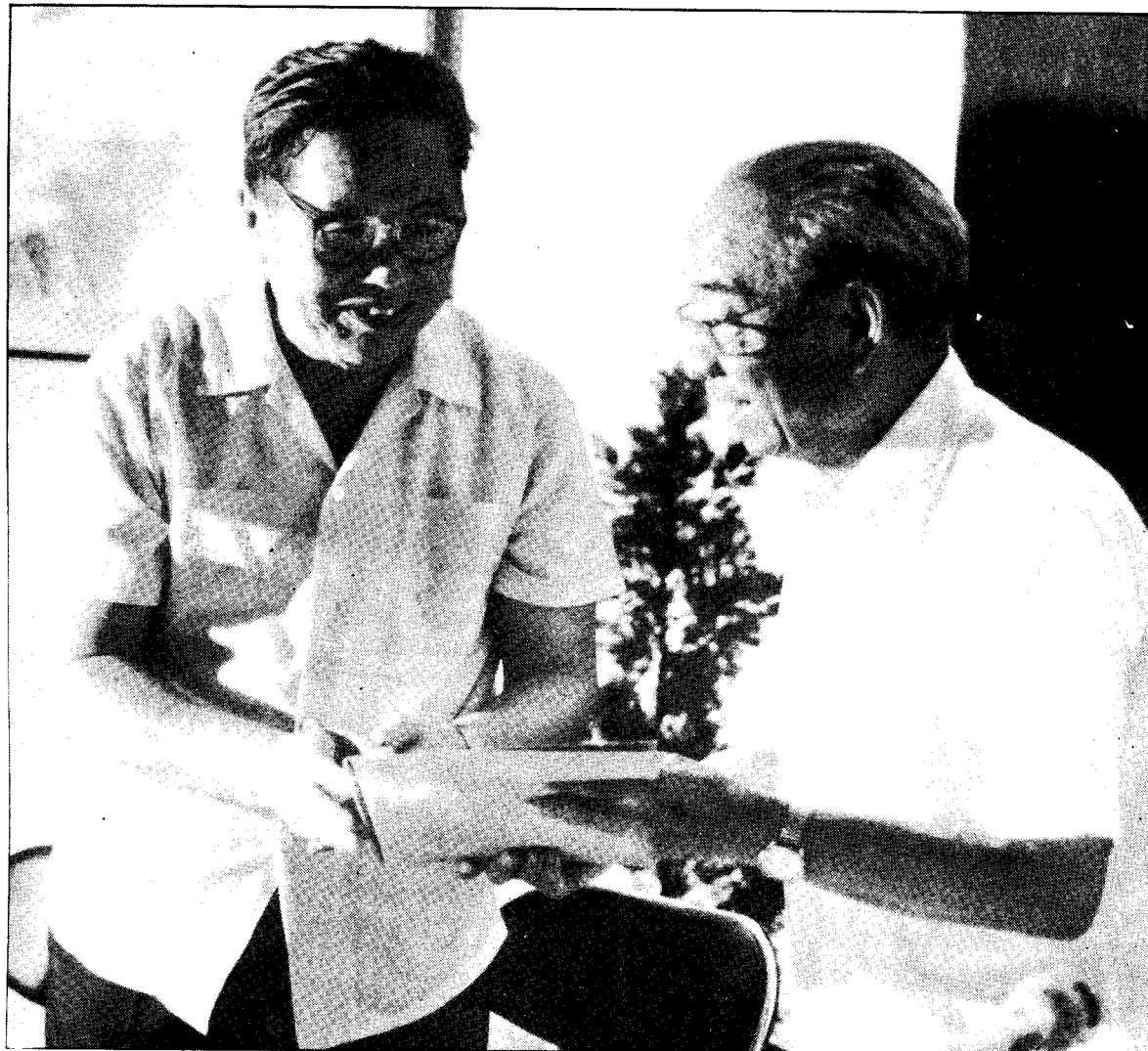
Kidney Cells Used to Cure Parkinson's Disease. Chinese surgeons have transplanted kidney cells into a patient's brain to cure Parkinson's disease. The operation was performed at the Xuanwu Hospital of the Capital Medical College. This operation had only been successfully performed in Mexico and Sweden before. The patient, Luo Jingyi, is recovering but still remains in the hospital for further observation.

Survey Ascertains length of Beijing Great Wall Sections. Sections of the Great Wall near Beijing total 629 kilometres in length, according to a recent aerial survey. The Great Wall snakes about 6,700 kilometres westward from Shanhaiguan on the Bohai Bay to Jiayuguan in Gansu Province. The Badaling and Mutianyu sections in Beijing have become well known tourist spots.

A glimpse of Beijing Art Museum

YANG LIMING





Famous Painter Donates Works to State

WANG HUI

Wei Zixi, 72, a well-known Chinese artist of the Jinling School of painting, recently donated 16 of his best works to the state, now housed at the Chinese Art Gallery. Wei has contributed a great deal to the development of traditional Chinese painting. In the early 1960s, he produced a batch of landscape paintings which had the rich flavour of the new age. His works have been put on display and well received in the United States, Canada, Japan, the Soviet Union, Italy, Australia, India and Austria. The picture shows Liu Kaiqu (left), vice-chairman of the Chinese Artists' Association and head of the Chinese Art Gallery awarding Wei Zixi a certificate of merit in recognition of his work for Chinese art.

still open partially to the public, is the first of its kind in Beijing. So far, a room displaying the art of the snuff bottles and a Womo painting exhibition have been opened open to visitors. There are 278 different snuff bottles, made of white marble, agate, raw spar, china, gold lacquer, etc.

Mr. Ma also said that more than 10 museums of history, culture and natural science will be finished in Beijing within the next five years. These include the Railway Museum, the Posts and Telecommunications Museum, the Stamp Museum, the Sports Museum, the Printing Technology

Museum and the Great Wall Museum. The largest will be the China's Science and Technology Museum, 100,000 square metres in area, which will be the second largest in Beijing after the 160,000-square-metre Palace Museum. There will be dozens of exhibition halls with thousands of items on

display, laboratories and a vast collection of microfilms. In addition, it will have a lecture theatre, an audio-visual hall, a cinema and a studio in which science and technology TV programmes can be made. In the central square there will be a programme-controlled fountain. Equipped with a computer and closed circuit TV system, the museum will be able to receive 7,000 to 10,000 visitors a day.

"But we have some difficulties," said Ma. "For example, we need more money to save the historical relics and other ancient items immediately, such as ancient robes and mandarin jackets. Otherwise we'll lose them forever. Another problem is land. Beijing is a crowded city and land for building is terribly scarce. So we hope the authorities will help us out."

Ma also pointed out that museums on history make up the majority of those in Beijing. More museums of science and technology, and other special museums will be built in the future.

Although the number of museums in Beijing is increasing, they are still falling behind people's needs. In this regard, Beijing compares unfavourably with the capitals of some other countries. In 1985, Beijing had 30 museums, while London had 137; Paris, 123; Tokyo, 101; Moscow, 75; and Washington, 76. Moreover, the type of museum should be more varied, and their

level of management and the art of display should be improved. ■

by Chen Dongjing

Finds Shed More Light on Civilization

A large 5000-year-old construction was unearthed at Dadiwan Neolithic ruins at Qinan County of Gansu Province. The whole area covers 420 square metres. It is the largest construction of Neolithic period so far excavated. The discovery provides leads for the study of the origin and formation of China's civilization.

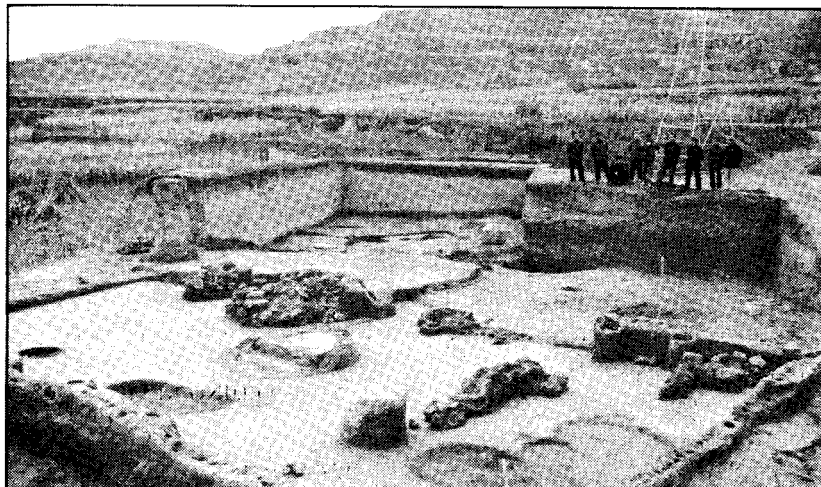
Located beside the Wuying River on the upper reaches of the Weishui River, the whole building includes a main chamber, left and right side rooms, a back room and a front entrance.

The main chamber, in the middle, is a big rectangular hall separated into nine parts by eight wooden pillars. Its area is 131 square metres. The floor of the hall is smooth, bright and clean, very similar to a modern cement floor.

Experts think that this discovery throws a great deal of light on the history of Chinese architecture. It possesses the Chinese characteristics of traditional wood construction, which lasted for thousands of years. It also shows that architectural art already existed in primitive society and is considered to be an embryonic form of later Chinese hall construction. ■

The extensive neolithic remains unearthed at a site in Dadiwan, Qinan County, Gansu Province.

LI SHAOYUN



China & the World

Foreign Minister Wu on Sino-Soviet Relations State Councillor and Foreign Minister Wu Xueqian met with Charge d'Affaires ad interim Fedotov of the Soviet Embassy in China on August 13 and had a conversation with him on Sino-Soviet relations.

Wu said: The Chinese side has taken note of General Secretary Gorbachev's statement about improving Sino-Soviet relations made in Vladivostok (Haishenwai) on July 28, 1986 and attaches importance and expresses welcome to it. Wu stressed: What he stated about some questions is still far from the removal of the three major obstacles, evading, in particular, the question of withdrawing Vietnamese troops from Kampuchea, and the Chinese side is not satisfied with this. The withdrawal of the Vietnamese troops from Kampuchea and the fair and reasonable settlement of the Kampuchean question are matters the Chinese side is most concerned about. The Chinese side sincerely wishes to see an early normalization of Sino-Soviet relations and hopes that the Soviet side will earnestly consider the views of the Chinese side.

Fedotov indicated that he would report Wu's remarks to the Government of the Soviet Union.

China and Mongolia have signed a consular treaty on August 9, the first since they established diplomatic relations in 1949. Signing the treaty on behalf of their respective governments, visiting Chinese Vice-Foreign Minister Liu Shuqing and his Mongolian counterpart D. Yundon expressed their wish to develop good neighbourly relations.

SIX-NATION SUMMIT

Call for Peace and Disarmament

Leaders of a group of six nations meeting in Mexico declared their willingness to co-operate with the two superpowers in working out temporary verification measures for nuclear tests that may lead to a total test ban on nuclear weapons.

Where does the main threat to peace come from? What is at the heart of the problem of disarmament? After leaders of the group of six nations explored these questions for two days, their second summit closed at Ixtapa, Mexico, on August 7.

The group of six comprises Argentina, Greece, India, Mexico, Sweden and Tanzania. At the end of their meeting the leaders of the six signed the Declaration of Mexico and a verification proposal. They stated that these two documents would be handed to US President Ronald Reagan and Soviet leader Mikhail Gorbachev.

In the two documents, the six urged the two superpowers, the United States and the Soviet Union, to suspend all nuclear tests, commence nuclear disarmament, abandon plans to deploy space weapons, and refrain from militarizing outer space. The documents note that the United States and the Soviet Union, as the major nuclear states, have a special responsibility in nuclear disarmament. What they were saying was that in effect the main threat to world peace comes from the rivalry between the two superpowers for nuclear superiority and that this now extends into outer space.

Although it is a year and a half since the first meeting of the six nations in New Delhi, the world situation has not been defused. The joint statement adopted at the first meeting appealed to the superpowers for an end to the arms race and the militarization of outer space, but the worries of people, far from being alleviated,

have been intensified. A US writer, in his address to the meeting, said that the nuclear threat mankind faced has become more serious. He noted that the meeting was held on the 41st anniversary of the dropping by the United States of the first nuclear bomb of Hiroshima on August 6, 1945. Mexican President Miguel del la Madrid pointed out at the August 7 session that during the 41 years since the tragedy of Hiroshima mankind had faced the threat of nuclear war. He continued, "On August 6 we marked the day when a new stage of world history began."

