

北京周報

A CHINESE WEEKLY OF NEWS AND VIEWS

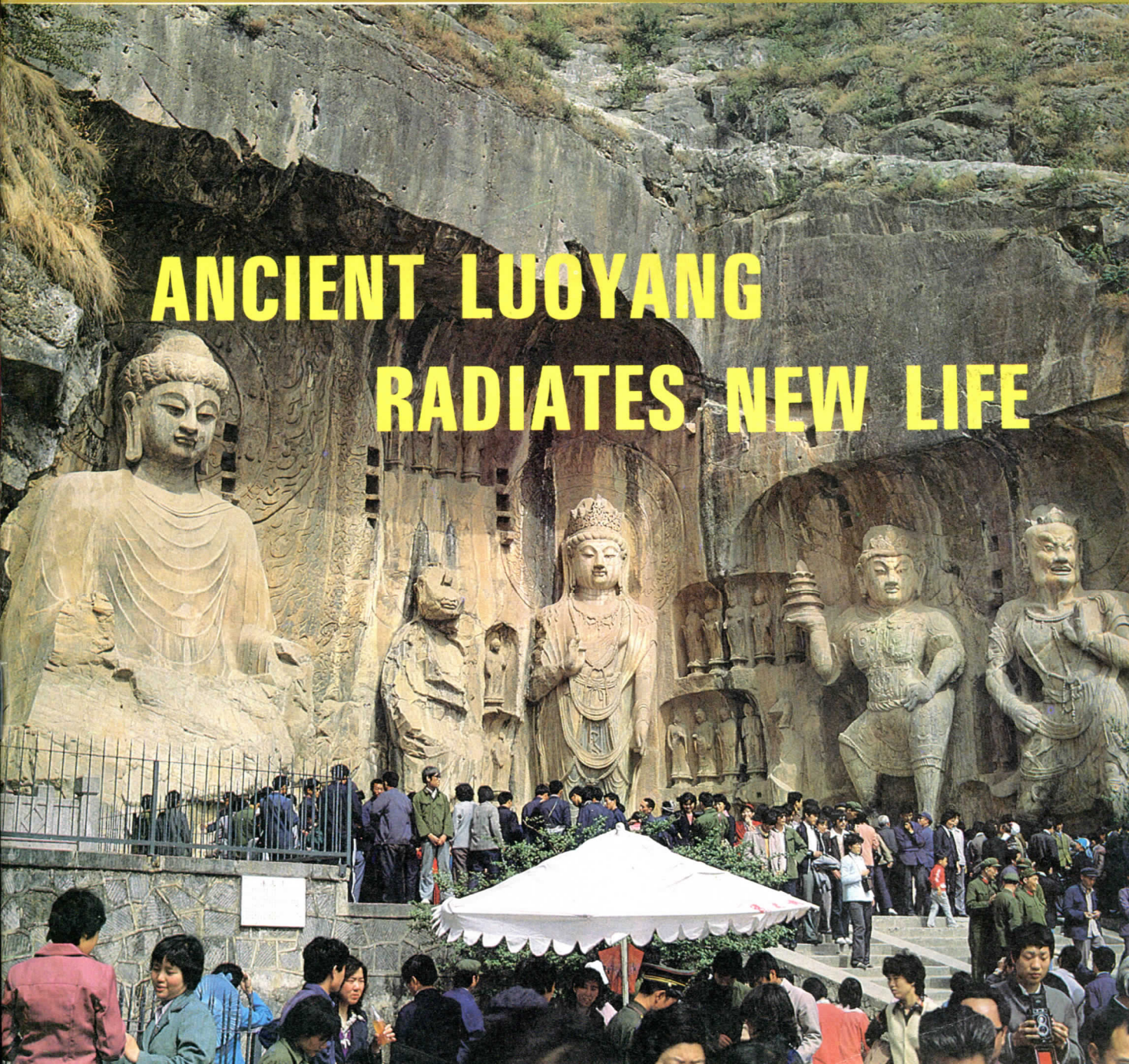
Beijing Review

Vol.29, No.35

September 1, 1986

THE TRUTH ABOUT THE SINO-INDIAN BOUNDARY

**ANCIENT LUOYANG
RADIATES NEW LIFE**



SPOTLIGHT



The Longmen Grottoes.



A garden built on an old site of the Sui Dynasty (581-618).

Historical Sites in Luoyang

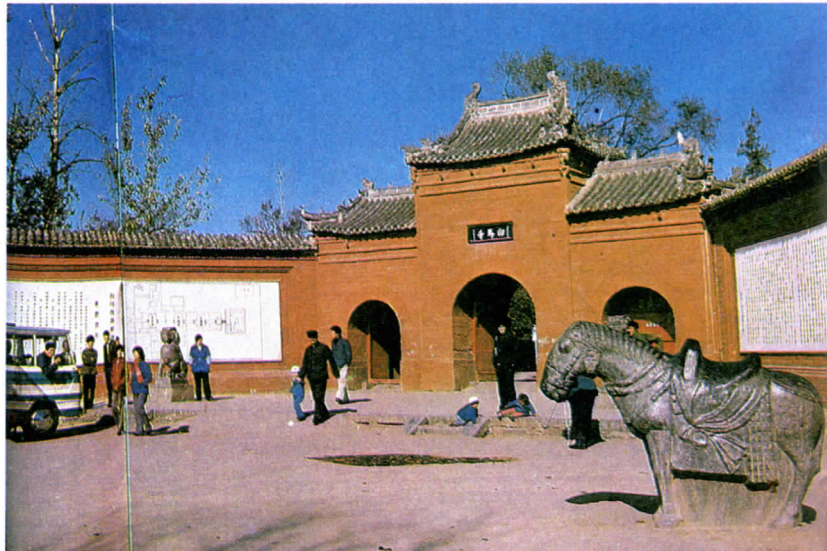
The cemetery of Guan Yu, a famous general in the period of the Three Kingdoms (220-280).



The tomb of Tang Dynasty poet Bai Juyi (772-846).



The White Horse Temple.





VOL. 29, No.35 SEP 1, 1986

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by Li Chunsheng	

HIGHLIGHTS OF THE WEEK

Deng Reaffirms Open Policy

China's open policy will continue, there will no retreat, and overseas investors can rest assured about investing in Tianjin, Deng remarked during a three-day inspection tour of the north China port city (p. 5).

On the Sino-Indian Border Question

The China News Service article points out the wrong doings of the Indian side over recent years and puts forward some principles for the settlement of the border problem (p. 14).

Socialist Competition Encouraged

Competition between companies, and the possibility of their going bankrupt, had been unknown in China until now. To encourage competition, the NPC will enact a law on bankruptcy. The article describes how the public reacts to the issue of bankruptcy and what are the arguments (p. 15).

China Improves Conditions for Joint Ventures

To improve the performance of Sino-foreign joint ventures, the Chinese government will grant specially favourable terms to direct foreign investors in China. Costs, such as wages, ground rents and other charges will be kept down so that their products can compete on the world market (p. 4).

Luoyang: the Old and the New

Luoyang, a mixture of the old and new in central China, is as archaeologically invaluable as it is economically important to China. It was here that the first seismograph and the method of paper making were invented, and the first Buddhist temple appeared in China. It may one day become a new tourist attraction as streams of visitors keep pouring in (p. 18).

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Improving Conditions for Joint Ventures

by Zhang Zeyu

Because joint ventures are an important part of China's open policy, in order to improve their performance the Chinese government will try its best to help all China-based joint ventures solve their problems in accordance with relevant policies and laws.

From 1979 to the end of 1985, more than 2,300 joint ventures were established in China. Of these, 72 percent are productive projects.

Most of the ventures that have gone into operation are successful and have yielded economic returns satisfactory to both sides. The Sino-French Wine Co. Ltd., for instance, was established in 1980 and went into production the same year. Its products entered the world market the next year and won a gold medal at the Leipzig Fair in 1984. The company's partners have agreed to add two new varieties and extend the term of co-operation.

Most of the 233 joint ventures in Guangzhou, China's first open city, are profitable. Last year, they netted about US\$10 million, and some have begun paying back on their investment. The good economic results of these enterprises should be attributed first to the painstaking feasibility studies conducted prior to starting the ventures. Second, the selection of projects have been correct and have accorded with China's conditions and the needs on the world market. The third factor has been choosing the right co-operation partners. The fourth and final factor has been the partners' efforts to improve

management and product quality for the sake of competition.

Of course, some joint businesses have been unsuccessful. Largely because of incomplete feasibility studies, some have found their products unsaleable due to poor quality and have thus terminated their contracts before they expire.

To attract more foreign investment, China is making efforts to improve the nations investment environment and to draft more economic laws relating to foreign businesses in China.

China's aim in setting up joint ventures is to absorb foreign funds and import advanced technology, equipment and management. The existing joint ventures, however, have been importing more ordinary than advanced technology, and the small and medium-sized businesses have outnumbered the large ones. Furthermore, the proportion of non-productive projects has also been higher than intended. This situation, however, began to improve in the first half of this year. Although fewer joint venture contracts were signed between January and June this year than during the same period last year, the number of large,

technologically advanced, export-oriented businesses increased.

The remittance of profits abroad is a matter of common concern to foreign businessmen in China. The Chinese government has made decisions favourable to foreign businesses and has stressed that the key lies in balancing joint ventures' foreign currency incomes and expenditures. Some of these businesses, by exporting most of their products, have foreign currency savings in the bank. There are others that sell some of their products abroad and some at home but use only local raw materials. There are still others that produce goods China used to import to meet its urgent needs. In this case, the government agreed to use foreign currency to buy the otherwise imported products these joint ventures produce. The profits from these transactions can also be remitted abroad. Businesses that need to import raw materials have to consider their ability to pay in foreign currency. There are some that have failed to balance their foreign exchange accounts and cannot remit their profits because they did not sell their products abroad according to their contracts. These businesses' operators will be urged to fulfil their contracts, improve management and create conditions for the remittance of foreign currency profits abroad.

Currently China is undergoing an economic reform, which has also brought about price rises. Some foreign business people have



Deng: Open Policy to Continue

The policy of opening to the outside world will continue, and there is no question of retrenching this policy in any respect," said Deng Xiaoping, chairman of the Central Advisory Commission, when he visited the Tianjin Economic and Technical Development Zone on August 21, 1986.

Deng was in Tianjin to inspect the results of the open policy in the city.

The Tianjin Economic and Technological Development Zone, established at the end of 1984 to attract foreign investment and technology, has so far signed 35 contracts with businesses from 11 countries. When Deng was told that 20 Sino-foreign enterprises would be put into production this year he said: "The zone is already famous and foreign investors can rest assured now that the investment environment has been improved."

For some time, the Tianjin municipal government has made it a priority to create a more favourable climate for foreign investors. As a result, more and more foreign investors have

become invested in joint ventures in Tianjin. According to Li Lanqing, vice mayor of the city, 64 joint ventures operating in Tianjin have reported surpluses in their balance of foreign exchange payments from January to June this year, totalling US\$1.4 million. The average rate of profit is 19.7 percent, with industrial joint ventures achieving 24.2 percent. Three joint ventures — the Sino-French wine company, the Liming Cosmetics Co. and a synthetic wool mill—have begun to pay income tax.

In total, overseas investors, coming mainly from Australia, Britain, Canada, Denmark, West Germany, France, Malaysia, Singapore, Thailand, the United States and Hong Kong, have started 164 joint ventures in Tianjin since 1979. These projects covered industry, shipping, animal breeding, restaurants, recreational facilities, interior decoration and consultancy services. Investors from Belgium, Canada, Japan and the United States are now talking with Tianjin enterprises about co-operation in the production of

complained that the expenses of joint ventures are too high and have affected their production costs. This problem has been looked into. Early this month, Premier Zhao Ziyang said specially favourable terms will be granted to direct foreign investment in China in wages, land rent and other fees to keep the cost of these businesses' products low enough to make them competitive in the world market. This may help solve the problems confronting joint ventures in China.

This year, the Chinese government has made other efforts to improve the conditions for Sino-foreign joint ventures. In January, the State Council promulgated regulations on maintaining Sino-foreign joint ventures' foreign currency balances. Rules for implementing the regulations are being drafted and methods are being formulated for joint ventures to adjust their foreign currency needs among themselves by self-regulation of their exports. In April, the State Economic Commission set up the China Co-ordinating Centre of Co-operation Between Small and Medium-Sized Chinese Enterprises and Foreign Companies to explore ways to solve the problems confronting joint ventures. To attract more foreign investment, the Chinese government is making additional efforts to improve the nation's investment environment and to draft more economic laws relating to foreign businesses in China. ■

Deng Xiaoping greeted by residents and children in Tianjin.

SONG YOUJIN



printing ink, copper, colour TV tubes, kitchen ware and starch-processing equipment.

All this proves Deng's saying: "Without the open policy, it will be impossible to invigorate the domestic economy."

During his three-day stay in Tianjin, Deng also saw motor cars and motorcycles produced by the city with technology and equipment imported from West Germany and Japan. "We should try to solve problems relating to our own motor vehicle production," he told local officials, asking them to produce vehicles of new designs.

While Deng was visiting the Xingang Port in the city, he was told that the port's economic results had improved markedly, and its cargo handling capacity had increased 22 percent since 1984 when its management power was transferred from the central government to the Tianjin municipality. Impressed by this, Deng remarked: "The same people, the same place, but after the reform you have the power, and things are no longer the same."

When visiting a residential area, Deng was surrounded by children playing in a garden. They called him "Grandpa Deng." The smiling Deng couldn't help giving them a kiss and a hug.

He also visited Zhonghuan Road, the main thoroughfare in Tianjin. He praised its brisk pace of construction and high quality, saying: "With the reform, modern technology, and our policy, we are more powerful."

Viet Nam: Playing The Same Old Tune

The communique issued after the recent Hanoi conference of "three Indochinese foreign ministers" showed the Vietnamese authorities still lack the sincerity for a settlement of the Kampuchea

question, a Chinese foreign ministry spokesman said.

"We've just read the whole text of that communique. Our first impression is that, with regard to the Kampuchean question which most people are concerned about, the communique merely repeats what has been said before and there is nothing new in it."

At a weekly news briefing held in Beijing on August 20, spokesman Ma Yuzhen spelled out China's position on a number of issues of international concern.

Sino-Vietnamese Relations. In the communique the Vietnamese side declared its readiness to enter into negotiations anywhere with China at any level. Commenting on this the Chinese spokesman said: "We've repeatedly stated that the fundamental obstacle to the normalization of Sino-Vietnamese relations is Viet Nam's invasion and occupation of Kampuchea. So long as Viet Nam refuses to give up its invasion and occupation of Kampuchea and withdraw all its troops from the country, there is no point in holding talks."

If the Vietnamese authorities genuinely desire the normalization of relations between China and Viet Nam, the spokesman said, they should consider in earnest the eight-point proposal put forward by the Coalition Government of Democratic Kampuchea for a political settlement of the Kampuchean question so that a fair and reasonable settlement can be reached at an early date.

Normalization of relations between China and Laos. Regarding the statement in the communique that Laos is ready at all times to normalize its relations with China, the spokesman said the Chinese government and people highly treasure the traditional friendship between the peoples of China and Laos, and have always stood for an early normalization of relations between the two countries and made unremitting efforts to this end.

"We welcome the proposal put forward by the Lao government for the normalization of relations between the two countries on the basis of the Five Principles of Peaceful Coexistence. We hope that with the combined efforts of both sides, friendly relations and co-operation between the two countries will be restored and developed at an early date," the spokesman said.

Sino-Soviet Relations. Ma also announced a visit to China in early September by Nikolai Talyzin, first vice-chairman of the Soviet Council of Ministers, saying that his visit was reciprocating Vice-Premier Yao Yulin's trip to Moscow last year.

The spokesman said Talyzin was in charge of planning and economic work and would be discussing relevant questions in his field with his Chinese counterparts.

Asked whether Soviet Vice-Minister of Foreign Affairs Mikhail Kapitsa would be leading a delegation to China, Ma answered no.

He confirmed, however, that Foreign Minister Wu Xueqian would attend this year's United Nations General Assembly. The spokesman said Wu routinely meets his counterparts from various countries, and would no doubt meet the Soviet foreign minister during the meeting.

Arkhipov's Visit. The Chinese spokesman also said that Ivan Arkhipov, the first vice-chairman of the Council of Ministers, was at present in China for medical treatment. He said Arkhipov came to China in a personal capacity and had met Vice-Premiers Wan Li, Yao Yilin, and Li Peng, who went to visit him. But they did not discuss political matters.

Nuclear Disarmament. The spokesman said the two biggest nuclear powers should take the lead in stopping the testing, production and deployment of nuclear weapons and in greatly cutting their nuclear arsenal.

"Nuclear testing is not an isolated issue," the spokesman said. "China hopes that the Soviet Union and the United States will hold talks on nuclear disarmament in earnest and reach an agreement that will truly benefit world peace and not harm the interests of other countries.

The spokesman made the comment when asked about China's attitude to the Soviet Union's extension of its moratorium on nuclear testing announced recently by Mikhail Gorbachev. ■

China to Compete in Seoul Asian Games

China, which ranked first in gold medal tally at the Asian Games in New Delhi four years ago, will run up against tough competition from such Asian sports powers as Japan and South Korea at the forthcoming 10th Asian Games in Seoul. To do still better, the Chinese Olympic Committee announced at an August 16 press conference in Beijing that China will dispatch a 515-member delegation, including 385 athletes, to the games to be held from September 20 to October 5.

The big names going to Seoul include a team of Olympic gold medallists, such as sharpshooter Xu Haifeng, gymnast Li Ning, who took three gold medals in the 1984 Los Angeles Olympics; weightlifters Zeng Guoqiang and Yao Jingyuan; diver Tan Liangde; and veteran fencer Luan Jujie, who has also won a number of world titles. The women's volleyball team is another strong force, in addition to many-time world table tennis champions, badminton stars and both the men's and the women's basketball teams.

China will compete in 20 of the 25 events at the Asian Games:

football, basketball, volleyball, handball, table tennis, badminton, lawn tennis, golf, track and field events, diving and water polo, gymnastics, weightlifting, fencing, shooting, wrestling, judo, archery, cycling, canoeing and sailing. China will not take part in the remaining five events which include boxing, bowling, equestrian sports and hockey.

Yuan Weimin, former chief coach of the national women's volleyball team and now vice-minister in charge of the State Physical Culture and Sports Commission, will head the Chinese delegation.

At the press conference, delegation deputy head Li Furong said it was hard to predict how many gold medals China would be able to catch from the coming games. However, he said, the athletes would do their best to win more medals than at the last games. But the purpose of China's participation in the Asian Games, he added, is promoting friendship between the people and the sportsmen of China and other nations.

With some 28 countries participating, this largest sports festival in Asia is expected to attract more than 4,000 athletes. A total of 269 gold medals are at stake.

According to reports from Seoul, South Korea has decided to send 495 athletes—the largest entry for the games, while Japan will enter 385 athletes, second only to the hosts. Both will compete in all 25 events.

But sports should have nothing to do with politics. A Foreign Ministry spokesman recently stated that China's participation in the Asian Games in Seoul does not indicate any change in China's position on South Korea.

The spokesman said that as a full member of the Olympic Council of Asia, the Chinese Olympic Committee is obliged to support activities held by the Olympic Council of Asia, including the Asian Games, which are held every four years. ■

China & the World

■ Sino-Soviet-Mongolian Meeting. Railway officials

from China, the Soviet Union and Mongolia recently held an 11-day meeting in Ulan Bator, Mongolia, on improving transport links, exchanging cargoes and the settlement of freight charges. This meeting, at which a new protocol was signed, was the first in 20 years.

■ American Singers Perform in Beijing. Eight

American singers, known as "Ambassadors of Opera," gave the first concert of their present China tour at the 2,700-seat theatre of the Beijing Exhibition Centre on August 20. They were warmly applauded by the audience. The singers are from Opera and Concert Worldwide Ltd of the New York Metropolitan Opera House. Among the audience was Wang Zhen, vice-chairman of the Central Advisory Commission of the Chinese Communist Party.

■ Chinese Teachers Begin US Study. Forty-eight

Chinese middle school teachers have begun a one-year initiation into American culture as guests of American families in 20 states all over the country. They are the fourth such group to go to the United States. The study visits have been arranged by the American Field Service since 1982.



YU HUIRU

Carrying a Mammoth Melting Furnace

A specially made platform truck carrying an imported steel melting furnace arrived at the Capital Iron and Steel Complex on August 20. To move the furnace from Xingang, Tianjin to the complex west of Beijing, a distance of 245 kilometres took, almost a week. The furnace is 8.24 metres high, 9.36 metres wide and 193 tons in weight. It is the first time such a large piece of equipment has been transported by road in China.

Rules on Contract Labour System

Contract workers who work continuously for 20 years for Beijing No. 5 Construction Company will receive a 10,000-yuan pay-out when their contracts end.

"The contract insurance system frees our minds from worry about the future," said Wang Lianqiang, 23, a contract worker for the

company.

China will this year promulgate regulations on the extension of the contract work system in state-owned enterprises, according to Gao Shangquan, deputy director of the State Commission for Restructuring the Economic System.

Also to be published are regulations concerning the dismissal of workers for violating work rules, on the recruitment of workers and on labour insurance

for the unemployed. All these are a part of the effort to improve the contract system now being tried out in a selected number of areas.

Introduced five years ago to break the so-called "iron rice bowl" practice which gives workers jobs for life, the system will come into force nationwide with the publication of four sets of regulations specifying policies and rules, Gao said. The country now has 3.5 million contract workers, accounting for 5 percent of its total industrial work force.

The socialist contract labour system reflects the economic relations between the state, factories and workers. It helps go-ahead work places and brings the initiative and enthusiasm of workers into full play.

The contract labour system has been tried out at the Jianian Printing Company of Shenzhen since late 1981. To improve the qualities of contract workers, the company established a system to assess their technical proficiency. The workers were paid according to their abilities. The system has greatly aroused the enthusiasm of workers and improved the economic returns of the company, whose profits last year reached 2.29 million yuan, four times as much as before.

According to the regulations to be published, enterprises must choose and recruit the best volunteers who pass public examinations.

Dismissal and resignation are allowed, because they are of benefit to the state, factories and the workers themselves. Enterprises can dismiss those who violate work rules or who are not up to their jobs. On the side of the workers, they can resign when their legitimate rights and interests

are infringed upon or when they can not give full play to their professional knowledge and skill. All this will promote the rational movement of labour.

The regulations also stipulate that the wages, and the other conditions and rights for contract workers must be the same as those for the former permanent workers.

A social insurance scheme will be introduced for retired contract workers, with the enterprises paying the retirement insurance premium of about 15 percent of the total wage for contract workers each month, while the workers contributing 3 percent. The scheme will remove the heavy burden on enterprises and change the present situation where retired workers live off younger people at work.

China's labour reform, Gao Shangquan pointed out, was aimed at laying the foundations of a dynamic socialist economic structure in about five years.

He said this also called for separating the ownership and the management of an enterprises, making it an independent economic and legal entity responsible for its own losses and gains, rather than are controlled by a higher authority.

News in Brief

China has so far located 16 potential land and offshore natural gas fields, each with more than 5 billion cubic metres of gas in reserve. Experts say that China's natural gas reserves could total between 1,000 and 2,000 billion cubic metres, third in the world after the Soviet Union and the United States. The Ministry of Petroleum Industry has drawn up a plan to double the country's natural gas output by 1995.

China is now drafting a Copyright Law. Officials and experts involved in the project at the State Copyright Administration and the Chinese Publishers Association are studying the laws of foreign countries for reference. Since 1982, 400 people have received training in copyright, and the work has received the help of the World Intellectual Property Organization of the United Nations.

A Kuomintang spy ring has recently been uncovered and four spies—Roland Shensu Loo, Ning Nianci, Yu Defu and Zhu Junyi—convicted. Loo, 67, an American citizen of Chinese origin who came to China in 1984 and collected a large amount of intelligence provided by Ning Nianci and her husband Yu Defu, was sentenced to 12 years imprisonment. The other three were sentenced to ten, three and ten years respectively.

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KAMPUCHEA

Resistance Forces Gain More Support

In the recent struggle against the Vietnamese invasion, the resistance forces are becoming stronger under the leadership of the Coalition Government of Democratic Kampuchea (CGDK).

Is it possible for the Vietnamese to achieve their purpose of wiping out the resistance forces in Kampuchea and securing the long-term occupation of that country? The recent situation both on the battlefield and within the international community suggests that Viet Nam is failing in both its military and diplomatic affairs. The past seven months have seen a stronger National Army of Democratic Kampuchea, which receives the ardent support of the Kampuchean people, the international community and even some Heng Samrin soldiers who have crossed over to the resistance forces. Meanwhile, war-weary Vietnamese soldiers have begun to resent the war of aggression. Yet in these circumstances, Hanoi still stubbornly insists on its stand of continued invasion, which is bound to fail.

After the Vietnamese take-over of the 16 major military bases of the three factions of Democratic Kampuchea during the 1984-85 dry season, the resistance forces moved to the interior of Kampuchea where they have successfully launched attacks on the enemy's main military installations and strategic areas, such as the international airport of Pochentong, which was heavily guarded by Vietnamese troops, the airport of Battambang, the Vietnamese training centre in Kompong Speu city, as well as a number of provincial capitals, including Battambang, Kompong Thom and Siem Reap. During these battles, the resistance forces disseminated the correct policies

of the Coalition Government of Democratic Kampuchea and put into practice the basic principles of "Khmers don't fight Khmers" and "Khmers unite to attack Vietnamese aggressors." As a result, the anti-Vietnamese army units have gained the assistance of local residents, and also the patriotic soldiers in the Heng Samrin army, who have not only provided the guerrilla troops with food and intelligence, but also guided them to the enemy's areas for reconnaissance, and drawn up operational maps for them.

In the Vietnam-controlled areas, people have become dissatisfied with the brutal rule of the Vietnamese aggressors. More and more people are putting their faith in the resistance forces and joining the guerrillas. It is reported

that hundreds of young people have participated in the struggle against Viet Nam in Kompong Chhnang, Kompong Thom, Siem Reap and Kampot provinces since May this year. They transport weapons for the resistance forces, ambush trains, blow up bridges and capture enemy strongholds. In a letter to the Supreme Command of the National Army, local people in the Koh Thom and Saang districts of Takeo province pledged to "do everything possible to support the National Army and join hands with them in striking at the Vietnamese for the liberation of our native villages and the motherland".

Due to the correct policies of the Coalition Government, more and more Heng Samrin soldiers have deserted to the resistance forces. They can no longer tolerate Viet Nam's aggression and the killing of their own people. *Revolutionary Army*, a Heng Samrin newspaper, admitted, "enemies (meaning the resistance forces) of unknown number were found passing in and out" of several areas, such as Krauchmar and Stung Trang counties in Kampong Cham province. They "made contact with the remnant elements of the Khmer Rouge" and "obtained food." The paper also admitted

Guerrilla forces of Democratic Kampuchea fighting in Battambang Province.



that the resistance forces have "contact points" and "liaison personnel" in the interior of Kampuchea.