The Declaration of Mexico points out that countries without nuclear weapons have the right to join the debate on disarmament. To save the globe from destruction is the duty of everyone on earth. People cannot accept that "a few countries should alone decide the fate of the whole world." The declaration demanded that the two superpowers take practical action on nuclear disarmament and establish effective verification procedures. The six participants to the meeting suggested experts from the six nations meet US and

Soviet experts to explain the verification proposal in detail, and to urge their co-operation in nuclear verification.

The declaration suggested that the two superpowers first stop the deployment of space weapons as a preliminary to working out an international treaty banning space weapons. It also proposed the two sides continue their negotiations of last year and achieve some concrete results in nuclear disarmament. It urged people, parliaments and governments throughout the world to respond actively to the peace efforts of the six so that the shadow of Hiroshima can be banished from the earth for ever.

The call of this summit reflects the sincere desire of the third world and small and medium-sized countries and their peoples for peace. At a joint press conference the Mexican president told correspondents that the key point now is whether the two big nuclear powers have a real political wish to disarm. This was the crux of the matter.

The peace movement that has grown has a great political influence. A speaker from Panama said that the summit shows that on the vital question of peace the people of the world have common rights and obligations. Countries big and small share the right to join in the world peace process and this in itself puts pressure on the superpowers. ■

by Guo Weicheng

SPACE

Monopoly Broken by Catastrophe

A series of setbacks to the US and West European space programmes has encouraged the Soviet Union to enter the world commercial satellite market.

A series of space disasters has put the US satellite launching programme in doubt and may

have destroyed NASA's competitiveness in this field. On January 28, Challenger exploded in the

Florida sky, killing six crew members and a schoolteacher. On April 18, a Titan rocket exploded at California's Vandenberg Air Force Base, taking a Big Bird spy satellite with it. On May 3, a Delta rocket carrying a hurricane-spotting satellite was out of control and blew up over Cape Canaveral.

Meanwhile, Western Europe's space programme was also halted by the failure of an Ariane launch on May 31, destroying a US\$55 million telecommunication satellite. This was the fourth failure in 18 attempts.

These setbacks to the United States and Western Europe have also made things tough for countries who planned to hire US or European launchers to orbit their satellites.

Against this background attention is shifting to the Soviet Union, which is now looking to the world commercial satellite market. At the 25th anniversary of Yuri Gagarin's flight into space earlier this year, the Soviet Union invited Western journalists to visit a space control centre near Moscow for the first time. Recently, Chairman of the Council of Ministers Nikolai Ryzhkov declared that his country is willing to launch satellites for any country on terms acceptable to both sides. On June 20, another Soviet official told reporters that the Soviet Union expects to enter the commercial space business in 1987 when it will launch a satellite for India.

The Soviet Union used to stress the military side of its space programme and made as many as 488 launches a year, and its breaking into the satellite orbiting market has upset both the United States and Western Europe. But US President Ronald Reagan reiterated recently that the United States will adhere to its launch schedule. Indonesia once intended to turn to the Soviet Union to place a communications satellite

into orbit, but retreated under pressure from the US Import and Export Bank.

The European Space Agency is speeding up the production of a new large rocket. They have allocated US\$2 billion for this purpose. According to the draft plan, they will first produce two Delta space shuttles, each able to carry four to six astronauts and payloads of three to four tons to altitudes of between 300 and 500 kilometres. It is hoped these will be launched by Ariane V in 1992. The European Space Agency has said it is fully booked until 1988 but

quotes prices much lower than the United States.

The world launch market came into being in 1957, with the successful orbiting of first man-made satellite. Satellites are now used for global communications, weather spotting, geological exploration and information gathering. They are a major impetus to high-tech development.

Up to the end of 1985, NASA and ESA virtually monopolized the launch market, each netting annual profits estimated at about US\$500 million. ■

by Ma Xiaoyi

JAPAN

Cabinet Faces Tough Economic Task

Nakasone's new cabinet faces a tremendous challenge, having to expand domestic consumption and increase the rate of economic growth this year.

The main task facing Japanese Prime Minister's cabinet, which was reshuffled on July 22, is to stimulate the domestic market and change the export-oriented economic structure on which it has depended for so long.

This must be done to overcome the economic woes brought on by the rise of the yen against the US dollar and to soften trade frictions with countries around the world because of mounting trade surpluses in Japan's favour.

Observers in the Japanese capital believe that domestic consumption must be expanded quickly, while relegating changes in the economic structure to the long term.

The yen has risen sharply against the US dollar since last September, when finance ministers from Britain, France, Federal Germany, Japan and the United States agreed to bring down the value of the dollar.

Japan's surpluses last year hit a

record high of US\$43 billion (according to Japanese figures) with the US, US\$11 billion with the European Community and US\$6 billion with China.

In a bid to reduce their trade deficits, the United States and West European countries used all their influence to boost the yen, making Japanese goods more expensive and less competitive in the international market.

So far, the move has been effective. According to figures from the Japan Foreign Trade Association, Japanese exports have been declining for seven months, the scale of production and investment by medium and small manufacturers in relation to exports is shrinking, and fewer profits are being made. Exports in ship-building, cement, non-ferrous metals, chemical fibres and petro-chemicals are faring even worse.

In this situation Japanese businessmen are panicking, and

demanding that the government take powerful measures to spur an economic recovery.

The new Nakasone cabinet, finding it difficult to expand exports for the moment, believes the most powerful lever for stimulating the economy is to expand domestic consumption. It is considering to design a supplementary budget plan to increase public investment, enabling private companies to receive more orders to compensate for losses caused by the yen's rise.

The cabinet also wants to turn the reins over to private enterprises to help invigorate the country's economy. One example of this is the privatization of Japan's national railways.

On top of this, it is easing legislative limitations on city construction, reducing corporate taxes, and granting soft loans aimed at expanding investments in housing. Cuts in income and inheritance taxes are also being considered.

The supplementary budget, said Finance Minister Kiichi Miyazawa, is aimed at enlarging the scale of public investment in line with the needs of the economy. Miyazawa noted that this was one of the secrets behind Japan's postwar economic miracle. However, Japan has been burdened with extra budgetary expenditures, making the supplementary budget at best only "a temporary emergency measure."

This leaves the cabinet with its main headache: how to expand the domestic market while also pursuing reform. To change the economic structure will be very difficult for the government, because the export-oriented economy needs to be converted to one centred on domestic consumption, but observers say that by its very nature Japan's economy can never be changed. The reason for this is simple: Japan, which has a large population and insufficient natural resources and energy reserves cannot and will not

change its post-war state policy of "building the country on the basis of manufacture and trade."

According to the ministry of international trade and industry, Japan must rely on "international co-ordination" and the "creative use of information" to restructure its economy.

International co-ordination means increasing imports of cheap raw materials and primary products and enlarging the scope of direct investment overseas. This is done in a bid to transfer to foreign nations the depressed industries which have already lost or are losing their competitiveness in the international market.

The "creative use of information" means expanding the new technology industries by exploring the possibilities of combining technologies from different fields.

Nakasone's cabinet has set up a

new office to oversee the economic changes. It will be headed by the prime minister himself to strengthen its influence on the various ministries and agencies.

During private talks with government officials, Nakasone said he is determined to carry out the reforms and stressed the importance of cutting out industries which have lost their competitiveness.

Observers point out the restructuring is essentially a continuation of the process Japan undertook after the two oil price rises in the 1970s.

They predict that Japan will play a more important role in the world economy once it has adapted to the situation created by the yen's steep rise.

by Zhang Kexi

MIDDLE EAST

Bush's Trip to 'Listen and Explore'

The ten-day trip of the US Vice-President to the Middle East shows that Washington has not changed its policies towards Israel and the Palestine Liberation Organization.

US Vice-President George Bush visited Israel, Jordan and Egypt from July 26 to August 5. This is his second trip to the Middle East this year. His first trip in April to the five Gulf countries, concerned the falling oil price but this time his tour had deeper political significance.

His departure for the Middle East followed a series of conspicuous events. King Hassan II of Morocco held talks with Israeli Premier Shimon Peres, relations between Jordan and the Palestine Liberation Organization (PLO) became strained and the negotiations between Egypt and Israel in their territorial dispute over Taba, a beach on the Red Sea, one square kilometre in area, entered their final stage. Observers

therefore noted that the real motive of Bush's trip to the Middle East was to strengthen relations with these three countries at a time considered by the United States to be favourable to promoting the settlement of the Middle East problem in accordance with US plans.

In Tel Aviv Bush stated that the strategic relations between Israel and the United States were secure, unaffected by any differences that might have arisen between them. He reaffirmed that the United States would continue to help Israel economically and militarily. He stressed that "direct talks" are the only way to settle the Mideast problem. While meeting with the Palestinian leaders of the

occupied territories, he said that the PLO will be able to join the peace negotiations only when it recognizes Israel. Only then will the United States negotiate with it. It is obvious that the US vice-president has again harped on the old tune of Reagan's 1982 programme.

While talking with King Hussein of Jordan, Bush proposed the holding of direct talks between Jordan and Israel, and said that this would be a "logical step" after the talks between Morocco and Israel. Bush expressed his support for the King after being briefed by him on development plans for occupied land. Bush indicated that Washington would provide US\$4.5 million for the five-year development plan of the West Bank and Gaza strip. He also criticized the US Congress for opposing Jordan's purchase of US weapons. King Hussein, however, firmly ruled out the possibility of direct talks with Israel. He said that "direct negotiations with Israel could only be held within the context of an international peace conference which should be attended by the five permanent members of the United Nations Security Council and all parties involved in the conflict." He also reaffirmed that Jordan recognizes the PLO as the only legal representative of the Palestinian people. Taba and US aid to Egypt were the two main issues Bush discussed with the Egyptian leaders. Egypt is the only country of the Arab world which has diplomatic ties with Israel, but the territorial dispute over Taba has soured their relations. The United States had attempted to find a solution to this question, but Bush's trip did not achieve any concrete result.

As for aid to Egypt Bush did not make any clear promises. Egypt has asked the US government to satisfy three requests—cutting by half its current 12 to 15 percent interest rate on its 4.55 billion dollar military debts to the United States, pressing the International

Monetary Fund to give more soft loans to Egypt and increasing the current cash aid from US\$ 150 million to US\$ 500 million. Bush said that he was not in a position to offer any commitments concerning these requests but that he would consult President Ronald Reagan and the US Treasury Department.

Bush's ten-day trip shows that the United States has not changed its policy of partiality towards Israel and disregard of the legitimate interests of the Palestinian people. Washington's search for Mideast peace on US terms is therefore bound to fail. ■

by An Guozhang

COMMONWEALTH MINI-SUMMIT

Britain Isolated Over Sanctions

The seven-nation Commonwealth mini-summit in London ended with leaders unable to reach unanimity on sanctions against South Africa.

The two-day Commonwealth mini-summit issued on August 4 a communique which made it clear that the leaders of Australia, the Bahamas, Canada, India, Zambia and Zimbabwe had lined up against. Despite tremendous efforts to seek a compromise, the seven nations could only "agree to disagree" the obstinate stand of British Prime Minister Margaret Thatcher.

Mrs. Thatcher had taken what she regarded as a significant concession by agreeing to put an immediate voluntary ban on new investment in South Africa and on the promotion of tourism to that country. She also promised to accept and implement any decision the European Community might take to ban the import of coal, iron and steel from South Africa, which is one provision of the Hague communique issued by the European Community late in June.

Observers note that there are several reasons for Mrs. Thatcher's unwillingness to impose sanctions against South Africa, a major one being Britain's extensive economic ties with

Pretoria. About £11 billion from Great Britain is invested in South Africa, accounting for one-third of the total foreign investment there. Britain is also the fourth largest trading partner of South Africa. Recent British official statistics show that at least 120,000 Britishers would become unemployed if the government took tough economic sanctions against South Africa.

Mrs. Thatcher's limited package was not enough to meet the other six leaders' demand that the Commonwealth stick to its Nassau accord, approved at the full 49-nation Commonwealth summit last October in the Bahaman capital.