As more and more Kampuchians devote themselves to the struggle against the Vietnamese invaders and the resistance forces grow stronger and stronger, Vietnamese soldiers are becoming weary of the war. According to the diary of a Vietnamese soldier captured recently, the war does not enjoy popular support even among the Vietnamese. Vietnamese soldiers are "homesick" and have no enthusiasm for the fighting. Some even hate the war due to the death of their friends and the hard life they must lead. "Nobody knows what hardship we are experiencing." Those who launched the war "should die instantly with human disgrace born on their faces."

As the war continues, the Coalition Government of Democratic Kampuchea is winning more and more international support. The eight-point proposal for a political settlement of the Kampuchean question put forward by the CGDK in March this year has been widely accepted as a just and reasonable solution. But Viet Nam still holds on to its policy of military occupation. Although preaching a political solution to the Kampuchean issue, Viet Nam has shown no sincerity in solving the problem, according to a communique issued at the end of the 13th ministerial meeting of Vietnam, Laos and the Heng Samrin regime in Hanoi which rejected the eight-point proposal, describing it as "unrealistic" and "unacceptable." However, the National Army of Democratic Kampuchea has been trying to build up its support from the international community by exposing the nature of Vietnamese aggression, and is achieving its purpose. Thai Foreign Minister Siddhi Savetsila said recently that Thailand and the other members of the Association of Southeast

Asian Nations (ASEAN) support in principle the CGDK's proposals for settling the question of Kampuchea and the struggle against the Vietnamese.

The anti-Vietnamese war is still dragging on and developing in depth. As the Coalition Government of Democratic Kampuchea

enjoys more support from the Kampuchean people and the international community, their struggle will gain added impetus and the process of negotiating a political solution to the Kampuchean issue will be speeded up.

■
by Ma Baolin

CAIRO

South-South Co-operation Improves

The Group of 77 has ended a ministerial conference with the wide-ranging Cairo Declaration, taking a new step in South-South co-operation.

More and more developing countries have realized that it is high time to turn the slogan of South-South co-operation into practical measures of economic co-ordination.

This manifested itself at the six-day meeting of the Group of 77 on Economic Co-operation Among Developing Countries (ECDC), which ended in Cairo on August 23.

In the new ECDC Cairo Declaration adopted at the meeting, ministers agreed to bring to a higher level ECDC mechanisms of financing, information, research, and its scientific and technological network.

Another substantial resolution passed at the meeting concerned the utilization of ECDC trust fund interest of US\$500,000 to finance pilot projects of regional and sub-regional interest to ECDC countries.

The ECDC trust fund, which has a capital of US\$5 million, will "serve as the seed money for financing pre-investment or feasibility reports prepared by professional consultancy organizations in developing countries and facilitating the implementation of projects," the resolution noted.

The principle of "collective self-reliance," that is, self-generating, self-sustaining and self-financing co-operation among the developing countries was stressed, as was the need to promote the national economies of member countries as a basis for further South-South co-operation.

Though the meeting did not come to a unanimous agreement on the Global System of Trade Preferences (GSTP), initiated at a meeting in Brazil last May, the Cairo Declaration stipulated that an agreement must be come to before May 1987.

Nevertheless the meeting did agree that preferential treatment will be given to the least developed countries, which fear the stronger developing countries will dump their products onto their markets, harming their home industries. Well-informed sources say more than 40 ECDC countries, including Yugoslavia, Brazil and India, have already agreed to implement the GSTP for specific products.

The meeting successfully drew attention to the need to plan jointly the utilization of natural resources and to establish joint ventures. It also favoured the idea of helping poor African countries

to implement rehabilitation and development programmes.

All this reflects the slow-down in the world economy in the 1980s—in which the developing countries have been the main sufferers, due to the declining prices of raw materials, soaring foreign debts, natural disasters and widening trade deficits, to which must be added the economic losses due to civil conflicts and regional wars.

"We are getting poorer, and the world economy is getting worse as far as we are concerned," said Chairman of the Group of 77 Iganc Golob of Yugoslavia. "I think everybody will have to be pinched a bit before they realize they have to do something."

The issue of rocketing foreign debts were also fully discussed at the meeting and a series of formulas have been proposed to lessen the burdens of debtor nations. But these proposals of course have to be negotiated with

creditor nations and the international banks.

Closed door discussions were held on a strategy to promote North-South dialogue. Observers have the impression a common platform remains to be settled since a number of ECDC member states are involved to varying degrees in political or economic alliances with outside political powers or blocs.

Clear progress in South-South co-operation has been made since the founding of the Group of 77 nearly 24 years ago, and it has become an inevitable trend in the effort to change the existing international economic order, in which the industrialized and developed countries have the dominant influence. However, how far and how soon South-South co-operation can develop will depend on how these countries overcome the many barriers in their way. ■

by Zhang Xiaoying and
Yu Yuanjiang

USSR-ISRAEL

Official Talks Suspended

Although Soviet-Israel talks in Helsinki were suspended after only 90 minutes, they have attracted the attention of the world.

Soviet and Israel officials met in Helsinki on August 18—their first formal meeting since Moscow severed ties with Israel in June 1967—but broke off after 90 minutes. Nevertheless, the new trend in relations between the two countries is noteworthy.

According to the original agenda the two sides mainly discussed the establishment of relations at consular level, and the property of the Soviet Orthodox Church in Israel. But the talks are seen by observers in some countries as another sign of the

flexibility in Soviet diplomacy since Mikhail Gorbachev came to power. He has criticized his predecessors' Mideast policy as "too rigid." "Whatever the Americans can do, we can do," he is said to have told his foreign ministry officials. However, apart from the consular issue, Israel also wanted to discuss the status of Jewish people in the Soviet Union and the question of the emigration of Jews. The two sides could not agree on this.

A Soviet spokesman stressed the talks were non-political and

had mainly discussed Soviet property in Israel, and this did not mean a change of policy on the Middle East.

Although Moscow wishes to play down the political importance of the talks, Arab observers believe the two sides had political motives in going to Helsinki. Moscow hoped to break the US monopoly of influence in the Middle East by getting more involved in Middle East affairs.

It is known that the Soviet Union has proposed an international conference to resolve the Mideast problem, but Israel has stated that this could not come about until the Soviet Union restored diplomatic relations with it. Only then could the USSR play its role in Middle East affairs. The Soviet side therefore saw the Helsinki talks as a stepping stone to the restoration of formal relations between the two countries.

Israel hoped to use the establishment of diplomatic relations with Moscow as a bargaining chip to force the Soviet Union to lift the restrictions on the emigration of Jews so that millions of Jewish people could go abroad. Israel also hoped that the Soviet Union would change its policy of siding with the Arab countries so that it could extricate itself from its increasingly isolated position. Israeli Prime Minister Shimon Peres said that the Helsinki talks were a step towards breaking that isolation.

It will be recalled that a year ago Soviet and Israeli envoys made secret contact in Lebanon. It was then reported that the Soviet Union explored the possibility of restoring diplomatic relations with Israel. In view of the strong reaction from Arab countries, the Soviet side temporarily suspended contacts with Israel. The Arab countries were worried about the talks between the Soviet Union and Israel. In order to clear up any misunderstanding, Moscow rec-

ently sent a mission to Arab countries to explain its position but achieved little. Kuwaiti Foreign Minister Sheikh Sabah said on August 11 that the Soviet Union was putting its own interests above its sympathy with the Arab cause.

The Soviet-Israeli talks have also alerted the United States. An Israeli report said the United States has sent a delegation to Helsinki to "keep watch" on the progress of the talks. The fact that the Soviet Union has suspended diplomatic relations with Israel for so long has given the United States a monopoly of influence in the Middle East. The Soviet decision to make direct contact and hold talks with Israel reflects another side of the complicated struggle between the two superpowers to control the situation in the Middle East.

Although the Helsinki talks ended abruptly, the two sides have

responded differently to them. Israeli Prime Minister Peres said that he was satisfied with the talks because even some improvement between the two countries was better than none. The Soviet Union was reportedly asked to send an eight-member delegation to Israel in October to survey Soviet state and church property and to examine the conditions of the estimated 150 Soviet citizens living in Israel. But Soviet foreign ministry spokesman Gennady Gerasimov said on August 19 that Israel should not have raised the question of Jewish emigration, which he described as an "arrogant interference in the internal affairs of the Soviet Union." He called the Helsinki talks a "preliminary meeting" and said they had achieved nothing. The two sides did not agree on whether they would resume further contacts. ■

by Chen Jichang

peatedly urge a moratorium on nuclear tests, but has made no progress. In order to get a test ban, Gorbachev offered to discuss the issue with US President Ronald Reagan in Europe. The United States, however, was unwilling to hold a summit only on a moratorium on nuclear tests. It stated that a Soviet-US summit should involve all the problems existing between the two countries.

During the past year the battle of words between the two countries has continued, while the US has conducted another 18 underground tests. The Soviet Union has condemned the United States for its policy of nuclear confrontation, aimed at defeating Soviet efforts to end the arms race and seeking nuclear superiority over the Soviet Union, the United States has retorted that the goal of the Soviet Union in suggesting a test ban is to maintain the nuclear superiority of itself. The two superpowers also made excuses for themselves. One said a test ban was the most practical road to nuclear disarmament, the other that it was impossible to completely stop nuclear testing since there was still no reliable monitoring technique. What the United States wanted was to reduce offensive nuclear weapons on both sides.

It is easy to see that both the US and the Soviet Union want superiority over the other. Western opinion is that the nuclear forces of each are about equal at present. In some fields, the Soviet Union has a dominant position. Considering its domestic economic situation, the Soviet government wants to preserve this equilibrium. It is also worried the United States could achieve superiority through the Strategic Defence Initiative (SDI), so it hopes to force the US to give it up. That is the real reason for the Soviet Union's repeated extension of its moratorium. ■

by Zhang Liang

USSR-US

Keep Talking on Nuclear Tests

The Soviet proposal for a moratorium on nuclear testing has once again been turned down by the United States, which shows the great differences that still exist between the two countries on this issue.

Soviet leader Mikhail Gorbachev announced on August 18 that the Soviet Union was extending its unilateral moratorium on nuclear testing until January 1, 1987. At the same time, he again appealed to the United States to do the same. But the US government said it was not in accord with its security interests and rejected the suggestion.

This is the fourth such confrontation on the nuclear test issue between the two countries since last year. At the end of July 1985, the Soviet Union first proposed a moratorium on

nuclear testing to commence on August 6, 1985, the 40th anniversary of the US atomic bombing of Hiroshima, and called on the United States to follow suit. The United States on the same day invited the Soviet Union to send an observer to the State of Nevada to monitor a nuclear test. Each side rejected the other's suggestion. The United States said the Soviet proposal was only propaganda, while the Soviet Union said the purpose of the United States in inviting a Soviet observer was to legalize its nuclear tests.

Since then the Soviet Union has used every opportunity to re-

On True Situation in Sumdorong Chu Valley Area On the Eastern Sector of the Sino-Indian Boundary

China News Service on August 22 released its answer to its readers' question concerning the Sumdorong Chu Valley on the eastern sector of the Sino-Indian boundary. The following is the full text of the article:

On May 8 this year, China News Service answered the questions raised by our readers concerning the Sino-Indian boundary issue. Following the seventh round of talks between Chinese and Indian officials held in late July, Indian leaders have again repeatedly accused Chinese personnel of having crossed the so-called "legitimate" international boundary "McMahon Line" on the eastern sector of the Sino-Indian boundary and "intruded into Indian territory" in the Sumdorong Chu Valley Area. Meanwhile, some Indian newspapers have published one article after another to play it up. Many readers have written to us, asking: What has actually happened on the eastern sector of the Sino-Indian boundary? What exactly is the truth of the whole thing? After careful investigation, our service would like to give our readers a brief account of it.

The Indian officials' description of the so-called "McMahon Line" as a "legitimate boundary" or "international boundary" between China and India is totally untenable. The Sino-Indian boundary with a total length of about 2,000 kilometres has never been formally delimited, and the successive governments of China and India have never signed any boundary treaty or agreement on it. Such being the case, whence comes such a thing as the "legitimate boundary"? This is a simple question of common sense. In history, a traditional customary boundary between China and India respected by the two peoples had naturally taken shape on the

basis of the extent of each side's administrative jurisdiction. The Sino-Indian boundary on official maps of British India before 1936 was delineated roughly along the traditional customary line. Even in the early 1950s, the Sino-Indian boundary was still designated as "undefined" or "undemarcated" on the official maps published by India. This is known to all.

The so-called "McMahon Line", a product of the colonialists' policy of aggression against China's Tibet, aroused strong indignation among the Chinese people. The Simla Conference held in 1914 did not touch on the Sino-Indian boundary question at all. The "McMahon Line" was contrived through a secret exchange of notes by the colonialists outside this conference and behind the back of the representative of the then Central Government of China and has never been recognized by any of the successive Chinese governments. It is, therefore, illegal and null and void. The illegal "McMahon Line" was so unfit to stand scrutiny that no colonialists dared to have it marked on maps for over 20 years after it has been contrived. How can one imagine that the Government of New China today will agree to accept such an illegal boundary line which seriously impairs China's sovereignty and territorial integrity and affects such large tracts of its territory!