The Nassau accord contains eight points on mandatory sanctions against Pretoria, including bans on air links, new investment, tourism promotion, agricultural imports, state purchases from South Africa, and state contracts with South African companies. The accord also calls for cancelling double taxation agreements between South Africa and Commonwealth members.

(Continued on p. 29.)

Price Reform Essential to Growth

by Liu Guoguang*

In its effort to modernize, China is faced with the double task of reforming both its economic structure and its economic system. But attempts to do this are inevitably restricted by the nation's irrational pricing system. If this is left unchanged, China's economic modernization would be seriously handicapped. Price reform is, therefore, vital to the growth of the national economy and to the reform of China's economic structure.

China's former prices were not soundly based. The price structure was seriously distorted, and prices reflected neither the true value of goods nor the relation between their supply and demand. Price management was also over centralized, a fact which left the price formation mechanism inflexible.

Reasons for the Reform

The following problems were evidence of a serious distortion in China's price structure:

1. The purchasing prices for farm and side-line products were unduly low. Between 1966 and 1978, state purchasing prices for these increased slightly, while those for grains remained virtually unchanged. As a result, grain farmers had higher costs with stationary incomes.

2. Prices of manufactured goods were out of all proportion to one another, while some prices were low, others were high. For example, the 1979 profits of state-owned plants supplying raw materials and semi-finished products at county and higher levels were as follows: 2.1 percent for coal, 1.6 percent for iron ore, 4.4 percent for cement, 3.2 percent for

chemicals and 4.8 percent for timber. However, profits in the processing industries were markedly higher: 44.9 percent for rubber processing, 38.4 percent for dyes and paints, 61.1 percent for watches, 39.8 percent for bicycles and 33.1 percent for chemical products and pharmaceuticals.

The former price mechanism hindered the rational use of social resources and prevented the development of the national economy in a proportionate and coordinated way.

3. The price of housing construction materials were too low. Before 1980 construction costs equalled prices, and no profit was made in the industry. Rents were also inordinately low. Until 1980, the rent collected in the nation's 273 cities only amounted to one quarter of management and maintenance costs.

4. Charges for transportation, communications, urban public utilities and services were also unduly low.

5. Price subsidies were too high, and were used mainly to offset the difference between the compar-

tively high purchasing prices of food grain and edible oil and their low selling prices. Between 1971 and 1980, the state spent 190.89 billion yuan on subsidies, 22 percent of the state's total revenue for that decade.

The outdated pricing mechanism had the following problems: 1. Pricing power was concentrated in the hands of the government, especially the central government. Enterprises had no powers. 2. Planned, fixed prices dominated. 3. Prices were strictly controlled. Once a price was set, it was unlikely to be adjusted. A change in the price of any product, if needed, would take between three and five years.

The former price mechanism was an essential part of China's original highly centralized economic structure, characterized by the administrative coordination and management of materials and equipment. The main function of prices were limited to serving 1. as a statistical means of measuring the use value of a product; 2. as a tool for the redistribution of national income, that is concentrating the country's financial resources on its most needed projects through the use of price ratios and differentials. No thought was given to the use of prices as measures of economic results, as stimuli to technical advancement or as means to direct the allocation of resources. This

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made it impossible to evaluate correctly the economic performances of enterprises and other organizations. Rather, it hindered the rational use of social resources and prevented the development of the national economy in a proportionate and co-ordinated way. This is one of the chief reasons why China's socialist economy has not developed as was desired over the past two or three decades.

The Goals

China's price reform began in 1979. Since then it has two main aims. The reform of China's economic structure began with an extension of the decision-making powers of enterprises. But in granting businesses greater autonomy, the irrational price struc-

The two goals of the reform are: First, to redress the price imbalance so that each enterprise can make profits at about the same rate; second, to enable prices to reflect and regulate supply and demand.

ture meant more profits for some but less or even none for others. The primary purpose of the price reform is to redress this imbalance so that each enterprise can make profits at about the same rate.

However, as the reform in the countryside goes deeper and urban reform also spreads to all fields of economic activities, adjustments possible to the state's fixed prices will be restricted by its own financial resources and by what society can bear. Moreover, price adjustments have failed to keep abreast of changes in the relationships of supply to demand

in the market place. Therefore, changing the pricing mechanism to enable prices to reflect and regulate supply and demand had become the second goal of the price reform.

There have been six principal changes to the price structure. (1) In 1979 the purchase prices of farm and side-line products were raised by a big margin and additional price rises were set for above-quota purchases of the major farm products. Compared with 1978, the purchase prices of farm products had increased by 47.7 percent in 1983. (2) Again in 1979, the sale prices of eight non-staple foods were raised by 30 percent in the cities, and city dwellers were subsidized accordingly. (3) Since 1979 the producer prices of fuel, and certain raw and semi-finished materials have been increased. Coal prices jumped 30.5 percent, pig iron 33 percent and rolled steel 20 percent. (4) In 1981 prices for terylene-cotton fabric were marked down, while those for cigarettes, beer and liquor went up. (5) In 1983 prices for synthetic fabrics dropped, while those of cotton textiles rose. (6) In 1984 charges for railway and water transportation for both passengers and freight cargoes were raised. Last year saw a further rise in short-distance railway fares. These six changes have improved the prices structure in part, but not entirely.

The price control system has also undergone initial reform with an increase in the powers of local governments to control prices. This in turn has meant enterprises themselves can set prices for certain goods. The state's role in determining prices has narrowed, while that of market has grown. As a result, a comprehensive price system has gradually taken shape. By the end of last year, the prices of most farm and side-line products were decontrolled, with the exception of the grain, cotton and edible oil purchased by the

state under contracts. As for industrial consumer goods, the prices of small commodities have all been completely decontrolled. Light industrial products such as textiles and electrical equipment were tagged with floating prices. A "double-track" prices system, a combination of planned readjustment and market regulation, has been gradually adopted for fixing the prices of energy and raw materials.

The Shape of the Reform

What is now known as a "block-double-track" system of pricing has come into being, unique to China. This means that each product has a "block" or a group of prices assigned to it, a planned fixed price, a floating price and a

Fixed prices will coexist with floating and free market prices. As to which of the three should be the principal lever for setting prices in China, there are three schools of thought.

free market price. "Double-track" means that the planned production quota of a commodity is subject to a fixed price, while above-quota production is subject to market prices. Beginning in 1984, the "Double-track" pattern of both planned price fixing and the market regulation of prices was first applied to the means of production. With its introduction, China has moved a step further towards the realization of the two aims of the price reform.

The past seven years have seen the energetic development of

agriculture, changing China from an importer of farm products into a country self-sufficient in grain and with a surplus of cotton. The price reform has also boosted the production of consumer goods. As a result, the supply of many daily necessities now meets demand.

Because China's economy needs room to grow, the pricing structure is by no means perfect yet. Fixed prices for energy, transport, telecommunications and some basic raw and semi-finished materials are still too low, and their market prices are inordinately high. Low rents, low retail prices of food grains and edible oil and the low charges for some public utilities have to be made up for with large government subsidies. Again, the prices of too many commodities still come under state control, which is

If the price reform advances gradually and if the resulting price rises are spread out over a number of years, they are likely to be found acceptable to the state and by enterprises and individuals.

inflexible, and still covers nearly half of total industrial and agricultural output. Even for commodities placed on the "double-track" system, planned fixed prices cover a greater proportion of output than that ceiling at market prices, making it hardly possible for the system to truly reflect changes in supply and demand. Moreover, because of the extremely large differences between planned prices and market prices, some goods intended to be sold at fixed prices are now sold at the high

market prices, much to the benefit of speculators.

Finally, in order to move from a centralized to a planned commodity economy, China needs to address the following three tasks in the Seventh Five-Year Plan period (1986-90): 1. cutting fresh life into factories, 2. developing the market system and 3. changing the state's direct control over enterprises into indirect control. The price reform is at the heart of all three tasks.

Ends and Means

Currently, China's pricing system is being reformed so that fixed prices coexist with floating and free market prices. As to which of the three should be the principal lever for setting prices in China, there are three schools of thought.

The first believes that planned pricing should be the principal method, with floating prices playing a supporting role and market pricing a subsidiary one. This existing pattern has not, however, managed to make a real break with the traditional fixed prices system.

The second view proposes that floating prices should take the lead, supported by market prices, with state fixed prices following behind. The problem with this pattern of things is that setting a base price and a floating margin for the floating price cannot alone compensate for the inadequacies inherent in the fixed price system.

The third school of thought suggests market prices should play the principal role, while both floating and planned prices take a subsidiary role. Of the three, this last pattern conforms best to the nation's long-term plan for economic reform. The final goal of the economic reform is to establish a system based on market regulation, embracing both planned guidance and macro-

economic control. In this system, pricing should no longer be only an accounting tool or an instrument for the distribution of national income, but a measure of economic efficiency, stimulating technical advance, and a gauge of both supply and demand to guide the allocation of natural resources. Neither planned prices nor floating prices can do these things. Only market prices can perform these functions, but under certain conditions. Those conditions are: 1) Both parties involved in commodity exchanges have independent economic interests; 2) No factors tending towards monopoly exist; 3) The market is a buyer's one, where supply slightly exceeds demand; 4) There is a workable channel for monetary circulation and an efficient circulation organization. The new economic system that will take shape after the reform is completed is expected to provide these conditions for the operation of a market pricing system.

The system of market pricing, however, has its defects. In particular it is susceptible to abrupt changes in supply or demand, which can lead to the disruption of a balanced economy and which it is not possible to offset regulations made afterwards. The introduction of fixed prices and floating prices in certain spheres may compensate for the shortcomings of the market system, limit price fluctuations, and regulate changes in price levels.

Regardless which form it may adopt, the price reform must above all seek a rational improvement of the price structure. Which form is most rational remains a controversial issue. One opinion holds that a reasonable price is one that simply reflects the relation between supply and demand, and that no other standard is required. Another view holds that because the true

basis for price is value, a correct price should reflect both the relation between supply and demand and the value of a product.

The second view seems more adaptable to China's reality and is, therefore, preferable to the first. Taking value as the basis for rational pricing may ensure a roughly equal rate of profit for all trades. Also, if prices are decided by the relations between supply and demand alone, they will become unreasonable when the gap between price and value is widened artificially by monopoly situations, by profiteering, or even by subjective factors in relations between suppliers and purchasers. Furthermore, proper pricing arrangements must also take account of state policies, which should not only aim to eliminate monopolies and profiteering, but make it clear what relations of

Most Chinese economists would like to see changes made to the prices of energy, raw materials and other basic products, and transport costs.

supply and demand are to be encouraged and which discouraged: State policies should also introduce different economic and administrative measures such as taxes and subsidies to modify the relations of supply and demand determined spontaneously by the market in order to promote the formation of consumption patterns suited to Chinese conditions. Obviously all this cannot be accomplished in one stroke but the reform will proceed step by step.

Restraining Price Rises

Experience has shown it is unrealistic to expect there to be no price increases in the course of the reform. Without them there could be no reform, which is aimed at boosting the prices of some important commodities that have been kept artificially low in the past. Most of these are agricultural and mineral products, and the irrational differentials between the prices of these low-priced basic products and those of processed products arose over many years. There will therefore have to be substantial price increases in cases where the factories that produce final products cannot be expected to absorb on their own. This being so there will inevitably be an increase in the general level of commodity prices. Nevertheless, if price rises and the required increase in the money supply are held within reasonable limits, and there are no other pressures, overall price rises can be contained and will not be too high. If the price reform advances gradually and if the resulting price rises are spread out over a number of years, they are likely to be found acceptable to the state, enterprises and individuals.

The disadvantage of evening out and therefore delaying price increases is that the negative effects of existing irrational prices on the national economy will drag on. However, to ensure steady growth and social stability, this is the best way of going about the reform.

The general level of price rises—a factor directly related to society's capacity to bear them—is an important restraint on the price reform. For if the reform is accompanied by inflation, the general level of commodity prices will be raised further and this will eventually force the pace of the reform to slacken. However, if an

appropriate amount of money is kept in circulation, the price index should not be greatly affected and the reform can proceed.

Next Stage of the Reform

Most Chinese economists would like to see changes made to the prices of the means of production, that is, of energy, raw materials and other basic products, and transport costs. Their main reasons are the following: 1) Any changes in the prices of basic products directly or indirectly affect all other prices. Hence a rational price structure for the economy as a whole must begin in this area.