As is known to all, there are disputes over all the eastern, middle and western sectors of the Sino-Indian boundary, the eastern sector being the most disputed

area. After India's independence, the Indian Government not only took over that part of Chinese territory occupied by the colonialists across the traditional customary Sino-Indian boundary but pushed further north and brought under its occupation large tracts of Chinese territory. As a result, a line of actual control by the two sides has taken shape on Chinese territory, and approximately 90,000 square kilometres of Chinese territory have become disputed areas. This is the crux of the matter concerning the eastern sector. The Sino-Indian boundary talks mainly concentrate on how to settle this question. It is China's consistent position that this question should be settled through friendly consultations in a spirit of mutual understanding and mutual accommodation. This is most fair and reasonable. The Indian side's arbitrary description of the illegal "McMahon Line" as a "legitimate international boundary" "in an attempt to delimit the boundary on this basis can never be recognized or accepted by the Chinese people.

As for the question of the Sumdorong Chu Valley Area (namely, the Wangdung area), the spokesman of the Chinese Foreign Ministry already made it clear on July 16. This area has always been part of the Chinese territory. It is located not only far beyond the north of the traditional Sino-Indian boundary but also on the Chinese side of the line of actual control by the two sides. China does not recognize the illegal "McMahon Line." Even according to the original map of the

"McMahon Line". the Sumdorong Chu Valley Area is also located north of the latitude of the line specified on the said map. This cannot be altered. China possesses the original map of the illegal "McMahon Line" and so does India. Just have one look at it, things will be very clear. Neither the unwarranted charges nor the distorted propaganda made by the Indian side can change this fact.

Therefore, India's accusation that Chinese personnel "intruded" into Indian territory is totally groundless. Chinese frontier guards were just patrolling and performing their duties on their own territory and did not cross the line of actual control at all. Although the present line of actual control on the eastern sector of the Sino-Indian boundary is extremely unreasonable, the Chinese side has been strictly abiding by this line, pending a negotiated settlement of the Sino-Indian boundary question. The problem is that, taking advantage of the intervals when China's patrolling stopped for a while, the Indian side crossed the line of

actual control in some areas in an attempt to further nibble away Chinese territory and create new areas of dispute. As for the repeated crossing of the line of actual control by Indian aircraft and military personnel, the Chinese side has over the years exercised great restraint, advising the Indian side time and again not to go on like that. But, such activities by the Indian side have continued unabated. Moreover, the Indian side even attempts to claim all Chinese territory it intends to occupy through expansion as Indian territory. Sumdorong Chu Valley Area is just a case in point. Areas it has occupied are called its territory, and areas it has not occupied, it wants to occupy. What logic is this? Of course, the Chinese side will not let this go unchecked. The above-mentioned erroneous doings of the Indian side have not only disturbed peace and tranquillity in the border areas but is detrimental to the improvement of Sino-Indian relations and settlement of the boundary question through negotiations.

Our service has learnt that the

Chinese Government hopes most sincerely to develop good-neighbourly and friendly relations with India and see an early settlement of the boundary question. While seeking a settlement, China works energetically to develop bilateral relations. We regard this as in conformity with the aspirations and interests of both the Chinese and Indian peoples and conducive to peace in Asia and the world as a whole. We believe that it will not be too difficult to settle the boundary question through patient and friendly consultations in the spirit of mutual understanding and mutual accommodation so long as China and India follow the Five Principles of Peaceful Coexistence jointly initiated by the two countries, respect history and take the realities into account, and at the same time take into consideration the national feelings of the two peoples. In this connection, mutual understanding and mutual accommodation are the key to solving the boundary question. It will be impossible to solve the question if only one side is asked to make concessions. ■

Competition Touches Off Chain Reaction

by Our Correspondent Jian Chuan

Until recently "competition" and "bankruptcy" were unfamiliar notions to the Chinese people. But they have now become day-to-day realities. How are enterprises reacting? And what is the public's view on the question?

After six p.m. each day, 35 licensed street vendors put up stalls in the 100-square-metre market place in front of the Xidan State Garments Store in downtown Beijing to sell fashions, including tight-fitting women's dresses and blue jeans. They get their supplies from open areas like Guangdong, Fujian and Shanghai and then resell them at prices higher than those of state shops.

According to Sun Baochen, 27, the turnover of his stand is more than 1,000 yuan an evening.

There are many similar markets in Beijing. Their mere existence poses no threat to the state-owned clothes shops, but their flexible business methods and attentive service are obviously serious challenges to the bureaucratic official businesses.

Private stalls were not allowed

in public places before on the grounds that they might ruin municipal outlook. To pep up Beijing's economy, however, the city authorities now grant them licences as a way of encouraging competition. Competition has also come to the Civil Aviation Administration of China, which formerly ran a "one-man show," with the emergence of a dozen local aviation companies in

Xiamen, Xinjiang, Yunnan, Shanghai and elsewhere.

Competition

The commodity economy and competition were regarded as features of capitalism until the end of the 1970s, when China admitted that the socialist economy is a planned commodity economy; that consumers making purchases means that both commodity producers and sellers take part in competition.

Shuangling watches annually in the 1970s. Though dull in design and variety, they were in great demand. However, public interest in the watch waned when better brands appeared on the market and competition became fierce. In 1984 more than 800,000 *Shuangling* watches, the entire annual output of the factory in that year, became "a drug on the market." As a result, the factory recorded its first deficit of 1.1985 million yuan, after being used to hefty profits of 40 million yuan a year in the past.



A Beijing Wrist Watch Factory worker assembling a watch.

YAO JIANGUO

In October 1984, the State Council made a decision on encouraging and protecting socialist competition to the effect that to engage in competition, enterprises must have more decision-making powers, and their relatively independent position as commodity producers should be respected. Enterprises must be allowed to arrange production and sales in the light of state plan and market demands. No monopolies are allowed, however.

The change in theory and policy has brought new vitality to enterprises, with large state enterprises most affected.

The Beijing Wrist Watch Factory produced 1.66 million

Wang Jisheng, director of the Beijing Wrist Watch Factory, said he had been in the factory for more than 20 years, but he had never felt any pressure from competition before. "This alerted us to the fact that we are very likely to be eliminated if we fail to develop our own new products," he said.

Some other enterprises in the capital city have also found themselves in trouble from the competition. According to an official of the Beijing Municipal Economic Commission, Beijing-made washing machines, refrigerators and colour TV sets, which commanded good sales in the early 1980s, are being challenged by their counterparts made in other provinces and cities.

Reform

China's washing machine production has increased 41-fold in the last five years. With the improvement of quality and diversification of variety, Chinese washing machines are on a par with third-generation washing machines manufactured abroad.

Confronted with the competition of more than 70 washing machine factories across the nation, the Beijing Washing Machine Factory, with a yearly output of 400,000, introduced a series of measures to enable its *Bailan* and *Baiju* washing machines to take 60 percent of the city's sales. These included a new design, improved quality, lower prices and better after-sales service.

Purpose and Means

Competition between socialist enterprises is no different in form from that between capitalist enterprises. But economists point out that competition between the two kinds of enterprises have differences in purpose and in methods. "Our factory is an enterprise with public ownership, its competition with others is aimed at meeting the growing needs of the people for a better material and cultural life," Director Liang of the Beijing Washing Machine Factory stressed. "We factory managers will not profit from the competition." He also said that in order to compete, his factory relied mainly on technical advances, improvements to management and reduction of production costs. In general we don't hide our technology from the others. "We are restricted only by agreements signed with foreign businessmen on technology transfer," he said. "In competing with other Chinese factories, we try to develop cooperation with them." He said his factory had given the blueprint for a washing machine assembly line to the Yingkou Washing Machine



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Refrigerator exhibition held by the biggest Beijing Department Store.

Factory, whose production capacity had risen to more than 400,000 units, making it a tough competitor for the Beijing factory.

Bankruptcy

Those who have lost out in competition should be eliminated, no matter whether they are state-owned or collectively owned. However, most such enterprises linger on with state subsidies, and some others have been incorporated into other enterprises by administrative means. This has created real problems for the Chinese economy.

Of the 400,000 industrial enterprises and mines in China, about 36,000 are in the red. Since their deficits are mostly caused by the irrational pricing system, the resultant loss is made up with state subsidies. But some enterprises are put in the red by poor management and performance. What should be done with them?

At the Second Session of the Sixth National People's Congress held in 1984, many deputies called for the enactment of a law on bankruptcy to change the situation to protect the successful enterprises and eliminate the losing ones.

The State Council accepted this suggestion and drafted a bankruptcy law, which was examined at the meeting of the Standing

Committee of the National People's Congress in June this year and is awaiting amendments before final approval.

Public Opinion

Public opinion differs on this vital issue, however. "Are we introducing capitalism?" "What about the superiority of socialism?" some ask.

But specialists believe that the real question one has to answer is: where does the superiority of socialism really lie? They argue that if bankruptcy is not recognized under socialism, then the state has to make up for the losses of enterprises, which then bear no responsibility of their own. "This would mean placing the interests of these poorly

managed enterprises above the interests of society as a whole," they say.

Some people worry that the law will lead to the closure of large numbers of enterprises and create an unemployment problem. But the law is actually aimed at rejuvenating most of the poorly managed enterprises, as it offers them a chance to recover, according to a Liaoning economist. "When this effort proves unsuccessful, the bankrupt factories' funds, equipment and technicians can be transferred to other factories. This is better than waste," he says. "This practice will encourage backward enterprises to do a better job in order to avoid bankruptcy."

A Beijing economist says that the punitive law on bankruptcy is negative in appearance but positive in essence. A year ago, three collectively owned enterprises in Shenyang which were in the red were warned they might be going bankrupt. After making an effort, two of them are now making profits again.

According to a survey conducted in Shanghai and Chongqing not long ago, 68 percent of the people are for the new law, 28 percent feel it could be considered and only 4 percent oppose it outright. The Ministry of Labour and Personnel is now working on new ways to help those who lose their jobs as a result of bankruptcies.

Customers buying washing machines.

YAO JIANGUO





Peony show held each year from April 15 to 25.

CHEN ZONGJIE

ANCIENT CITIES PROFILE

Luoyang: The Old and the New

Luoyang, an ancient city in northwest Henan province in central China, has an important place in Chinese history as one-time capital of nine dynasties and as a centre of Buddhism. Here the world's first seismograph was invented, and the first method of making paper. This article is about new archaeological finds in the city, the Longmen Grottoes, the re-production of three-colour Tang Dynasty porcelain and the ancient tomb museum being built. It also gives an account of Luoyang's present-day industry.

by Our correspondents Dal Yannian and Huang Ying

Luoyang is a garden city, its streets lined with trees, lawns and flower beds. Its schools, factories and residential blocks are very well landscaped. Clusters of peonies, known here as the "king of flowers" and chosen for the city in 1982, are to be seen everywhere. Each year from April 15 to 25, when the peony is in full bloom, the whole population of 650,000 and many more from other places take to the streets to look at the annual flower show by day and the lantern show at night. As an ancient poem puts it: "The entire city goes wild as flowers bloom and die for 20 days."

As one of the six ancient capitals* of China, Luoyang once served as capital of nine ruling dynasties** in Chinese history. Since King Ping, the first ruler of the Eastern Zhou Dynasty (770-256 BC), built his capital at Luoyang in 770 BC, the emperors of eight succeeding dynasties also held court there. Luoyang alternated with Changan (the present city of Xian) as the capital over a period of almost 10 centuries.

However, the belief that Luoyang served as "capital of nine dynasties" has been thrown in doubt by recent excavations in the city. Archaeologists have dis-

covered plenty of evidence that Luoyang might have been capital

*The six ancient capital cities are Beijing, Xian (now capital of Shaanxi Province), Luoyang, Nanjing (now capital of Jiangsu Province), Hangzhou (now capital of Zhejiang Province) and Kaifeng (Henan Province).

**The nine dynasties that had their capitals in Luoyang were: the Eastern Zhou (770-256BC), the Eastern Han (25-190), the State of Wei (220-265), the State of Western Jin (265-317), the State of Northern Wei (494-534), the Shui Dynasty (604-618), the Tang Dynasty (intermittently for 45 years from 657-907), the State of Later Liang (909-913) and Later Tang Dynasty (923-936).

for the longest period in Chinese history, much longer than the period of "nine dynasties."

The Western Zhou Dynasty (11th century to 771 BC) which came before the Eastern Zhou, established its capital at Gaojing near the present-day city of Xian. The dynasty before the Western Zhou, the Shang Dynasty (C. 16th-11th centuries BC) had 31 emperors over a period of six centuries. Excavations carried out in recent years have discovered the ruins of the Shang capital near the present cities of Anyang and Zhengzhou in Henan Province. However, no evidence shows that

King Tang, the first Shang king, ever ruled there.

In 1983 archaeologists of the Chinese Academy of Social Sciences unearthed ruins of an ancient city 30 kilometres east of Luoyang. The city, with three sides of its walls intact, measures over 1,700 metres from north to south and 1,200 metres from east to west. The remains of seven wall gates, several streets and houses have been found. Archaeologists say it is the capital city of Xibo where King Tang and a dozen more succeeding Shang kings ruled. The ruins are now being built into a museum of the Shang

Dynasty, which is expected to be completed and opened to visitors within a year.

The dynasty before the Shang was the State of Xia (C. 21st-16th centuries BC), thought to be the earliest dynasty in Chinese history. But its capital remains to be located.

In 1959 archaeologists discovered some city remains four kilometres from the ruins of an ancient Han city near Luoyang. Further excavations found that they had several layers of earth above them, the lowest dating back 3,870 years to the Xia Dynasty. In it were buried stone tools, pottery and bronze weapons as well as what is left of the palace and craftsmen's workshops. Archaeologists in Luoyang believe it is the site of the Xia capital of Zhenfu. If this is so, it would mean that Luoyang was capital for over one-third of Chinese history. But other archaeologists disagree, on the grounds that no city walls have been found on the site.

Han Zhonghou, deputy director of the city's Historical Relics and Archaeological Research Institute, said that he supports the first idea, even though it is controversial.

Luoyang is located along the middle reaches of the Huanghe (Yellow) River on the north bank of one of its tributaries, the Luohe River, at the centre of ancient China. A legend has it that a divine horse once crossed the Huanghe River with a map on its back and a divine tortoise crossed the Luohe River with a book on its back. The existence of the legend suggests that this part of the Huanghe River, including the Luohe River, is one of the sources of Chinese culture and perhaps the cradle of Chinese civilization.

Embraced on three sides by mountains and washed by the Huanghe River to the north, Luoyang is endowed with a pleasant climate and fertile land. This explains why so many emperors selected Luoyang as their capital.

The Qiyun or Touching-the-Cloud Temple at Luoyang.





Apart from being a political, economic and cultural centre of ancient China, Luoyang is also known to have been the scene of many historic events and the home of scientific inventions. When Emperor Yang of the Shui Dynasty reigned in Luoyang from 604 to 618, he built for himself a magnificent palace, and the city rapidly expanded to a population of more than 1 million. It was in Luoyang that the Chinese scholar Zhang Heng (78-139) invented the seismograph, the first of its kind in the world, more than 1,700 years before its European counterpart. The seismograph was cylindrical in shape with eight dragon heads arranged around its upper edge, each with a ball in its mouth. Around the lower edge were eight frogs, each directly under a dragon's head. When an earthquake occurred, one of the balls pointing the direction of its location would drop from the dragon's mouth into the frog's mouth, generating a sound. It was also in Luoyang that Cai Lun (?-121), basing himself on his ancestors' experiences, invented paper-making. Again at Luoyang, it was during the Eastern Han Dynasty (25-220) that the Imperial Academy was built, the largest university in Chinese history and having as many as 30,000 students from all over the country. It was here too that the *Hanshu*, or *History of the Han Dynasty*, the first dynastical book by the Eastern Han historian Ban Gu, was compiled as was *Zi Zhi Tongjian*, or *History As a Mirror*, the first chronicle by the Northern Song historian Sima Guang; *Shuowen Jiexi*, or *An Interpretation of Chinese Characters*, the first philological book by the Eastern Han philologist Xu Shen; and *Zhou Shuo*, the first novel by the Western Han novelist Yu Chu among other works.

Luoyang and the Silk Road

The road that linked China and the West in the ancient world,

known as the Silk Road, carried streams of caravans bearing silk and other goods from China to Central and Western Asia and thence to Europe. Many believe the road started from the present city of Xian. But Luoyang's historians say many archaeological findings suggest that Luoyang was the starting point.

Guo Laixi, an associate research fellow at the Geographical Research Institute of the Chinese Academy of Sciences, who has made a field survey of Luoyang, is convinced there were actually two silk roads, one that operated during the period from the Han to Tang dynasties (206-907 BC) and the other before the Qin Dynasty (prior to 221BC). Both have been shown to be linked to Luoyang.

The present city of Xian, he said, became the starting point for the Silk Road in 139 BC, when the Western Han Emperor Wu Di dispatched Zhang Qian on a mission to the Western Regions (area west of Yumenguan Pass, including what is now Xinjiang and parts of Central Asia). Discoveries of pre-Qin silk and bronze ware on the Mongolian Plateau and in the Altay area respectively support the ancient Greek Historian Herodotus' observation that there was a commercial road joining the East and the West over the northern grasslands. Since Luoyang was the most important commercial centre of China before the Qin Dynasty, it would be out of the question for Luoyang to be the starting point of this pre-Qin Silk Road.

However, during the Han and Tang dynasties, Guo said, Xian alternated with Luoyang as the starting point of the Silk Road as they took it in turns to serve as the capital. To keep the road open, the Eastern Han Dynasty (25-220) which had its capital at Luoyang, posted General Ban Chao to the Western Regions for about 30 years and his assistant Gan Ying to the Mediterranean area. Gan thus became the first envoy to be

sent the farthest away in ancient Chinese history.

Four parts of Luoyang were reserved for businessmen from the Western Regions in the Northern Wei period (386-534). As a result, traders from as far away as the Roman Empire came to do business. Emperor Yang of the Shui Dynasty directed that all these traders in Luoyang should be given free meals.

During that period, Luoyang was not only a silk producer but the silk storage and re-distribution centre of the country. Evidence of this is the discovery in Luoyang of many Tang porcelains portraying foreign silk traders riding horses and camels, which scholars feel is the reflection in art of the fact that the Silk Road began at Luoyang.

Bai Xianzhang, deputy director of the city's Historical Relics and Gardening Bureau, who has worked in the field for more than 30 years, said Luoyang has been ignored in historical research because it ceased to have an important role in the later history of China. He intended to invite Beijing and foreign scholars to a conference on Luoyang and its place in Chinese history, including its connections with the Silk Road.

The Longmen Grottoes

A most attractive part of Luoyang is the Longmen, or Dragon Gate Grottoes. It survived when much of Luoyang was destroyed by war. One of China's three places known for art grottoes,* Longmen is located 13 kilometres south of Luoyang. The Yihe River cuts deep into cliffs, making what looks like a gate standing ajar. Opposite the "gate" is the ancient imperial palace, where emperors sitting on their

*The three places with grottoes in China are Mogao in Dunhuang (Gansu Province), Yungang (Shanxi Province) and Longmen (Henan province).



A Buddhist statue dating from about 500 BC at the Longmen Grottoes.

First Buddhist Temple In China

Every Chinese knows that a monk of the Tang Dynasty travelled to India on a pilgrimage to look for Buddhist scriptures, as related in the classic novel *Journey to the West*. However, few know that about 500 years earlier someone else also journeyed to India to collect Buddhist scriptures. In 67 AD the second emperor of the Eastern Han Dynasty Emperor Ming sent his envoys Cai Yin and Qin Jing there. When they reached what is now Afghanistan, they met two Indian monks who gave them Buddhist scriptures and statues. The four then returned to Luoyang and together had a temple built. Because the scriptures and statues were carried to Luoyang on the back of a white horse, the temple was named White Horse Temple. It was the first of its kind to be built in China.

The Baima or White Horse Temple was built 13 kilometres to the east of Luoyang. In front of the vermilion gate stand two stone horses. Inside the front gate stand five rows of magnificent halls where groups of Buddhist believers can be seen bowing before a big incense-burning altar.

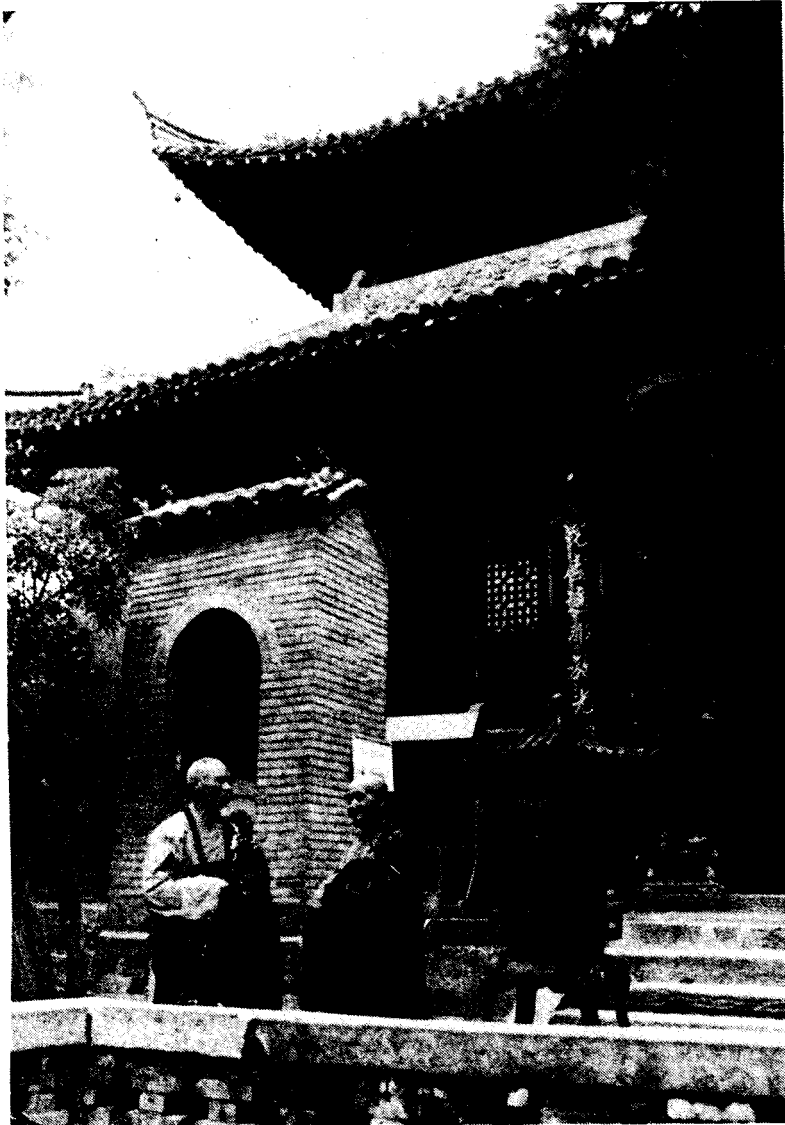
Che Huan, 76, one of the masters of the temple, said that the two Indian monks lived in the temple, translating scriptures and lecturing on Buddhist teachings and Indian culture. They are buried in the temple. The stone statues and the tombs of the two Indian monks, standing among clusters of pine trees, remind people of the cultural exchanges between China and India long ago.

The White Horse Temple is also a tourist attraction. "Only by charging for admission is it possible to support all the monks in the temple," Che Huan explained. "The government is responsible for the maintenance of the temple. I am in charge of all the Buddhist services and lectures."

throne represent the descendants of heavenly dragons. Hence the name of "Dragon Gate." Buddhist statues have been carved in the cliff face overlooking the tranquil and picturesque surroundings.

Historian Wen Yucheng said Longmen has 2,100 grottoes and niches, 100,000 images and statues of Buddha, and 40 dagobas. Carving at Longmen began in 494 when the Northern Wei (386-534) moved its capital to Luoyang and continued until the Northern Song Dynasty (960-1127). Today, all the caves have been opened to the public.

The Longmen sculptures showed that Buddhist art, once spread from India to China where it rapidly adapted to Chinese styles, is slightly different for each dynasty. The earliest sculptures, carved in the rein of the Northern Wei, were sober, bright and smiling, in sharp contrast to the plumpy, majestic carvings of the later more prosperous Tang Dynasty. Longmen sculptures exerted a decisive influence on the history of Chinese art and on that of neighbouring countries. In addition, the 2,780 inscriptions provide invaluable data for the study of Chinese Buddhism and history.



Che Huan (right), 76, one of the masters at the White Horse Temple.

Shi Hongchuan, another master of the temple, is now 60 years old. He lived in Luoyang together with his elder brother, peddling for a living when he was young. In 1947 he was drafted into the Kuomintang army and later appointed second lieutenant. He went to Taiwan in early 1949 and was converted to Buddhism in 1955 and then studied at several of Taiwan's temples. He felt frustrated when he was told that mainland Buddhists were forced to renounce their beliefs. However, as he got older he became anxious to return to his home-

town. In 1984 he returned to the mainland and joined his brother. When he saw mainland believers had religious freedom and that destruction of temples was a thing of the past, he moved to Luoyang and settled in the White Horse Temple. "I want to spend the rest of my life studying Buddhism in these tranquil surroundings," Shi said.

An ancient tomb museum is being built at Mangshan in suburban Luoyang, the resting place of emperors and empresses of several dynasties.

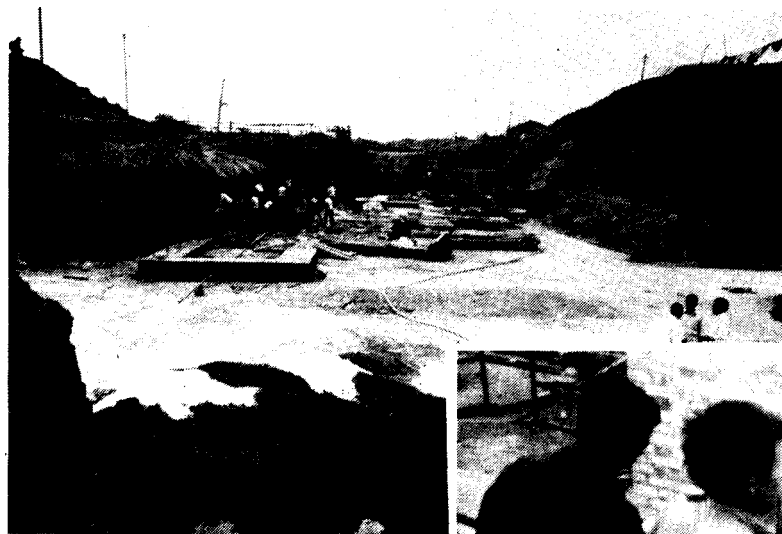
Ancient Tomb Museum Under Construction

At the construction site a Tang-style hall with five roof ridges and heavy eaves furnished with white marble steps of Han style has been erected. Behind the hall, in a big pit which will form the main section of the museum, a group of archaeologists are showing workers how to restore the tombs to their original arrangement. When that is done, one archaeologist said, the pit would be covered over and landscaped, with an underground tunnel leading to the chamber.