2) As most of the enterprises that produce basic products are the larger state-owned enterprises, increases in prices for their products will invigorate them and enable them to boost production.

3) Given the serious mismatches between supply and demand for basic products, correcting prices may encourage better results and expedite the creation of a price signalling system appropriate to a socialist market. It would also help in making the necessary adjustments to the country's investment patterns.

4) Beginning the reform with basic products will allow enterprises turning out finished products to absorb the price rises. It is estimated that if prices of basic products were to rise an average of 10 percent a year, the cost of machinery and light industrial products would only rise 4 or 5 percent a year, the remainder being absorbed by the processing industry.

5) Changes in the prices of basic products have a comparatively minor effect on the prices of consumer goods.

It is proposed that this should be the strategy for price reform during the Seventh Five-Year Plan period, and that changes to all other prices, for example, the purchase prices of farm products should fit in with it. It is also felt that the low prices for grain and oil and low rents should be dealt with in conjunction with a wage reform.

Transitional Price System

The reform of prices for energy, raw materials and other basic means of production, should be carried out by changing from the proposed "double-track" system — with different prices for quota and above-quota production — to a single-track

The current practice of setting two prices for the same kind of capital goods — quota and above-quota price — is the special feature of China's step-by-step reform.

system through the complete decontrol of prices.

The current practice of setting two prices for the same kind of capital good — quota and above-quota prices — is the special feature of China's step-by-step reform. If there is an acute shortage of materials for which state prices are comparatively low and which cannot be adjusted in time, above-quota market prices will prevail. This is the effect of the coexistence of the old and the new

economic structures as the old gradually replaces the new.

The plan is to relax state control over the prices of some products and let them enter the market by increasing the proportion of above-quota production. This should bring down excessively high market prices while gradually jacking up the prices for quota products. Eventually, it is hoped, the two prices will merge.

The advantages and disadvantages of the double-track price system in relation to the means of production are clear. The advantages are: 1) Double tracking may stimulate the production of above-quota products; 2) It may help areas overlooked by the state plan; 3) The high prices for above-quota products may encourage economy and curb low-efficiency consumption; 4) The system is flexible and may, through regulating the proportion of the products distributed and allocated by the state and the products circulated freely on the market, control the general level of commodity prices, making the planned distribution of capital goods serve as a means of economic regulation.

The disadvantages of the system are: 1) It is likely to disturb the state plan, and affect material supplies for key construction projects and the key departments of the state; 2) It will result in the disruption of commodity circulation and increase the difficulties of market management; 3) It will disrupt the functions and role of money as a universal means of exchange; 4) The practice of one product having two or more prices will complicate enterprises' accounting procedures. In addition, the wide gap between quota and above-quota prices may lead to profiteering.

Considering the many problems created by the double-track system, some economists suggest its abolishment at the earliest

opportunity. At an international symposium on economic management held last September, most of the Chinese and foreign delegates felt that the double-track system may be appropriate to China but that it should change over to a single-track system as soon as possible.

To achieve all this, an overall balance between supply and demand must first be attained. But while China's economic strategy is still in the process of changing from a speed-oriented one to an efficiency-oriented one, there are bound to be persistent imbalances in the national economy. This being the case, the transitional "double-track" system may last throughout the whole period of the economic reform. We must therefore accept the inevitability of the double-track system, make use of its advantages, try to adopt effective measures to limit its various disadvantages, and gradually create the conditions for a single-track system. ■



Rural Moslems: Prayer and Progress

by Our Correspondent Lu Yun

Most of China's ten moslem minorities live in the north-western part of the country. The Huis, one of these minorities, have a population of about 7.2 million, widely scattered round the country. In Beijing alone there are about 185,000. According to

offers visitors an interesting insight into the way of life and religion of the Huis.

The Changing Mosque

Life for the Huis in Changinging has changed considerably since

have been demolished. Out of deference to the Huis' customs, the Hans in Changinging do not now eat pork, even at weddings."

The Changinging Mosque was built in the early 17th century and is one of the largest in Beijing. Now about 100 Moslems, mostly old men and women, go to the mosque regularly to be led in prayer by the Imam. On Fridays, about 400 Moslems gather at the mosque for a special service, and on the holidays of the Prophet's Birthday the Lesser Bairam and the Corban Festival, more than 700 Moslems attend the mosque to mark the birth of Mohammed (c. 570-632), the founder of Islam. On the Prophet's Birthday last year, the Changinging Moslems held elaborate celebrations involving the slaughter of cattle and sheep, making a special porridge and preparing more than 70 tables for a dinner party attended by Changinging's residents. Changinging's two Imams said they were satisfied with the availability of korans in Chinese. They said they were also satisfied that their work of presiding over festivals, weddings and funerals were all carried out according to Islamic law. They gave money raised at such gatherings to the mosque management committee, which then paid them a monthly salary.

They also said the township had worked to repair the men's mosque, rebuild the women's mosque, build a women's wash-room and garden walkway, and to expand the men's washroom. They said these projects were financed by the mosque and the local government. Part of the expenses were covered with



Qin Yuwen, Changinging's iman, teaching his students.

historical records, the Huis date back over 1,000 years to the Tang Dynasty. In the 7th century, Persians, Arabs and people of Central Asia came to settle in China, where they gradually formed an independent ethnic minority. Though most Huis have adopted Mandarin as their spoken and written language, they have retained their particular religious beliefs and customs.

With a population of 8,500, of whom 5,400 are Huis and the rest Hans, the township of Changinging, 20 km east of Beijing proper,

1976, said 67-year-old Imam Qin Yuwen. During the "cultural revolution," the Red Guards criticized the Imams and made it impossible for the Huis to carry out their normal religious activities. The Red Guards even installed a foundry in their mosque. Each production team, including Moslem ones, was required to run a pig farm. "Since 1976, however, all of these wrongs have been put right" Qin noted. The mosque has been reopened. The Imam's religious rights have been restored and the pig farms

donations from the Moslem community.

The mosque management committee, which is made up of the two Imams and twenty other Moslems, oversees the mosque's religious functions, financial affairs and sideline production. In 1981 it opened a mill for making noodles and husking rice. The mill now has seven machines and brings in an average monthly profit of 1,000 yuan.

The mosque has spent much of its income serving the Moslem community. In the last two years it has spent 10,000 yuan building a bridge, paving a section of asphalt road and installing lamps along a 300-metre drive.

At the mosque, four young men are studying Arabic and the koran with the Imams. The four, who were recruited last October, have graduated from middle school and will study Islam for two years. They will then take the entrance examination to study at Beijing's Islamic College for another two years, after which they will become Imams. One of the four, Mu Huaisong, 18, said he chose

religious work after reading *A Brief History of Islam* and the *Koran*. Imam Qin, who teaches the young men, often says, "I am happy that we now have successors who will carry on Islamic beliefs in Changying."

Local Education

Mu Huaimin, 49, head of Changying township, spoke of the importance of early education. "In order to raise our cultural level," he said, "we must pay more attention to the younger generation. We should offer good primary education." Before liberation, Hu said, he begged his way from Tianjin to Changying and suffered a lot because he was illiterate. "Doing petty business was the tradition in Beijing. So those of my age in Changying had no chance to learn and remained illiterate. After liberation, I took classes during my spare time." Pointing to Bai Jilang, a Hui who is Party committee secretary of Changying, Mu said, "He is ten years younger than I. He has finished

senior middle school and so is very important here. We have sent two young men to university and will pay 30,000 yuan to the university for their four years' study. Though expensive, it is worthwhile."

Chen Zhenying, 49, headmaster of a primary school for the Huis, has worked 26 years in the school. During that time, he said, he has seen many changes. Since the 1970s, the school has spent 200,000 yuan on school buildings, the number of which has increased from 40 to 120. In recent years nearly all Changying children have gone to junior middle school.

Chen's school has become one of the more popular of Changying's three primary schools. The money it spends on books and equipment has been twice the amount spent by other schools. Chen said the school is equipped with a film projector, and video equipment and a piano, all unavailable in other primary schools. Xin Zhenying, also a Hui, has taught in the school for 21 years. She said some of her students had returned to teach after finishing a special secondary school for teachers. In recent years, she said, about 10 students go on to the teachers' school each year.

Xin said she is concerned about those parents who send their children to school only to learn accounting and bookkeeping so they can start their own small businesses. These children, she said, often quit school mid-way. Xin said if this problem is not resolved, Changying's education will remain underdeveloped. She said it is important that the district government open a middle school in Changying to encourage continued education.

Changes Since the Reform

Changying has 540 hectares of cultivated land, most of which are

Xin Zhengying and her pupils.





Dong Gueiqin (second right) passing on his technical skills to Hui youths.

average per-capita income increased six times over that of seven years ago; the total value of collective fixed assets increased by two and a half times.

An Guilian's family specializes in dairy production. Besides working in the fields, two of his family tend their cows, and three work in factories. Two years ago, An started out with two milch cows and now has six from which he gets more than 100 litres of milk daily. The per-capita income of his family is now more than 1,300 yuan a year. He has bought a refrigerator, a television set, a washing machine and an electric fan. It is estimated that 80 percent of Changying's families have television sets, 50 percent have washing machines, 30 percent have a refrigerator and 20 percent own radio cassette recorders. Changying also has at least 40 private cars, 30 motor-cycles and 30 tractors.

Changying now has plans for a new sewage system, a new market and a park, a local cadre said. "We also plan to build a new assembly hall for the school and expand the playground," he added. ■

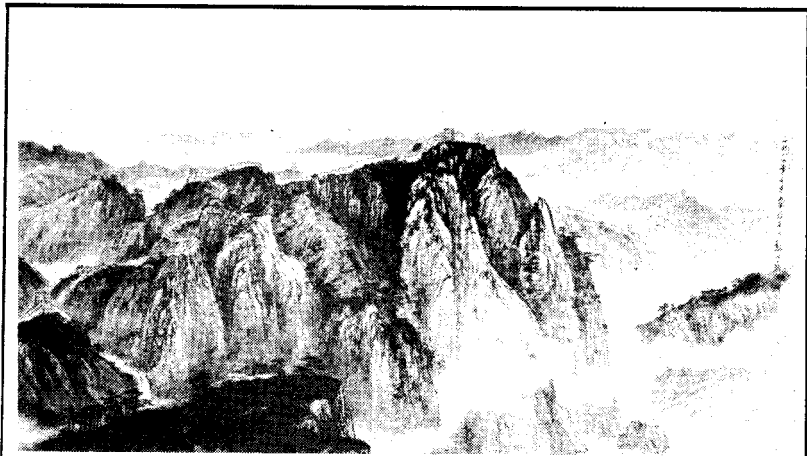
planted with rice and wheat and the rest with vegetables. Though the ratio of rice, wheat and vegetables is 6:5:1 in terms of land allocated to them, the income from grains and vegetables is in the ratio 1:10. Last year Changying sold 5,000 tons of vegetables to Beijing. To stabilize grain production, the Changying government is subsidizing single-crop grain growers. It has also reduced rental charges for collectively owned equipment, and in the last two years has invested 500,000 yuan in water conservancy projects.

Since the implementation of the responsibility system, much of Changying workforce has turned from farming to forestry, animal husbandry, sideline production, fisheries, transportation, construction and commerce.

Now Changying's town and production teams own 61 enterprises. The motor repair shop has planned to repair 302 automobiles this year. Dong Guiqing, a retired assistant engineer, and other retirees from the Beijing Bus Co.

have been training workers for the repair shop since 1981. A new clothing factory invited three retired workers from Beijing to give instruction in clothing manufacture. After training, 60 women became seamstresses.

Last year, the township's



Great Wall (traditional Chinese painting)

WEI ZIXI



Lending a Hand to Rural Education

The lack of qualified teachers has been the most serious obstacle to the successful implementation of China's nine-year compulsory education programme. Last August, 3,250 cadres from the central Party and government organizations were sent to the 22 provinces and autonomous regions to help train teachers for local schools and were asked to stay at their posts for one year. Fang Fuyao, a deputy director of the German section of Beijing Review, headed a group of 27 members from organizations under the Ministry of Culture to Henan Province's Luoyang Prefecture to help with the education work there. Ma Yongzuo, an editor also from Beijing Review, was in charge of an English teaching class. The following articles contributed by Fang and Ma elaborated on education in the prefecture, the problems encountered by their group and the role it played in improving education in Henan Province.

Boosting Quality of Education

by Fang Fuyao

The Luoyang Prefecture comprises 13 counties and cities and has a population of nearly 5 million. The city of Luoyang, which had been the capital of nine dynasties, was once China's political, economic and cultural centre. Today, although the city is very beautiful with modern facilities, its surrounding countryside was still underdeveloped economically and culturally.

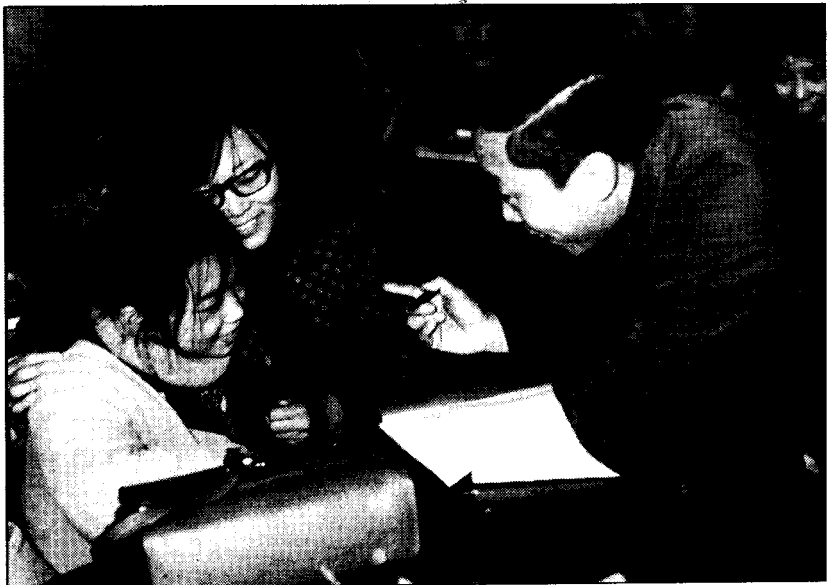
While primary education has been popularized in China's developed areas, it has not been prevalent in about half of Luoyang's counties. According to the Decision on the Reform in the Educational System adopted by the Central Committee of the Chinese Communist Party, primary school teachers should be normal school graduates, and those of junior middle schools should have completed a two-year course at a professional institute. Those teaching in senior middle schools should have university degrees. Among the more than 50,000 primary school teachers in Luoyang Prefecture, however, only about 9,000 have received an education at or above the level of a normal school, and only 20 percent of the total are considered qualified. In accordance with the

state's programme, the nine-year compulsory education should be popularized in the economically developed areas around 1990. In the less developed Luoyang Prefecture, a six-year primary education programme will be in effect by the end of 1990. To fulfill the plan, the prefecture will need at least 12,400 additional teachers. The prefecture plans to popularize nine-year education by the year 2000, which means to add more

than 16,600 junior middle school teachers. More than half of the townships of the prefecture are located in mountainous areas, and it is very common that because of the shortage of teachers, one will have to teach all the courses for up to five grades in a primary school. To augment its teaching staff, the prefecture, while vigorously developing teachers' education, has stepped up the in-service training of unqualified teachers. An institute for teachers' advanced studies has been set up with one such school in each county. It was at this juncture that our group of

Fang Fuyao with two of his students.

LI CHUNSHENG



RURAL EDUCATION

27 Ministry of Culture staff members arrived in Luoyang for a one-year programme for the training of local teachers.

Setting an Example

One of us joined a local team in surveying elementary education, 10 of us were assigned to teach in the prefecture's institute for teachers' advanced studies. The remaining 16 taught at the normal school in Luoning County and a school for teachers' advanced studies in Ruyang County, both in an economically and culturally backward mountainous area. I was to lead the group and lecture on pedagogy at the institute in the Luoyang Prefecture.

We opened 12 courses including pedagogy, philosophy, archaeology, English, music, mathematics, physics, politics, history, Chinese and writing for students. These classes attracted about 1,200 students, most of whom were teachers. The others were students from normal schools and kindergarten teachers' schools. Most of the students made good marks on the final examination of the first term. Some of these teachers would resume their work after their two-year training was completed, and the others would be assigned to primary schools and kindergartens after a three-year programme.

We not only taught the students general knowledge, but also paid attention to their ideological education. We try to serve as good examples for our students. Some of us taught after-school classes so that teachers and students knew each other better. Our efforts are not unrewarding. In a letter written to us by a student said: "I respect you a great deal, and I intend to behave the way you do. You have given me strength to pursue my studies and seek a good future."



LI CHUNSHENG

Huo Lanyun, member of the teaching group, (fourth from right, second row) conducting a seminar.

More Attention

After a while, we began to feel the effects of the government's decision to send teachers' groups to underdeveloped areas.

The success of China's socialist modernization drive hinges largely on the use of the intellectual resources, which in turn hinges on education. With our help, many local officials began to see the importance of education and put education work on their agenda. Now, the leading officials in cities, counties, and townships in Luoyang Prefecture have established regular contacts with their schools, and made it a point to help them solve problems. Ruyang and Luoning counties have worked out a four-stage programme for popularizing compulsory education at the turn of this century.

All the cities and counties in Luoyang prefecture have worked to ensure annual increase in education outlays in line with the state stipulations. They will also allocate at least 15 percent of their reserve funds to education. The farmers and collectives in the countryside have also been very active in running schools. When we first arrived in Luoyang Prefecture, we saw many shabby, ill-equipped schools, which local people called "dark houses." With more money spent on education, however, the situation is improving and some new schools have been built.

Sacrifices for Progress

Many of our group members are college graduates with work experience of two to three years but little contact with grass-roots society, workers and farmers. Though they were often jokingly called "bookish cadres," when they joined our group, they not only boosted the teacher-training work, but also learnt about practical work. Just as General Secretary Hu Yaobang said in a speech at a send-off ceremony in Beijing for countryside-bound teaching groups. "This is the road for young intellectuals to become mature." As for me, an elder member with more than 20 years of working experience, I also learnt a great deal.

The living and working conditions in the countryside are so harsh that at the beginning, many members were not accustomed to the way of life there. Because electricity is supplied only sporadically, we had to prepare our lessons or help the students review their lessons and correct papers by candle light. Some of us who lacked teaching experience learned from those who had such experience, and even from our students since most of them are teachers. To be effective in our teaching, we do a lot of preparation and discuss our teaching materials. We also consult reference books and try to know the students better. After much arduous work, our teaching



has begun to show signs of success.

Group members often said that the nation's socialist modernization was a great programme for the benefit of the people. For us, giving up better living and working conditions in the cities were sacrifices worth making to

help out in the backward mountainous areas. Our sacrifice meant gains in the development of education in the mountainous areas. It was with this conviction that we turned our one-year stay in Luoyang's backwater areas into a most rewarding experience. ■

supplement the materials. These courses were intended for the English teachers in their systematic study of the Queen's English with standard pronunciation and intonation. To break the barriers of accent between teachers and students, we had to spend three weeks teaching them international phonetics.

The Challenges and Rewards

by Ma Yongzuo

I came to the teacher's advanced studies school in Ruyang County, Henan Province, on August 28, 1985, and worked with two other young colleagues to organize English training classes for English teachers from local junior middle schools.

More than 80 km south from the city of Luoyang, Ruyang County is located in a mountainous area and has a population of 350,000, whose major source of income is income comes sales of "Dukang Spirit"—a liquor well-known at home and abroad. Education in the county is very underdeveloped. English language education in the middle schools is especially poor. In the 1985 college entrance examinations 47 students in a nearby county passed the English test with scores of 90 points. Only three students in Ruyang County scored 90 points.

Of the few foreign language teachers in Ruyang, most are not fully qualified. According to a survey, only seven college graduates teach English in the county. Of the more than 120 English teachers at the 60 junior middle schools, only one graduated from college. In other words, almost all the English teachers in the county are only graduates of the county's senior or junior middle schools. As a result of a long-time neglect of foreign language education, many graduates of Ruyang schools are poorly grounded in English and have little grasp of correct

pronunciation and intonation. Often a teacher's English could only be understood by his or her students and would not be acceptable in more learned surroundings. Quite a few of these teachers are ignorant of international phonetics.

After surveying all the foreign language teachers in the county, we devised a teaching programme that consisted of three courses—intensive reading, oral usage and extensive reading. *New Concept English* (books 1 and 2), *The Contemporary English Courses* (compiled by *Readers' Digest*) and *Selections from Current English Writings* (books 1 and 2) compiled by Professor Shen Baoqing were used as teaching materials for two semesters. We also bought tapes to

A Rare Opportunity

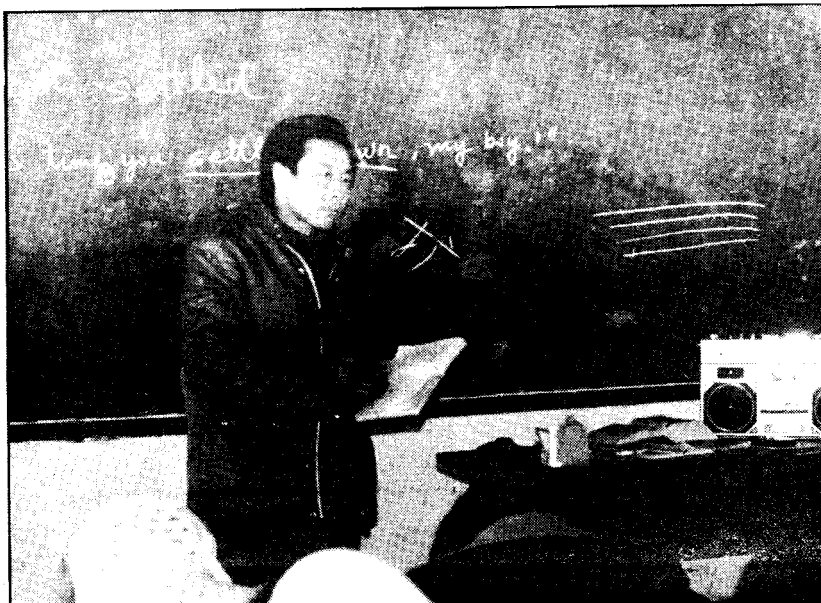
"Stand up, please!" At the call of the monitor of the class, the training class began the 12th day after I arrived.

We had planned to recruit 38 students from among the junior middle school English teachers, but the number of applicants was twice as many. When the first class began, the classroom was packed with more than 50 students. A month later, the number of students increased to 61, leaving no more room for an extra desk in the classroom. The local people were so enthusiastic about the classes because they said it was a rare opportunity for them to further their English studies by attending the classes taught by college graduates from Beijing.

The big number of students made teaching difficult because of the different levels of the students. Most of the additional students

Ma Yongzuo giving a lecture.

SUN YIWEN



were teachers for classes under third grade, and some of them were even unequal to the job. The lack of classrooms was another problem. The difficulties led us to set up a class for the above-average students.

Even among these, however, most had limited knowledge of English and knew little more than what was found in junior middle school English texts. Their pronunciation and intonation were also astonishingly poor. Most of them read with a strong accent and they knew nothing about international phonetics. They often marked an English sound with a Chinese word to imitate the sound of the foreign word. For instance, "she" was pronounced as "xi". They had fallen into a mispronunciation habits that could not be easily corrected.

Confronted with these difficulties, I became very anxious, and like others in the group, began to wonder how we would get through the programme. Though concerned we were, we decided to be patient and to persevere.

One day, I asked some students what they thought about their studies. They replied that they were fully aware of their poor English but they were determined to face the challenge and learn. They said they would learn all we could teach them even if it meant giving up sleep. Their determination renewed our confidence and gave us much encouragement.

Diligence. Perseverance

And, indeed, these village teachers were true to their word. They studied phonetics and English diligently and repeated each word over and over to improve their pronunciation. They committed each text of the intensive readings to memory. During the first three weeks, I seldom saw a happy face in the class, for each student was so absorbed in his or her recitations.

Three weeks later, I walked into the classroom one evening after supper and found some students listening to the tape recorder. I stood silently aside. A few of them giggled as they listened to the conversations between some foreigners on the tape. Several of the young women began to imitate the women on the tape with an affected tone that made me laugh. They suddenly found me standing beside them, and we all burst into laughter together. Needless to say, they were able to understand what was being discussed on the tape. I was both excited and a little surprised, for in such a short period, they had come to know the accent and could ape after it. This was a breakthrough in their education.