Ancient tomb expert Huang Minglan said some 10,000 tombs had been unearthed and some of them were invaluable. When the first stage of the work is completed towards the end of this year, he said, 22 ancient tombs will have been restored and opened to the public. The nearby tomb of a Northern Wei emperor, to be excavated later, will also be part of the museum.

Huang said the museum will include a dozen or so of the tomb frescoes of the Western Han Dynasty so far discovered. The murals depict historical stories and legends, star charts, banquet and hunting scenes and landscapes. All will prove to be of immense value in archaeological studies.

"How to preserve tomb frescoes is still a hard nut to crack," Huang said. "The best way so far known is to put them in the tomb. A few pieces have been put on show in Luoyang and remain unfaded after more than 20 years. Luoyang has acquired considerable experience in this respect. Now with advanced preservation techniques including proper control over the amount of illumination and also of the number of observers, carbon dioxide and ultra-violet radiation, the problem will be solved," Huang said with confidence.



Factory, which produces imitations of the 1700-year-old Tang porcelains found in Luoyang. The factory makes Tang Sancai, or tri-coloured glazed pottery of the Tang Dynasty such as horses, camels, ancient warriors and an eagle-headed teapot (see inside back cover). The site of a Tang Sancai workshop has been

Building the New and Preserving the Old

Since 1953 when Luoyang was singled out for expansion, 800-odd factories have been built there, employing 230,000 workers and now producing 2.5 times as much as the city did in 1949. The No. 1 Tractor Plant, the largest of its kind in China, turns out more than 30,000 tractors a year, which are sold to 50 countries. The Luoyang Bearing Plant turns out more than 3,500 varieties from ordinary bearings to high-precision bearings, and in a wide range of specifications from 10 mm in inner diameter to 5.08 metres in outer diameter. Two of its high-precision bearings can stand wear and tear for more than 20 years when attached to an optical boring machine. The factory exports 15 percent of its products to more than 70 countries in Europe and Southeast Asia, including Hong Kong and the United States. In 1971 the Luoyang Glassworks built China's first floating glass production line, a line so sophisticated that visiting foreign glass producers speak highly of "the Luoyang technique." Last year, a second line was opened, much



The underground chamber of the Ancient Tomb Museum now under construction.

larger and more advanced. Over the last few years, some factories in Luoyang have introduced advanced technology and equipment from Federal Germany, Sweden, Italy, Japan and some other countries.

To protect Luoyang's historical relics, most factories have been built outside the city walls. One exception, however, is a small glass factory occupying part of the ruins of the Sui and Tang palaces.

Re-Production of Tang Pottery

More interesting than anything else may be the artistic porcelain

unearthed in suburban Luoyang, the first of its kind to be discovered in China.

Tang Sancai ware is hand-made and glazed in three colours: red, green and white. Women workers of the Luoyang factory hand-form lumps of black clay into specially designed shapes which, after being sun-dried, are baked at a high temperature. Then the half-finished pottery, painted with coloured glazes, is baked again, until the colours mingle together and become brighter.

Tang ware is well designed. One of the factory's designers, Zhang Yingchun, was born into a family that has been imitating Tang Sancai for several generations. By combining traditional techniques



Workshop of the Luoyang Bearing Plant.

with his own, Zhang brings his imitations to a splendid finish.

A few craftsmen scattered in the Luoyang area used to produce Tang Sancai for a living until the mid-1950s when they organized themselves into co-operatives, which later developed into factories. The city now has 1,800 craftsmen manufacturing a wide range of Tang ware. One of their products, *the Silk Road*, is so well executed that ancient castles, vast deserts and hordes of camels present a vivid re-creation of the ancient pathway linking China and the West. Another is a large piece portraying a group of dancing Tang girls, which is widely acclaimed as an ideal fresco for interior decoration.

Tang Sancai has been presented by Chinese leaders as gifts to foreign state leaders on many occasions.

The Luoyang Arts and Crafts Corporation makes ancient bronzeware, stone sculptures and paintings. One of its bronze imitations, portraying a galloping horse with one leg resting on a flying swallow, is regarded as rare as its original. When a foreigner asked if he could buy it and take it out of the country, the corporation manager smiled and said:

A porcelain mural done in three colours.





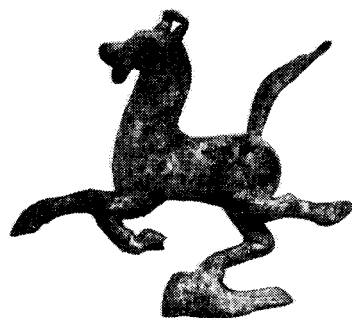
The Luoyang Glass Plant.

"You would have a hard time getting it through the customs."

Friendly Exchanges

The city of Luoyang has "twinning" with Okayama in Japan, Tours in France and Harrisburg in the United States. Exchange visits, sporting events, exhibitions and trade negotiations between them have promoted mutual understanding and friendship.

Luoyang received nearly 40,000



An imitation of the recently unearthed galloping horse.

foreign visitors last year and is expected to host 5,000 more this year. To accommodate them, the city has expanded all its hotels in the last few years. However, Zhang Zhankui, deputy director of the city's tourist agency, said: "Hotel rooms are still in short supply during the tourist season. More tourists are expected when the airport now under construction is completed in 1987."

Luoyang has much to do: the building of museums and exhibition centres for the relics of the ancient city, the renovation of some historic buildings, the restoration of the altar on which Zhang Heng's seismograph was once mounted, as well as the development of some tourist spots along the Huanghe River. In addition, some factories need to be updated and new ones built to take advantage of the rich molybdenum deposits and other resources in the area.

Mayor Wu Zhenguo said: "Ancient culture and modern industry are Luoyang's advantages. We welcome foreign friends who come to sightsee or to study Chinese history and culture. We also hope foreign business people to co-operate with us in the modernization of Luoyang." ■



Cultural Exchange and Import of Culture

"GUANGMING RIBAO"

(Guangming Daily)

To carry forward and develop all the fruits of culture is the historical responsibility of communists. Karl Marx set us a good example in this respect. By making full use of the knowledge acquired by mankind under the capitalist system, and by studying the creations of human society during its previous history, especially its intellectual achievements, he was able to work out his own theory.

Cultural exchange governs cultural development within different nations as well as on a world scale. Chinese culture, for example, is a blend of Han culture and that of other nationalities formed over the past several thousand years. At the same time, it has also been nourished by foreign cultures -- by Indian culture after the Eastern Han Dynasty (25-220 AD), the cultures of the Western Regions (the present day Xinjiang and parts of central Asia) assimilated during the period from the Han to the Tang dynasties (206 BC-907 AD), and by the Mongolian, Arabian and Christian cultures introduced into China after the Song and Yuan dynasties (960-1368 AD). The culture thus formed is much richer and of a higher level than Chinese culture alone.

In modern China, the taking of power by the working class, and the resulting social changes, are closely bound up with a system of thought of foreign origin, Marxism. The Communist Party of China itself arose from the integration of Marxism with the reality of China. So why should we be afraid of the introduction of foreign ideas and cultures?

In old China, some progressive intellectuals came to see that China must import advanced

culture, science and technology from the West to develop the national economy and culture. Speaking of things foreign in his article "The Take-Over Policy" (1934), China's great writer Lu Xun pointed out, "We must use our brains, take a broader view and bring things in ourselves." He also said, "Without taking things over, we cannot become new men. Without this, art and literature can have no renaissance." But it was impossible to practise a policy of "taking-over" in the old society. Now that our country is pursuing an open-door policy, it is possible to implement the "take-over."

There is no need to worry that the import of culture and cultural exchanges will affect the development of our national culture. In the past, each large-scale cultural exchange between China and foreign countries has brought about a great advance in Chinese culture, which has rich and deep foundations.

Moreover, while there is no denying the fact that China's traditional culture contains many fine achievements, it was rooted in a feudal system and a self-supporting economy. Even now, feudal thinking runs deep and has become an obstacle to the present reform. For this reason, it is very important that we absorb cultures from abroad, so as to infuse Chinese culture with new blood and promote China's reformation and reconstruction. Of course, we

must select the best of foreign culture and discard the dross.

As to what to import, people will readily accept modern science and technology, including the science of management from advanced countries. In the fields of philosophy and the social sciences, the introduction of the classical works of ancient Greece and Rome, and those of the 19th century, and other world-famous classics are no problem either. But as to the various trends and theories in the workers' movement, and new ideas and methods in the study of social science and in the modern educational system, many have worries about them and refuse their introduction. This situation must be changed.

First of all these new ideas and methods are closely linked to modern science and the technology of the advanced countries. If we separate them, this will make it impossible for us to evaluate imported science and technology properly, or to ensure they play their role effectively.

Secondly, our current reform is not only a reform of the economic system, but embraces the reform of the political system, and of ideas and culture in general. So, on the one hand we must sum up our new experiences and new achievements in reforming the economic system, on the other hand, we should also absorb the latest and most useful ideas and cultural achievements of the developed countries. In this way we hope to overcome narrow-minded feudal thinking holding up our advance, and to push forward with four modernization programme.

Beijing Hit by Influx of Migrants

"RENMIN RIBAO"

(People's Daily)

A growing migrant population in Beijing has aggravated the city's chronic housing shortage,

traffic congestion and service. The fact that the migrants have included a small number of criminals has added to the burden of the police in the capital city, which has 5.86 million urban residents.

At the end of April, more than 644,000 people from outside Beijing had registered as "temporary residents," three times the figure of 1978, according to the city authorities. These people include some 174,000 construction workers, 109,000 other workers, 52,000 sales people or purchasing agents, 27,000 private traders and 15,000 housemaids. Together, these account for nearly 60 percent of the total of Beijing's migrant population. This large proportion of workers and business people among the temporary residents is attributed to the quickening pace of economic activities and rising living standards in Beijing. The percentage of the transient population visiting relatives or seeking hospitalization in Beijing has, however, dropped by 27 percent from that of 1980, to around 144,000 at any one time. Statistics also showed some 60,000 temporary residents are now in Beijing on official business, and

70,000 come for cultural activities or tours.

Rural people make up more than half of Beijing's current migrant population. They stay in the city for an average length of three months. But nearly 300,000, or 46.4 percent, of the total expect to stay longer.

About 80 percent of these people stay in the city's urban and suburban districts. Because of the housing shortage, urban Beijing can accommodate only 200,000 temporary residents, authorities said. Members of the migrant population are showing a growing tendency to stay longer in the capital to pursue more "business opportunities." While some have contributed to the city's economic and social activities, the continuous increase in numbers has imposed more and more pressure on the city's already overburdened public facilities, causing complaints from permanent residents.

therefore high time to reform the labour system.

Under the socialist system citizens have the right to work, one of the ways in which it is clearly superior to capitalism. But this superiority should also manifest itself in rewarding the good and punishing the lazy, providing better opportunities for those who are enthusiastic in their work, who are highly skilled or make outstanding contributions to society. In the meantime a small number of people should be permitted to lose their jobs and be obliged to find new ones. That is to say, provided society remains stable, competition among enterprises and individuals should be encouraged, as a further motive force in society.

Introducing competition for jobs is necessary for the development of a socialist commodity economy. Based on their actual needs, factories may select the best workers, promoting the rational movement and use of trained personnel.

Some worry that once job competition is encouraged, there will be an unemployment problem. This is not a bad thing. Once a worker feels a sense of crisis, he will be forced to study and to work hard. If someone wishes to enter the workplace of his choice, he must be competent and have good qualities. As a result, people shall see something new in society, a situation in which everyone tries to do his best.

Job Competition Advocated

"GONGREN RIBAO"

(Workers' Daily)

The present system of labour relations in China was first established in the '50s. It has played a positive role, but for a long time no adjustments have been made to suit the changing circumstances. Many shortcomings have therefore appeared.

On the one hand, because enterprises have no power to decide in the recruitment of workers and staff, they can neither take on those people they like nor sack those they don't like. Enterprises also have to continue employing redundant personnel. On the other hand, employees have no right to select their occupation or workplace. Once assigned to certain jobs they are stuck with them. Often they

cannot put to use what they have learnt at school. The state is obliged to find jobs for school-leavers reaching employment age. The result is that everyone has a strong sense of job security. They don't have to worry about losing their jobs, or think about getting new ones. This has long been considered the great superiority of socialism over capitalism.

However, as the economic reforms are implemented, people are coming to realize that amid the sense of security and superiority, there exist negative features—some people become lazy, their creativity and enthusiasm declines, and enterprises cannot regulate their labour force in accordance with their production needs. These factors have seriously affected labour productivity and economic efficiency. It is



Price Rises in Tourism

Beginning next year, tourists coming to China will pay an average 7.2 percent more.

Han Kehua, director of the China Travel and Tourism Administration Bureau, told *Beijing Review* that owing to the 15.8 percent drop in the exchange rate of Renminbi against foreign currencies and the rise of commodity prices, charges for foreign tourists would be raised accordingly.

Han said China's foreign currency income fell by US\$300 million in 1985 because of the regulation of the exchange rate, and a similar situation is expected this year. Price rises are now necessary to fulfil the foreign exchange revenue quotas. The rises will be restricted to no more than 15.8 percent plus the index of commodity price rises.

Managers of China's three big tourist services, the China International Travel Service, China Youth Travel Service and China Travel Service have met to discuss price readjustment. The China Travel Service announced in early August that charges for tourist groups will increase by 7.2 percent next year. Individual tourists will also pay more.