The period for reviewing a day's lessons ended when the bell rang at night. Scores of students, however, remained at their desks in the classroom, rewriting their notes, consulting the dictionary or discussing some knotty problems. I walked quietly between the desks and found small handwritings in blue scribbled all over the margins of the pages of the students' books. Because of their limited vocabulary, they had to make many notations on phonetics and on paraphrasing the text. It was difficult for them to memorize all the new words that appeared in the text every day and to recite the texts and complete the exercises, particularly because the intensive reading and oral classes went at a rather fast pace. Though it was a challenge for them to keep up, the older students were unwilling to fall behind. The deputy monitor said these students stayed up late into the night memorizing new words under the covers with a flashlight. They sometimes dozed off, but when they awoke they continued studying. These students did not learn much English during middle school, but took up English just because of the serious shortage of English teachers. This was the first real chance at

studying English intensively. Despite their difficulties, they proved to be dedicated students and had a strong sense of responsibility for the improvement of foreign language education in these mountainous areas.

Looking Forward

Winter came and the New Year was drawing near as were its festivities. As young people with an average age of 25, the students decided to hold a grand happy New Year's evening party.

Seven big red lanterns and a lot of coloured bulbs were borrowed for decorations. One student constructed a potted landscape of pines that she cut from a snowy mountain. The master teacher of the class, nearly 60, made some artificial plum blossoms with peach tree branches and popcorn. Another student brought back a score of green bamboo from the mountains 50 km away. They turned the classroom into a room filled with colour and life, and the party went on with songs and dances till the small hours of morning.

The students' enthusiasm moved me so much that I sang a few songs and danced with them during the party. I was still excited when I returned to my room. Finding my light still on, some students dropped by and we shared a pot of tea.

I was electrified by the warm feeling among us, and I was deeply moved by her thoughts. This reminded me of my asking some students a few days before how they felt about the course. They replied unanimously: "We feel it is much easier to read the junior middle school textbooks now."

The young woman later said she had great hopes for the future. "If my students could master English early," she said, "they would be able to contribute more to this mountainous area and to our country as a whole." ■

Religion: A New Understanding

"QIAO"
(Bridge)

In the first issue of the magazine *Qiao* (Bridge) published recently, Zhao Fushan, vice-president of the Chinese Academy of Social Sciences, wrote an article discussing religion. He noted that in China, as in most other countries, the people's way of life, their values, art, architecture and philosophy have all come under the influence of religion.

As China's socialist development, economic and cultural, proceeds, it would be a mistake to disregard and try to undo its religious past. That would mean discarding such things as the Dunhuang murals, the grottoes of Datong, Longmen and Maijishan, the giant stone carving of Buddha in Dazu, the Potala Palace, the Gahdan, Sera and Daipung monasteries, and the Tibetan Buddhist scriptures, or book of knowledge.

In considering Indian history would we wish to disregard much of its art, poetry and dance? Or in the case of European culture, should we forget Dante's *Divine Comedy*, Leonardo da Vinci's *Last Supper*, Michelangelo's works in the Vatican, John Milton's *Paradise Lost* and *Paradise Regained*, and the music of Bach, Handel, Mozart and Beethoven, or the philosophy of the Middle Ages? To do so would be foolish indeed.

We need to foster a basic understanding of religion, for it is a part of most cultures. Although in class societies the exploiting classes have used religion as a political tool, that has been only one part of religion's social role. In order to overthrow reactionary rulers, the proletariat has to concentrate on carrying out revolution. It is understandable that it has to emphasize the fact

that the ruling class uses religion to poison people's minds, and to impede the growth of their political awareness. That is not, however, the whole of religion's role, nor does it provide a satisfactory basis for a scientific understanding of religion.

Religion is a social phenomenon involving hundreds of millions of people that has undergone many changes in the course of history. "Religion is the opiate of the people" is considered by some to be an unchanging truth. These people fail to realize, however, that everything varies with time, place and other factors. Their standpoint can hardly be recognized as that of historical materialism.

Religious believers are idealists, and because of this, religion is said to be a reflection of the irrational, false and alienated consciousness of man. But such reasoning fails to respect history and the varied cultures of China's own numerous ethnic groups, and is hence harmful to the unity of its different nationalities. Today China's efforts to raise the scientific and cultural levels of its people include learning the history and culture of

various foreign countries. In the past, however, we have simply left out of consideration the religions of those countries. In so doing we were being culturally ignorant, and showed a lack of proper respect for the histories of other nations.

Religion is at the heart of most other cultures, and it is essential that we recognize this. In a socialist society when classes have been abolished religion is still a part and parcel of the cultures of our various nationalities. This will contribute to the nation's stability, while also encouraging China's friendly relations with other countries, in turn helping to provide an international climate favourable to its modernization.

Experience of the past 35 years shows it is both necessary and possible to unite the religious believers of various nationalities in the building of socialism. Each religion has a moral code, with injunctions against theft, murder and adultery, and recommendations for honesty and justice. Such codes do not contradict the socialist moral code at all.

China's Constitution guarantees religious freedom and equality for all citizens, regardless of their beliefs. Nobody, whatever his beliefs, should have to compromise them.

One View of the Study of Sociology

"GUANGMING RIBAO"
(Guangming Daily)

At a Beijing conference on sociology held in late April, Hu Sheng, president of the Chinese Academy of Social Sciences, spoke on the study of sociology in China. Here is the gist of his speech:

"1. Some hold that sociology as a field of study can be dispensed with given the existence of historical materialism as a

science. I don't agree with this idea. Historical materialism is a basic theory and point of view related to social history, and of course one may use it in the study of the science of law, sociology, politics and history. But historical materialism can in no way replace these subjects. Just as the science of dialectics of nature is of use in the study of physics, it is certainly not equivalent to physics, nor can physics be dispensed with in favour of the study of dialectics.

"2. With the overthrow of the old social system and the

establishment of the socialist system, not all social problems are resolved immediately, nor does society continue to advance of its own accord. Great efforts are needed to resolve problems, all of which require careful study.

"3. As to what view to take of the old sociology, including modern Western capitalist sociology, I think many of the materials collected by Western sociologists are useful and their methods of study may be borrowed. Even though much of the research done by Western sociologists incorporates the ruling concepts of the capitalist class, we can nevertheless use it for reference purposes. It is true that at the time of the revolution we had no need of this old experience. But we now need to know how to co-ordinate the different aspects of the life of socialist society, that is, political life, economic life, cultural life, relations between different ethnic groups, relations between city and countryside and family relations. It is essential that all these are correctly handled under socialism, otherwise we may lead ourselves into an impasse. In this sense, there are similarities of aims in the study of sociology in the West and in China.

"Of course, the capitalist system differs in principle from the socialist system and because of the fundamental contradictions of capitalist society it is never possible to completely co-ordinate its development in all respects. But in the absence of a major crisis or revolutionary situation, the various aspects of life in a capitalist country are in the main well co-ordinated. Otherwise, capitalist society could not survive. Their experience in attaining this co-ordination can be useful to us.

"I agree that the basic task of sociology is to conduct investigative research. And there must be theories that originate in practice rather than being derived from books, especially those merely quoted from foreign books. But

sociology needs to develop a great deal in China; this is both possible and imperative." ■

Flooding Still a Serious Problem

"RENMIN RIBAO"
(People's Daily)

Professor Yan Kai, director of the council of the China Water Conservancy Society, holds that China's major water conservancy goal is preventing floods of its major rivers.

In an interview in mid-June with a correspondent of *Renmin Ribao*, Yan said in the past few years, many people have come to think that since China has built so many projects, flooding no longer poses a serious threat. This is not true, he said. China's seven major rivers, Yan said, have different standards for flood prevention. Projects on the Yellow River should work to stem extraordinary floods that occur once in 100 years, while those on the Haihe River should do so for floods that strike once in 50 years. On the Huai River, the period is 40 years; the Songhua River, 20 to 40 years. On the Yangtze, Pearl and Liaohe rivers it is every 10 to 20 years. Since China's major political, economic and cultural centres are mostly situated on the middle and lower reaches of these rivers, and are generally in low-lying areas, the flood-prevention dykes along these rivers are critically important. Flooding on any one of these rivers is potentially disastrous in terms of financial and human losses.

Water conservancy experts maintain that flood prevention cannot be solved by merely quickly constructing several big projects. Apart from improving the flood-prevention engineering work, experts have suggested the

following as guidelines and approaches:

1. Different standards should be set for different rivers according to needs and financial abilities. Targets for the year 2000 should be set for different sections of each of the seven rivers. Emergency flood measures should also be devised for each of these rivers.

2. Flood prevention policies and the relations between investment and economic efficiency should be classified.

3. Aside from working out measures for flood prevention, other related projects should be taken into consideration, such as flood forecasting and warning, the management of flooded areas and relief to victims of flooding.

Like other types of construction, China's flood projects are subject to aging. Most of its water projects were built in the 1950s and 1960s and are in need of repair and renovation. Since 1949, the government has spent 89,000 million yuan (about US\$30,000 million) on water projects. Funding for maintenance and renovation however is now at inadequate levels. As a result, the projects efficiency has lessened. For instance the total land brought under irrigation has stood at 46.6 million hectares since 1975, and in some areas the figure is dwindling. If this situation is unchecked, agricultural development will be significantly hampered.

Some have suggested that the way to improve this situation is to charge the units that have benefitted from these projects, so as to force them to save water. In the end both the water project department and society will gain long-term, steady benefits. Prof. Yan suggested the state work out a water law that will include the policy on charging for water. The administrative units should also give consideration to irrigation, running industrial enterprises and tourism, all of which could increase their income to help maintain and renovate the nations' water projects. ■

Heilongjiang Province Attracts Foreign Capital

Heilongjiang Province in China's northeast is negotiating to inject US\$1 billion in foreign funds into its many industries, covering petrochemicals, metallurgy, energy, machinery, electronics, communications, transport, minerals, building materials, light industry, textiles, farm produce and grain processing, edible oil refining and tourism.

The province's plans call for US\$100 million in 1986 in joint and co-operative ventures to expand the manufacture of export-oriented commodities and technology-intensive products. Partners in these ventures will come from 17 countries including Japan, North America, Western Europe, Eastern Europe, the Soviet Union and Hongkong. Before, Heilongjiang's joint venture partners used to involve only a few countries, over half from Hongkong.

The province has signed 20 contracts so far this year, involving US\$7 million. These items include the Hongri Industrial Co. Ltd., to be run with Gunma Yuko Boeki Co. Ltd. of Japan, the Yin hao Power Engineering Co. Ltd, to be run with L. Hoffmann Engineers Ltd. of Hongkong, and the Longxing Computer Development and Maintenance Co. Ltd., to be run with the Hennessy Engineering Co. of Hongkong. Heilongjiang now has 129 joint projects in operation.

Projects still under negotiation or looking for partners include:

Petrochemicals: The Heilongjiang Chemical Plant produces 550,000 tons of coke and 30,000 tons of tar annually. The factory is ready to import carbon black new technology with an annual capacity of 15,000 tons, by using as raw material the tar it produces and ethylene at the

Daqing Oilfield in the vicinity. This investment is estimated at US\$10 million. In addition, the Heilongjiang Chemical Plant is preparing to set up a number of other projects to process polyester, organic glass, styrene, polypropylene, petroleum and natural gas.

Metallurgy: The Qiqihar Steel Mill is ready to receive a 1,400-ton forging machine, with an annual capacity of 20,000 tons of forgings. The investment will amount to 98 million yuan. Other projects include a high-speed wire rod rolling mill, assembled oil tanks, assembled grain silos and an aluminium mill.

Energy: The Heilongjiang Active Carbon Plant is considering the introduction of new technology to expand its capacity from 300 tons to 1,000 tons of shaped active carbon. The money invested will be repaid in active carbon products. In addition, there will be new coal dressing and gas engineering plants, and others.

Machine Tools: The Qiqihar No. 2 Machine Tool Plant is looking for the manufacturing technology for a computer-controlled floor-type bore-mill machining centre, and is ready to go into co-production with foreign firms. Besides this, there are plans for the manufacture of motors for cranes, metallurgical applications and printing machines, as well as contracting for a joint venture power station.