More and more tourists have come to China since 1978. Trips to China are cheaper than trips to Hong Kong, Macao, Southeast Asia and Japan.

Chinese and foreign specialists predicted that the July 5 drop in the exchange rate would bring still more tourists to China. But Han said he could foresee no changes for that reason. He said the only way to attract more tourists to China is to improve the quality of services. A first-rate-service drive has been launched among the staff of the China Travel and Tourism Administration Bureau to promote China's tourism.

Overseas tourists coming to China in the first half of 1986 numbered 11.02 million, an increase of 22.8 percent over the same period last year. More overseas Chinese and Hong Kong and Macao compatriots have also come. Foreign guests increased by only 4.4 percent. Deterioration in service quality is partially responsible for this. ■

New Technology Brings Good Results

The Dalian Small Motor Factory was heavily in debt in 1982. But in 1983, as an imported assembly line for the manufacture of cassette recorder motors went into production, the situation changed completely.

A collectively owned state enterprise, the factory employs 650 workers and staff, including 45 technical personnel. Production of recorder motors began in 1972, but owing to outdated equipment, limited technical re-

sources, and a backward attitude to economic and technological matters, the factory's products were not competitive at all.

The new production line was bought from the Mitsumi Co. of Japan. The production line, worth 1.56 million yuan, includes 57 separate items of equipment. Commissioned in September 1983, it generated 430,000 yuan in profits by the end of the year.

In 1984 the quantity and quality of the factory's products greatly improved. 99.995 percent of them were up to standard, 1.995 percent greater than the figure stipulated in the agreement between the Chinese and the Japanese. Monthly output was raised from 50,000 motors, which is the designed capacity, to 100,000. The low-noise-mini-motor is sold in many parts of China, and in 1985 30 percent of recorder motors needed nationally were made in China. This will rise to 60 percent this year. The Dalian motor has been awarded a State Top-Quality Prize.

The Dalian factory produced 1.4 million motors worth 16.2 million yuan in 1985. This represents increases of 11.4 and 5.3 times respectively over 1983. ■

by Li Rongxia

A workshop of the Dalian Factory.



Township Enterprises Hold Export Fair

Beijing Review recently learned from the Ministry of Agriculture, Animal Husbandry and Fisheries that an export fair of commodities produced by local township enterprises run by peasants will be held between August 27 and September 5 at the National Agricultural Exhibition Centre in Beijing.

The Exhibition will promote co-operation between China's township industries, foreign businesses and domestic export companies.

The exhibition, covering an area of 5,200 square metres, will cover machine building, chemicals, minerals, leather, electrical appliances, garments, daily articles, handicraft articles, cultural equipment and teaching aids. Of the 8,000 exhibits, many are famous local products of high quality.

China had 12.2 million collectively-owned and private township enterprises in 1985, employing 69.8 million workers.

Township enterprises are now an integral part of China's national economy. Their total output in 1985 was valued at 272.8 billion yuan, 17 percent of gross national output and 44 percent of gross agricultural output. A large proportion of this came from rural industries. For instance, China's coal output increased by 230 million tons between 1978 and 1985, with 61 percent of the total, or 140 million tons, coming from this source. The output of township building material industries reached 27.6 billion yuan in 1985, or 53 percent of the country's total. The township construction industry employs 7.9 million workers, 60 percent of the trade. Their output of silk fabrics, garments, shoes and reinforced plastics accounts for 50 percent of the national total.

Extensive contacts have developed between China's township

enterprises and foreign businesses. By the end of 1985, township enterprises had earned US\$4 billion by providing goods and labour to export companies. Today there are 8,000 export-oriented rural factories, including 870 Chinese-foreign joint ventures.

Trade talks will be held with foreign companies during the exhibition. ■

by Li Rongxia

Foreign Investment In Beijing

During the Seventh Five-Year Plan period (1986-90), most funds are to be invested in productive enterprises. In line with its urban development plans, Beijing will be interested in making imports in the following areas, or running joint ventures with foreign businesses: machine building, food, light industry, textiles, energy, building materials, automobiles and animal husbandry. It is especially interested in production lines for colour TV tubes; high capacity computers; electronic components; medical apparatus; precision tools; light-duty cars; food additives; fast foods; new food-packing materials; finishing technology for the textile industry; energy-saving equipment; the development of geothermal, solar and other new energy sources; new building materials; the breeding of high-quality plants and animals; and agricultural technology.

During the Sixth Five-Year Plan period (1981-86), two-thirds of Beijing's Sino-foreign joint ventures were in tourist hotels. On the completion of these projects, some 12,000 hotel rooms, 1,100 apartments and 120,000 square metres of office space will have been built. However, co-operation in the construction of tourist facilities is still encouraged.

The Beijing International Service Centre Ltd., built on the site

of an old steel rolling mill outside Xibianmen Gate, and the largest joint venture in Beijing, has been invested in by the Capital Iron and Steel Co., the Beijing International Trust and Consultancy Corp. and China Base Development Ltd. of Hong Kong in the sum of US\$270 million. This complex will include financial, trade, tourist, residential and amusement services.

In 1985, Beijing signed 108 contracts for introducing foreign capital, the total amount being US\$900 million. The number of contracts signed was an increase of 96.4 percent and the amount of funds, 250.3 percent over those in 1984. Of the 83 joint ventures and enterprises solely owned by foreign businesses, 36 percent belong to productive enterprises, while 64 percent are non-productive — hotels, apartments, restaurants and amusement facilities. Forty-six projects, or 55.4 percent of the total, are co-operative businesses with Hong Kong; 19, or 23 percent, are with Japan; 11, or 13.3 percent, are with the United States; two are with the Netherlands and Singapore respectively; and one each with Sweden, Italy and Indonesia. Major ones are the DRV Sino-American Communications Co. Ltd. and the Yili-Nabisco Biscuit Food Co. Ltd. With the United States, the Beijing Philips Audio and Video Corp. Ltd. with the Netherlands; the Beijing Huade Metal Packing Container Co. Ltd. with Singapore; the Tian Tan Hotel Corp. Ltd. with Hong Kong; and the Beijing International Golf and Amusement Park Co. with Japan.

In the seven years between 1979 and 1985, Beijing approved the establishment of 127 joint ventures and businesses solely owned by foreign companies. The total agreed investment runs to US\$1.34 billion, with US\$600 million, or 45 percent of the total, to be provided by foreign investors. ■

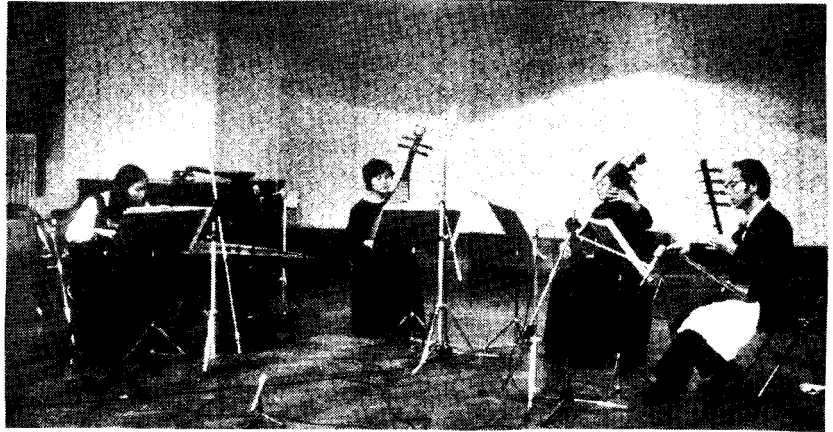
by Han Baocheng

Ancient Music Survives

The unscored *Thirteen Pieces for String Ensemble*, was very popular during the 17th century. In 1814 Mongolian musician Rong Zai co-ordinated an effort to write down the scores for the pieces in the traditional Chinese word musical notation which indicates only the pitch, but not rhythm and tempo. In 1955, they were translated into present-day musical notes. However, *Thirteen Pieces* had never been played completely until this January when teachers from the Central Conservatory of Music, who had long studied the pieces, performed the work in Beijing.

Although the three-hour work, which can be dull and monotonous compared with modern music and has not found an audience among the young, it is a priceless bit of musical history for music experts. Many of China's noted folk musicians attended the performance. Music critic Zhao Feng, who is also vice-chairman of the Chinese Musicians' Association and honorary president of the Central Conservatory of Music, said the work is particularly valuable for its national feel. Socialist music should be characterized first by its national feature. Because *Thirteen Pieces for String Ensemble* is such a piece, it is of profound significance that we continue to study it.

Thirteen Pieces incorporates music from several of China's dynasties, including the Tang Dynasty (618-907), during which both the economy and culture flourished. One of the pieces in the work, *The Moon Is High Above*, is said to be the musical record of what Emperor Xuan Zong of the Tang Dynasty heard in the moon palace. *Vulture Snatches Swan* was inspired by the northern Mongolians, who were famed hunters and who dominated the Yuan



The "Thirteen Piece String Ensemble" of the Central Conservatory of Music in performance.

Dynasty (1271-1368). *Reluctant Parting* portrays the departure of two friends. In this piece, the *zheng*, a many-stringed zither-like instrument, is used, and impressed listeners with its difficult chords and its lyrical effect. *Evening Party in the Green Pine Forests* tells of people enjoying themselves under the trees. In *Thirteen Pieces*, there are also works devoted to and inspired by the lives of ordinary people.

Polyphony techniques was found in some of the pieces, hundreds of years earlier than standard notation was introduced into China. The technique shows at least one of the features of Chinese instrumental folk music at that time.

The January performance employed such instruments as the *pipa* (a fretted four-stringed guitar-like instrument), the *sanxian* (three stringed fiddle), the *zheng*, and the *erhu* (two-stringed fiddle). Though formerly bordering on falling into oblivion, *Thirteen Pieces for String Ensemble* now offers China's young musicians a chance to reflect on and learn from the spirit and style of the music of ancient China. ■

FOR YOUR REFERENCE

Stringed Instruments of Folk Music

The *pipa* is a four-stringed plucked instrument shaped like half a peach. First played horizontally with a plectrum, it is now held vertically and played with five fingers. The *pipa*, which requires much skill to master, is distinctive for its expressiveness and delicate lyricism.

The *sanxian* is a long plucked instrument with three strings on the shaft and the wooden oblong resonator at bottom covered in python skin on both ends. It creates both low, sonorous tones and soft, lilting ones.

The *zheng*, as one of the earliest instruments, was very popular in the Warring States Period (475-221BC). On a wooden rectangular resonator is placed with dozens of strings. Its music is sweet, flowing and expressive.

The *erhu* is probably one of the most popular and most typical instruments in traditional Chinese music. Its place in instrumental ensemble is similar to the violin in western orchestra. Its bow is made of horse hair. Its music is very sentimental.

China's Cyclists Go Into Top Gear

At the Second King Yu Cup cycling contest held in Taiyuan, Shanxi Province, from July 14-16, China's team beat competitors from Czechoslovakia, Japan, Hong Kong and Macao to win the team title. Despite the prize in Taiyuan, however, China still lags well behind the world's cycling stars.

Although China has more bikes than any other country in the world, at least 100 million Chinese use bikes daily, at present the country has only 1,500 cyclists engaged in regular training, much fewer than in such countries as the Soviet Union, Italy, the United States and Poland, strong cycling competitors.

The lack of facilities for training and competition and out-dated equipment have held back the growth of competitive cycling in China. There are only three cycling arenas in China compared with Japan's 50. China has not even one highway set aside specially for cycling.

Foreign cyclists have many chances to take part in major and international competitions. Most Chinese riders compete in tournaments only about 10 times a year at home and abroad, one-tenths of the chances foreign cyclists get.

The dearth of competent coaching and research personnel in the field is another major reason behind cycling's underdevelopment in China.

Despite the weaknesses mentioned above, Chinese cyclists have made some substantial progress in the 1980s. At the 1983 World University Games, China's riders Yang Güiling and Zhou Zuohui placed second and fourth respectively in the women's 1,000-metre sprint, while Lu Yue finished sixth in the women's 3,000-metre pursuit sprint race. At the 1984 World Cycling Championship in Spain, Zhou Suying

took the bronze in the women's sprint, the first medal ever won by a Chinese in the World Championship. And in the Tour de France last year, Wang Li finished eighth among the women, a remarkable feat.