Electronics and communications: The Qiqihar Electronic Musical Instrument Factory will import technology, key equipment, testing instruments, moulds and assembly lines for the production of electronic organs. The total investment will be approximately US\$3.3 million. In addition, there will be a factory to make video tape and radio-cassette recorders and TV sets.

Transport: Under this item there are the coach factory and local railway projects. The coach assembly line needs US\$20 million to turn out 3,000 large buses every year.

Minerals and building materials: The Heilongjiang Gold Co. is seeking partners to operate the Fuke Mountain alluvial gold mine. The estimated investment is US\$10 million and the planned annual capacity is 500,000 grams. There are other gold mines, cement and works.

Light industry and textiles: The Jiamusi Flax Mill is scheduled to double its number of spindles by putting in another 5,000 spindles for 180 sets of imported equipment, costing 60 million yuan. In addition, there are paper-making, food processing, timber utilization, and woodwork processing projects.

Farm produce and grain processing and edible oil refining: The Shuangcheng Maize Processing Plant will undertake to import a maize multiple-purpose processing project to turn 150,000 tons of maize into refined maize oil, refined starch, maize residue flakes and animal feed. The investment will be US\$20 million. Other projects include improving soybean, maize and rapeseed species, the processing of grain and oil, feed production, fish and rabbit rearing, and tomato growing and processing.

Tourism: There the emphasis will be on the building of more tourist hotels.

The introduction of foreign funds can take a variety of forms, including joint ventures, co-operative ventures, leasing, government loans, compensatory trade and barter trade.

Heilongjiang province is rapidly increasing its use of foreign funds. In 1985, it sanctioned 73 such projects, involving US\$154 mil-

lion. Among these 56 projects have completed their feasibility studies, and 48 projects have received business certificates after contracts were approved by the authorities. The total investment involved is 234 million yuan, including US\$52.75 million of foreign funds, more than twice the aggregate total of the previous six years.

Heilongjiang is also engaging in joint ventures outside China. These include mill already operating in Macao, preparations for a restaurant in Frankfurt in the Federal Republic of Germany, a satellite receiver factory in HongKong and a soybean sauce factory in the United States.

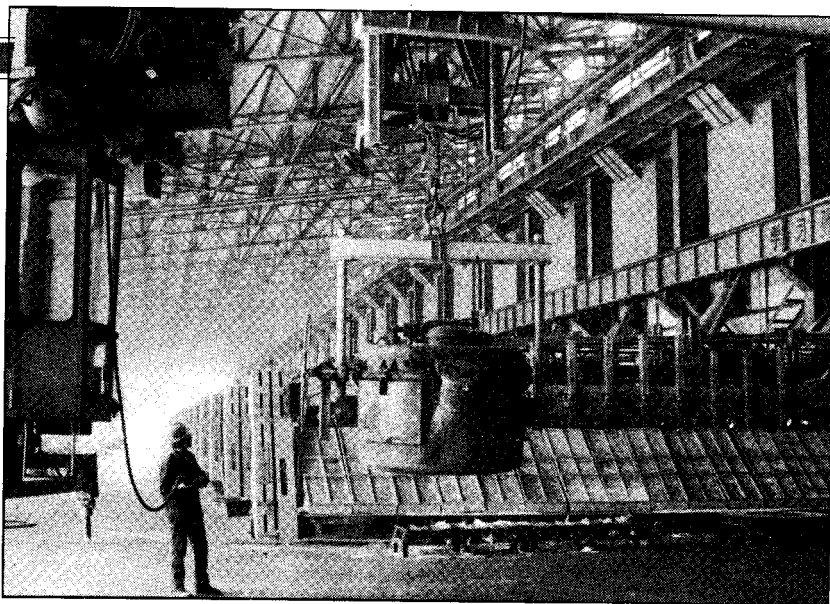
Nonferrous Metals Imports on the Rise

State Councillor Fang Yi, a member of the State Council, said at a recent national conference that home supplies of nonferrous metals, especially aluminium, are failing to meet the rapidly expanding demands. China is becoming more dependent on nonferrous metals imports, and this situation will remain unchanged for some time.

Zheng Rugui, general manager of China National Nonferrous Metals Import and Export Corp. (CNIEC), told *Beijing Review* his company exported US\$400 million worth of nonferrous metals in 1985 but imported the equivalent of US\$800 million worth of these metals. The import of aluminium alone accounted for US\$600 million.

China will give priority to the aluminium industry during the new Five-Year Plan period.

Aluminium oxide: Upgrading and expansion of the Shandong, Zhengzhou and Guizhou aluminium mills; construction of the first and second phase projects of the Shanxi Aluminium Mill and



The electrolytic workshop of the Guizhou Aluminium Mill.

ZHOU HAORONG

the first phase project of the Zhongzhou Aluminium Mill; and preparation of the first phase project of the Pingguo Aluminium Mill.

Electrolytic aluminium: Construction of the Baotou and Qinghai aluminium mills and the second phase of the Qingtong Gorge, Baiyun, Shaanxi and Guizhou aluminium mills; and the upgrading and expansion of the Harbin and Chongqing aluminium processing plants.

China's nonferrous metals industries are seeking foreign

partners for joint ventures, compensatory trade and commercial loans. Emphasis will be on the import of software technology and essential equipment, as well as the invitation of technical personnel. Possibilities will be studied on running nonferrous metal joint ventures in foreign countries too.

China's exports of tungsten, tin, antimony, molybdenum and mercury will continue. New items will be added to the export list, covering finished nonferrous metal products and new technology. ■

(Continued from p. 13)

'Agree to Disagree'

The six leaders agreed that "the adoption of further substantial economic measures against South Africa is a moral and political imperative to which a positive response can no longer be deferred."

They declared that, besides adopting all eight economic measures of the Nassau accord, they would take three additional steps. Banning new bank loans to and the import of uranium, coal, iron and steel from South Africa,

and closing all consular facilities in South Africa.

It is reported that a committee responsible to the six Commonwealth members will be formed by Australia, Canada and India in order to co-ordinate sanctions against South Africa.

Some British sources have pointed out that this is the first time member countries of the Commonwealth have had serious differences in its 50-year history. It is also the first time Britain has found itself isolated in the organization. ■

by Li Yunfei

Major Find Adds to China's Culture

Discovery in China's northeast Liaoning Province of a large sacrificial altar, a temple to a goddess and six groups of stone tombs, all of which covers an area of 50 square kilometres and is estimated to be 5,000 years old, pushes Chinese civilization back more than 1,000 years.

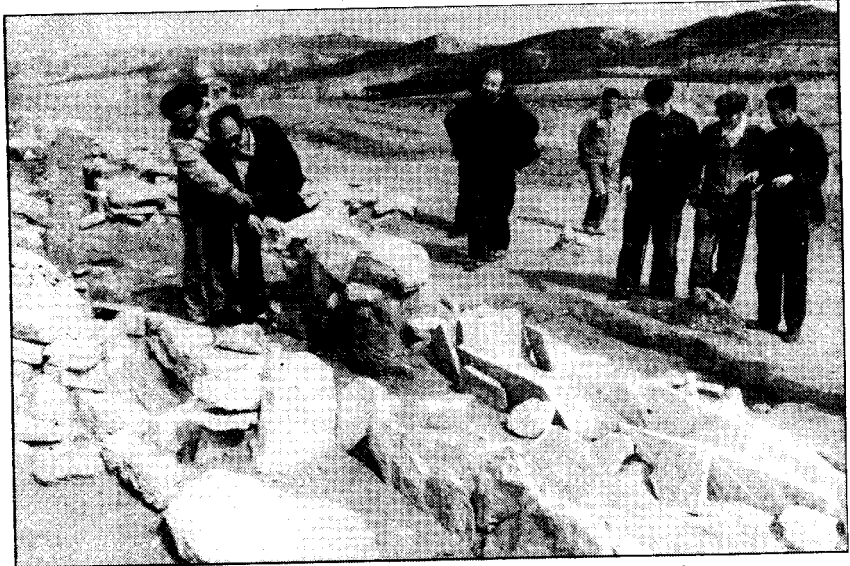
"The latest discovery is of great importance in the study of China's ancient civilization and social development," said Su Bingqi, vice-president of the Archaeological Society of China. It is also helpful for the study of the development of China's sculpture, religion and culture, he added.

The find site is located in the centre of the Hongshan Culture* area. In May 1979, a stone sacrificial altar was found in Dongshanzui village when rain washed away the surrounding terrain. In 1983, six groups of stone tombs and a goddess' temple were excavated at Niuhe-liang village, 50 kilometres away from Dongshanzui. Tests by carbon 14 and other scientific measurements have proved that these were constructed 5,000 years ago.

Among the relics found one metre underneath are:

1) Two broken pottery statues of naked women, indicating that the site was occupied by a matriarchal society. Similar statues have been found abroad

*Hongshan Culture is a primitive culture of the New Stone Age. It existed in northern China from the Liaohe River basin in the east to the Yanshan Mountain in the west. It is named after Hongshan outside Chifeng City in the Inner Mongolian Autonomous Region, where it was first discovered in 1935.



Liaoning archaeologists survey the stone tombs on the Niuhe-liang site.

and were called "Early Venuses." This is the first time such figurines have been discovered in China.

2) A life-size head of a goddess, painted in colour, and a number of fragments of clay naked females.

3) A number of animal shape jade and stone necklaces, bracelets and other decorative ornaments.

4) Pottery for sacrificial use bearing the characteristics of the Hongshan Culture. Among these are an openwork lid of an incense burner and fragments of 1.3-cm-thick painted pottery.

All these discoveries are rare. The two small female figurines unearthed at the altar represent pregnant women. One is 5 cm tall and the other 5.8 cm, with heads missing. Some experts have suggested the statues might represent the "goddess of birth" or the "goddess of agriculture." Others have said the figurines may have been used during sacrificial ceremonies.

A rather complete 22.5-cm-tall head of a goddess with both eyes

made of greenish blue jade was dug out in Niuhe-liang village. The cast of her face looks similar to that of present-day Chinese northerners, and the process of casting is basically the same as modern artists use. This, together with fragments from different statues, show that the Niuhe-liang site was once a treasure house full of goddess figurines.

Experts have believed that the Dongshanzui-Niuhe-liang historical site might have been an ancient state. Round and square altars are found at the site, which conforms to ancient Chinese belief that the sky is round and the earth square. They are arranged around an axis like two wings. The structure of the goddess temple and the location of the stone tombs also show traces of differentiation between primary and secondary status. The finds are evidence that the Chinese living there at that time had stopped worshipping nature and totems, and had advanced to a



Curator of the Liaoning Provincial Museum Sun Shoudao working on the relics discovered.

more civilized society. It is also surmised that such a large construction project could not have been the work of only a local tribe. It indicates traces of the social and political activities of an early state.

Chinese historians previously

believed the Yellow River basin was the cradle of China's civilization. However, the discovery of these relics in China's northeastern Liaoning Province has challenged this idea.

According to Su Bingqi, the noted archaeologist, finds in the last three decades have proved that there were two cultures in pre-historical China. One was along the middle reaches of the Yellow River, and is referred to as the Central Plains Culture; the other Northern Culture, which includes the Hongshan Culture. Both cultures have characteristics in common, but each is distinct. It is incorrect to regard the Northern Culture as a division of the Central Plains Culture. The new finds in the western part of Liaoning Province represent the peak of Hongshan Culture. As they reveal new clues to the origin of China's 5,000-year-old civilization, their role in the development of China's civilization should not be underestimated.



A life-size head and the left hand of a goddess. Some of the jade decorative ornaments found at Niuheliang.