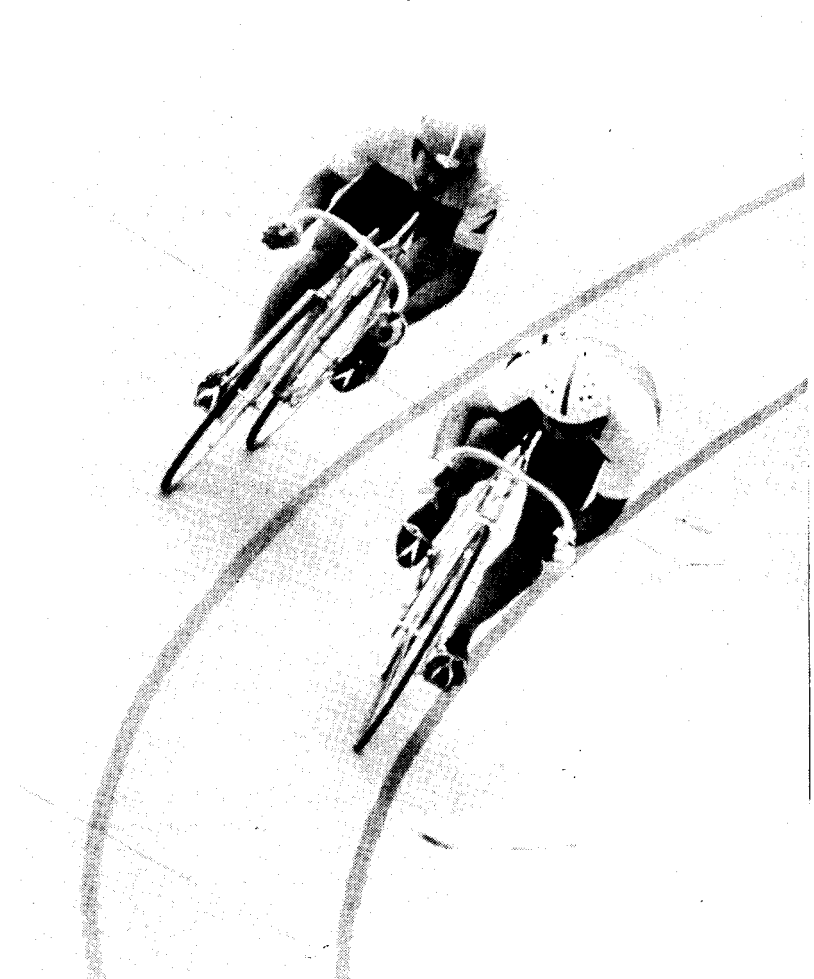
Their male counterparts are progressing at a much slower pace, although they are now almost on a par with such Asian powers as South Korea and Japan. At the 11th Asian Cycling Championship, China beat South Korea and Japan to win the 100-km road race team event.

Wang Jifu made a breakthrough at the just-concluded

Second King Yu Cup in the 1,000-metre time trial event by shattering the national record, which had stood for six years.

To speed up the development of cycling in China, the Chinese Cycling Association and other organizations have invited foreign coaches to lecture in China and sent promising cyclists abroad for training and competition. Tournaments for young cyclists are also being arranged in China to encourage the growth of the sport. Unofficial cycling competitions are very popular with the Chinese people and sometimes attract up to 1,000 participants.

A Chinese and a Japanese riders in the sprint race.



China's Cultural Impact on Europe

by Bao Zunxin*

The *Influence of Chinese Philosophy on Europe* by Zhu Qianzhi,** recently published in Chinese by the Fujian People's Publishing House, appears at a time when Chinese and foreign scholars are showing great interest in comparative studies of Chinese and Western cultures.

In the book Zhu analyzes the Renaissance, the Enlightenment and how traditional Chinese culture influenced these periods. The spread of ancient Chinese technology and inventions to the West, Zhu says, was one of the important conditions for the dawn of the Renaissance. And like Greek philosophy, Chinese philosophy was also held in esteem during the Enlightenment in Europe. Zhu contends that without Chinese culture, the Enlightenment might not have been as it was.

Zhu ponders the catalytic role of oriental culture in Europe and asks how China's culture could have been so "helpful" abroad, while it was an obstacle to modernization at home. The answers to these and other questions, Zhu says, may be useful in studying relations between traditional culture and modernization.

In the 17th and 18th centuries, Western missionaries in China were responsible for bringing the culture of the West to China and that of China to the West. Western culture, however, did not change China's traditional culture. In the last years of the Ming Dynasty (1368-1644), Xu Guangqi (1562-1633), an agronomist, a mathema-

tician and an astronomer, put forward some ideas for the reform and development of China's natural sciences, because he thought Chinese natural sciences were inferior to Western natural sciences. His recommendations, however, were only considered briefly. The dissemination of Western culture in China only went as far as what traditional culture could accept and did not alter the essential character and peculiarities of Chinese tradition.

However, missionaries' writings, letters and reports on China, as well as their several translations of Chinese classics were quite popular in 18th century Europe. Zhu quotes a passage from the book *China and Europe*: "The Jesuits translated Chinese classics and advised readers not only to chant them but also to put Chinese ideology into action. They did not realize that the tenets of Chinese classics were counter to the doctrines of their own. Even more important, they not only introduced Chinese philosophy to the West, but they also reported to Western scholars about actual conditions in China. Europeans, therefore, gradually came to understand Chinese culture, and Chinese politics became an ideal for them to follow." Indeed, Europe in the 18th century was greatly enamored of China. Chinese porcelain, lacquerware and other handicrafts had become fashionable in Europe as early as in the 17th century, when Confucianism and the Idealist philosophy from the Song Dynasty were also introduced to Europe. Zhu says Chinese philosophy was then used as a weapon against theology. The French Encyclopaedists and Physiocrats, German pioneers of classical philosophy such as Leibniz and Wolff, idealized Chinese history

and culture, saying that when Europe was a mere savage forest China was a rich, civilized country guided by a wise social system.

In Europe, the bourgeoisie appeared as a class in the 18th century. As Engels said: "They recognized no external authority of any kind. Religion, conceptions of nature, society, political systems—everything was subjected to the most unsparing criticism: everything had to justify its existence before the judgement-seat of reason or give up existence.... Every previous form of society and state, every old traditional notion was flung into the lumber-room as irrational." Western culture at that time was characterized by scholars' attempts to use philosophy to overthrow religion; the authority of reason replacing the authority of god. Many Europeans considered Chinese culture a worthy model since it was so completely different from Christian culture.

The convergence of Chinese culture and ideological trends in Europe became more noticeable at this time, Zhu says. Many great thinkers and writers such as Voltaire, Montesquieu, Diderot, Rousseau, Quesnay, Leibniz, Wolff and Goethe all made exhausted studies on Chinese culture, although they held different attitudes towards Chinese culture. Chinese culture in Europe was also subjected to suspicion and criticism. Montesquieu discussed the weaker point of Chinese culture, and Rousseau was sceptical about China's political system and feudal ethical codes. His and other critics' analyses still have merit today. In the 18th century, European thinkers examined Chinese culture and decided what to accept and what to reject, unlike Chinese scholars who were always

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** Zhu Qianzhi was a professor of philosophy at Beijing University.

hidebound to the dignity and nationalism of Confucianism.

Western culture, however, did not have the same effect on China. In the 17th century, Western culture was still foreign to many Chinese scholars. For a long time, there were no books devoted to introducing Western culture to China. Zhu also says that the Chinese, who were proud of the impact their culture on the West, seldom questioned why their culture had a less transforming role in China than it had in other countries. Gunpowder, the compass and the printing press were, according to Karl Marx, three inventions that foretold the advent of bourgeois society. He said gunpowder would blow up chivalry, the compass would discover the world market and found colonies, and the printing press would be used to fuel Protestantism and the regeneration of science on the whole.

In ancient China, however, gunpowder was used for generations to make firecrackers, the compass only to practise geomancy. Other foreign technology and inventions suffered even worse fates in China. Chinese porcelains, silks and other handicrafts in Europe helped set off the Rococo Movement. "Chinese taste," says Zhu, "was not only popular in the French court, but all of society.... It called on the imagination of European common people to seek a new outlook on life. It also paved the way for ideological revolution in Europe." However, many objects of apparent value elsewhere, including *The Complete Atlas of the Empire*, which took 10 years to trace, lay unused and unappreciated in the Chinese emperors' court. The neglect shown foreign culture by the Chinese ruling class was not simply a matter of ignorance. Feudalism, which held moral concepts superior to technology, was at the root of China's dismissal of things foreign. Zhu says. In Chinese feudal society, the study of the natural sciences and

technical inventions were looked down upon. In the eyes of the ruling class, the value of knowledge did not rely on what objective truth the knowledge held, but on how much it could explain the good or ill luck of human beings. Knowing this, it is not hard for readers to understand why Chinese culture did not play as great a role at home as it did in foreign countries, and why foreign influences were minimal in China.

Europe's appreciation of things Chinese began to wane towards the end of the 18th century, when some were accusing Chinese philosophy of being primitive. A passage quoted by Zhu from *Chinese and European Culture Met in the 18th Century* says: "In the early 18th century, China was considered as a place of origin of human knowledge. But in the later part of the 18th century, the Greeks were considered the greatest teachers of mankind." The changed attitude was due to the rational thinking in the development of Western science and culture. Hegel's expositions on Chinese history and philosophy were rational explanations of Chinese culture. Though Western thinkers at that time were prejudiced against Chinese culture, they also showed some appreciation for Chinese philosophy and history, while modern China failed to initiate its own understanding of Western culture. Between the latter half of the 19th century and the early 20th century in China, the Westernization group,* reformists and bourgeois revolutionaries all had at least limited understanding of Western culture, and they tried to use their incomplete knowledge of Western culture and science to solve China's problems. The Westernization Movement and the Reform Movement of 1898 both failed, however.

After the failure of the Reform Movement, which had been initiated by Kang Youwei (1858-1927), Kang toured 11 countries in Europe and North America. After

returning, Kang departed from his past thinking and held that reformism, new learning, even the bourgeois liberty and revolution he had advocated were all wrong. As far as morality was concerned, Kang said, China was superior to Europe and North America. According to Kang, China's urgent task was not to build a new culture, but to restore and develop traditional ethics.

In the early 17th century (spanning from late Ming Dynasty to early Qing Dynasty) when Western missionaries knocked China's door, China was napping. Only when the rumble of the gunfire of modern capitalism rose above their snores were the Chinese awakened. For more than a century, many people faced the challenge of Western culture and sought to save the nation. They came to realize the necessity of understanding Western culture and wanted to appreciate anew traditional Chinese culture. Though they made many useful explorations of Western culture, their understanding was far from complete. Furthermore, national culture had become a spiritual pillar on which they relied in their struggle against imperialism, Zhu says.

Today China is trying to develop and modernize. As the Chinese strive to revitalize their country, they are again faced with the challenge of the West. Zhu says it is imperative that the Chinese people meet the challenge of Western culture in order to build an ethical socialist civilization. They will need to overstep the obstacle of traditional Chinese culture, he says, and find a healthy way to fuse Chinese and Western cultures. Only in this way, can traditional Chinese culture regain its splendour in the process of modernization. ■

*The Westernization group tried to introduce techniques of capitalist production initiated by comparador bureaucrats in the latter half of the 19th century in order to preserve feudal rule.

Promoting Mutual Understanding

I have a pleasant occupation here in my country, to spread knowledge about China. I promote China-Uruguay mutual understanding as best I can. I've sent you a copy of *breche* magazine, it is a progressive weekly publication and has a large circulation. In it you can find one of my articles about China. In the meantime, I have reached agreement with a publishing house in Montevideo to publish a series of four books about China. The first one, entitled "China's Land Reform," will be published this November. It will take at least two years to complete the whole work. I hope you will send me some newly published books, that would help me a great deal.

Vicente Rovetta
Montevideo, Uruguay

On the Taiwan Question

I read the articles detailing China's proposals for the solution of the Taiwan question. Your proposals are far-sighted and reasonable and take into account the interests of all parties involved. Co-operation between the CPC and KMT should surely come about.

From your magazine it is apparant that the Chinese people led by the CPC are confidently improving themselves politically, ideologically and organizationally and that there has been a great improvement in their material and cultural life since the "cultural revolution."

Patrick Falvey
Darien, USA

Students in Society

I enjoyed your article "Students Descend From Ivory Towers" in

issue No. 18, 1986, which reminded me of my college life three years ago. At that time I had no opportunity to participate in the life of the world outside. That is why, when I graduated and came out of the college gates to work, I found myself suddenly plunged into a strange and complicated world which threw me into great panic.

But it is a great pity—or I should say a great mistake in our education that most college students still have few opportunities to be active in society.

I would like to say here going out into society is equally important for middle school students, as most of them can't continue their education at college or university but have to go out directly into the world after leaving school.

We Chinese have an old saying: "Shut your ears to what is going on outside the windows and concentrate the whole mind on the classics." It seemed that only by ignoring the outside world could one learn well. This is one of the reasons why many students study behind closed doors.

Wen Danjing
Hainan Island, China

Raising Only Children

I was very interested to read your article "Dealing With the 'Spoiled Brat'" in issue No. 19. Although I'd heard before that China follows the policy of "one child for one family" to solve the population problem, I didn't realize the problems it created until I read your article. In fact, "wilful, dependent, inconsiderate" children exist not only in China, but also in Japan. With the economy thriving, Japanese material life has been improved a lot. In ordinary families, as fathers work until very late each day, the children are always taken care of by their mothers, and get whatever they

want. Seriously, when a child wants to walk, he needs only raise his right foot, and before putting it down on the ground mother will put a cushion under it and also under the left foot when he raises that one. So the child is unable to use and develop its own initiative.

Katsuaki Watanabe
Hiroshima, Japan

I am writing to express my concern over the problem of the one-child system. Judging by the rate at which the Chinese population is increasing, the system is necessary, but the "spoilt brat" phenomenon is worrying.

A possible solution to this problem is a national push for education in morals. In general, the Chinese have much higher moral standards than Western countries; this moral advantage must not be lost, because it is most important that the Chinese people do not become selfish and thoughtless about others, as many are in capitalist countries. The consequence of this "spoilt brat syndrome" must be stressed very heavily to parents, so that they understand that it is to everyone's advantage that they bring up their child without spoiling it. Parents should not try to be too ambitious for their only child, they must let the child develop independently, and have its own ambitious. However, it is also important that schools impress on children the importance of morals and of not being selfish.

Your articles covering politics and economics are always good; maybe we could have more articles about Chinese people themselves: a "Day in the Life of..." column would be an interesting way of introducing ordinary Chinese people to the reader.

I wish *Beijing Review* every success in the future and will continue to subscribe to it.

Oliver Wild
Stockport, England

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