PHOTOS BY XIAO YE

Terracotta African Unearthed in Xian

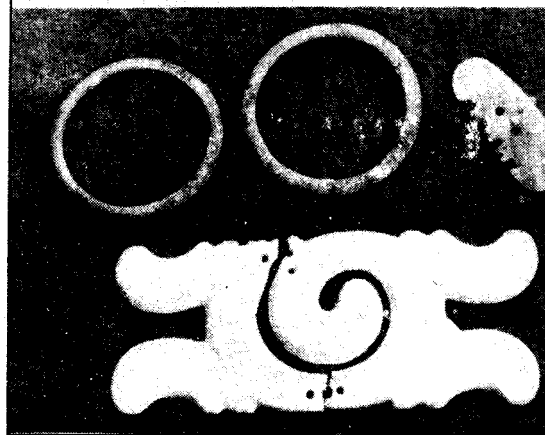
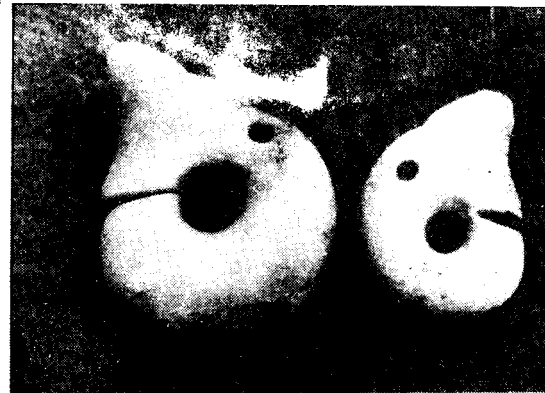
A male terracotta African and two terracotta females in minority dress of northern China were unearthed in a Tang Dynasty (618-907) tomb in Xian in Shaanxi Province last May.

According to archaeologists, the terracotta figures show that China had contacts with the Africans during the Tang Dynasty.

Terracotta figures, such as the 8,000 life-size warriors and horses in Xian, were made as early as the Qin Dynasty (221-207 BC). By the

Tang Dynasty, it was common to use terracotta figures as burial objects. All those figures, however, were Hans.

This is the first time that an African and two female minority figures were discovered. The African is 30-cm tall, with curly hair and blue eyes, dressed in robes with big turned up collar. The two women are 65 cm tall and plump. They are dressed in long, bright-colour robes with turned up collars and belts. ■



Professors Recounts History of Education

The Chinese civilization is one of the oldest in the world, so naturally it has a tradition of educational theories, system and experience. To sift out and summarize several thousand years of educational heritage, Professor Mao Lirui of Beijing Teachers' University, and Professor Shen Guangqun of East China Teachers' University in Shanghai are currently compiling the *General History of China's Education* (in Chinese).

Professors Mao and Shen had both studied in the United States in their early years. Since they returned to China, they have been engaged in teaching and studying the history of education.

In 1984, they began editing the work, together with more than 10 education researchers. The public-

ation of the five-volume book running to some 2 million characters is intended to be completed in three years.

The first volume outlines education in the period between the 8th and 3rd centuries BC, prior to the Qin Dynasty (221-207 BC). The second volume records the education situation from the 2nd century BC to the 9th century AD, spanning the period of Qin, till Tang Dynasties. The third volume will tell about the development of education in the Song-Yuan-Ming-Qing period from the 10th century to the 19th century.

The fourth volume will cover the educational development of China from 1840 to 1919, that is, from the Opium War to the May 4th Movement in 1919. And the last volume will be devoted to

education spanning from the May 4th Movement to the founding of the People's Republic of China in 1949.

The first volume of the work was published last year by the Shandong Education Publishing House, and it has received good reviews. The State Commission of Education highly values the book, and has listed it as a reference teaching material for college students majoring in the liberal arts. The book not only provides detailed historical facts, but also absorbs the latest results of research conducted by many Chinese scholars. In addition, the book has editors' personal views and insight analysis, and is written in a light and easy-to-read style.

by Liu Shunhua

Ancient Book 'Tells All'

At the time of the Renaissance in Europe, a similar ferment of thought was going on in China. A product of that ferment was a remarkable book, *Tian Gong Kai Wu* (Everything Under Heaven), that came close to living up to its title. An encyclopaedic work published in 1637, it dealt with scientific and technological achievements in China.

Its author, Song Yingxing, was born in 1587 in Fengxin County of Jiangxi Province. He received a classical education and was a successful candidate in the imperial examination at provincial level.

But after failing the higher exams in Beijing, Song turned to

the study of applied science and technology. Meanwhile, he was variously a teacher, an official and a magistrate. After the fall of the Ming Dynasty in 1644, Song returned to his native place and became a hermit. He probably died in 1661 at the age of 80.

Song was an all-round scholar, interested in both the natural and social sciences. He wrote about 10 books, but most were lost during the wars that marked the end of the Ming and the beginning of the Qing dynasties. However, *Tian Gong Kai Wu* was preserved. It was written during his four years as a teacher.

The book consisted of three

volumes in 18 chapters with 123 illustrations. Song dealt with cultivation techniques of grain-crops (especially rice) and their processing, raising of silkworms, making textiles, cloth-dyeing, salt-making, sugar-making, oil-extracting, smelting of metals (including alloys), casting and hammering of metals, ceramics, coal-mining, paper-making, manufacturing of ink and pigments, building of boats and carts, making weapons (especially gunpowder and firearms), wine-making, and diving for pearls. In short, Song described the techniques of almost all the agricultural and handicraft activities of the Chinese society of his times. He reported on the technical achievements of Chinese agriculture and handicrafts up to the 17th century, systematizing them in his comprehensive work. *Tian Gong Kai Wu*

was written on the basis of investigation by the author in various places in China.

Song's book described many advanced scientific and technical achievements by common people, some of which had never been recorded before. He reported on a drought-resistant rice strain developed by artificial selection, and the first use of arsenic as an agricultural chemical (mixed with rice seeds). He recorded two new silkworm species, which were developed by artificial hybridization, and methods of artificial elimination of inferior silkworms. Advanced techniques for producing cast iron, wrought iron, steel and zinc were described.

Methods for removing harmful gases from coal-mine shafts and ensuring tunnel protection were discussed in detail. *Tian Gong Kai Wu* contained detailed data about quantity of raw materials and size of equipment needed for many production processes. The author stressed practice and experiment but criticized alchemy.

Tian Gong Kai Wu was introduced to Japan and Korea in the 17th and 18th centuries. The Japanese reprinted it in 1771. In this century, it was translated into modern Japanese by Yabuuchi Kiyoshi, professor of Kyoto University. There are two Japanese editions now.

The book was brought to

Europe in the 18th century. Stanislas Julien (1797-1873), professor of Chinese at the College de France in Paris, translated parts of five chapters of the book into French during the period of 1830-1840. His work was then retranslated into English, German, Italian and Russian. Julien also published a book entitled *Industries Anciennes et Modernes de l'Empire Chinois* in Paris in 1869, which included eight chapters of *Tian Gong Kai Wu*. He called the Chinese book "une encyclopaedie technologique."

Charles Darwin read Julien's translation of the portion on silkworms and called it an authoritative work. ■

by Pan Jixing

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Contribution to the Handicapped

I just read your May 26, 1984 article about the Beijing Home for Handicapped Children and was very much moved. At the end of the article you mentioned a project—a new building—which lacked funds. I wish to try to help the home build its new building, and have enclosed a check for a small amount. Please try to get the check to the home for me. Thank you.

Nancy Kelley Kessel
Boston, USA

Dear Ms Kelley,

We've received your letter together with your contribution of US\$30 check for Beijing's Home for Handicapped Children. We have mailed your check to the staff of the Home for Handicapped Children, who asked us to convey their thanks to you for your contribution. All their staff and handicapped children send you their warmest wishes. They also wish you good health and a happy life—Ed.

Population Policy

Xin Lin's article "Family-Planning Policy Improves" showed how successful the birth control programme with one child per family is. Exceptions are pointed out for farmers in the countryside and for some minority groups. Those who understand China's social system and tradition praise her for her accomplishment, although some of the methods used have been criticized.

From a recent visit to China, I observed certain changes in the behaviour of the new generation of children as the result, I believe of the population control. As commonly referred to here in the United States a generation of "brats" is beginning to emerge. Because of the one-child per family policy, the parents cater to the child's demands more willingly and the tendency to "spoil" the offspring is greater. I came across

several children, some of whom are even close family members. They showed disobedience, defiance and disrespect, qualities which were seldom seen in this age group previously. Although I am not a sociologist, I fear that unless proper measures are designed to curb this tendency towards misbehaviour among this new generation, and those that follow, a new social problem may develop, especially when they reach middle school age.

Perhaps the authorities who are managing the population programmes have already taken this potential problem into consideration.

William Q. Wu, M. D.
Kansas City, USA

Law Enforcement

I follow with interest the work of Chinese jurists to produce a body of law for a socialist society.

Of course, enforcement is essential, and the people hold the key. No agency can know as much about what chicanery is going on among the people, as the people themselves. In an interview with Ruan Chongwu (BR vol. 28, No.52) about the problems of enforcement, he pointed out the need for "co-operation of the whole society," and later remarks that "the average Chinese citizen is not as afraid to report a crime or suspect to police as before."

Noting these statements, I suggest the following Four Musts: (1) Must Report. Any person having knowledge or suspicion of a crime must, at once, without fear, report it to the proper authorities.

(2) Must Investigate. Authorities must, at once, investigate, while protecting the reporter from intimidation from the accused parties.

(3) Must Act. If the crime exists, proper courts must ACT at once, to bring the miscreants to trial and set suitable punishment.

(4) Must Publicize. The public

must know that it pays to "blow the whistle."

If "courageous" "whistle blowers" get no results, are vilified by their associates, or are fired from their jobs, I have been convinced by 70 years of observation that order is destroyed and any system of law breaks down.

If the people know the law, respect it, and have faith that an individual can make a difference, their power to create an orderly society is enormous.

Merrill Rassweiler
Sun City, USA

A Tourist's Thanks

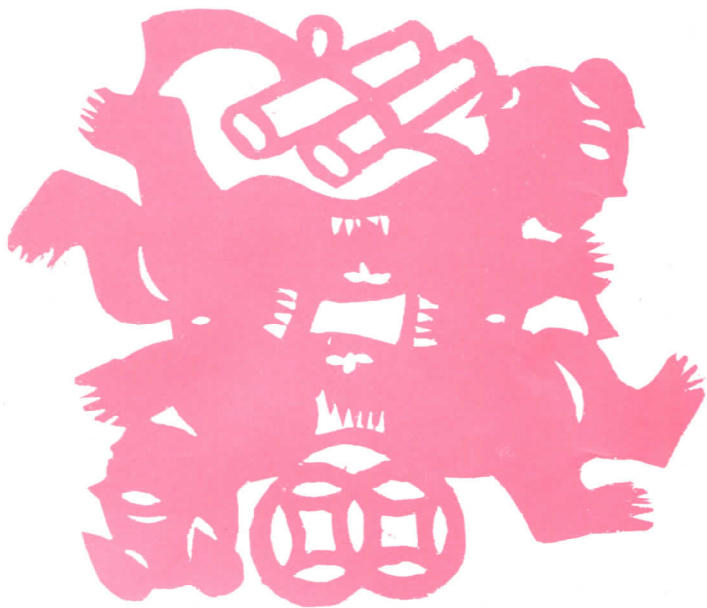
I have recently returned from a three-week, solo, self-financed tour of China and am writing to thank the people of that country for the overwhelming kindness, help and friendliness they afforded me throughout my stay.

Not having a particularly good grasp of the Chinese language, I was especially pleased at the number of English-speaking Chinese who volunteered to help me purchase my railway tickets. Buying such tickets is one of the most difficult tasks the independent traveller faces once outside Beijing, and without the help of these friendly people, I would not have been able to complete my planned itinerary due to missed connection or wrong destinations.

I would particularly like to thank the staff of Jiningnan station in Inner Mongolia for showing me the most wonderful hospitality during my three-hour stay there. Also the good people of the travel service bureau in Datong who showed friendliness and efficiency far beyond the call of duty in assisting a foreign guest.

I made this trip on my own, but I would love to be able to return one day with my wife, so that she too can savour the delights of China! I have already begun saving for the next trip!

N.H. Pigott
London, England



Four Children and Books.
by Li Huiying

ART PAGE



The Fish God Bottle. by Wei Guihua

Traditional Papercuts From Gansu Province

Papercuts of eastern Gansu Province are mostly done by women who learn the art from their mothers. The work is similar to the patterns of pre-historic Shaanxi pottery. Fish, dragons and snakes have been traditionally regarded as sacred animals. *Happy Baby* is meant to depict the joy of childbirth.



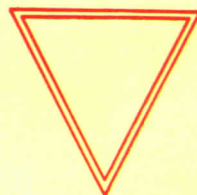
Happy Baby.

by Chen Yuming

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