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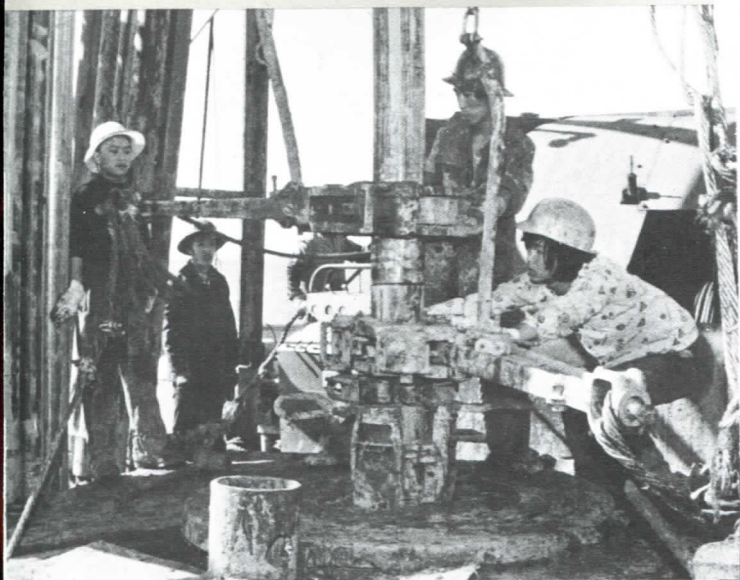
## TOWARDS A LAWFUL SOCIETY



### Review of Eight Years of Reform

## New Oilfields Found in China's Inner Mongolia

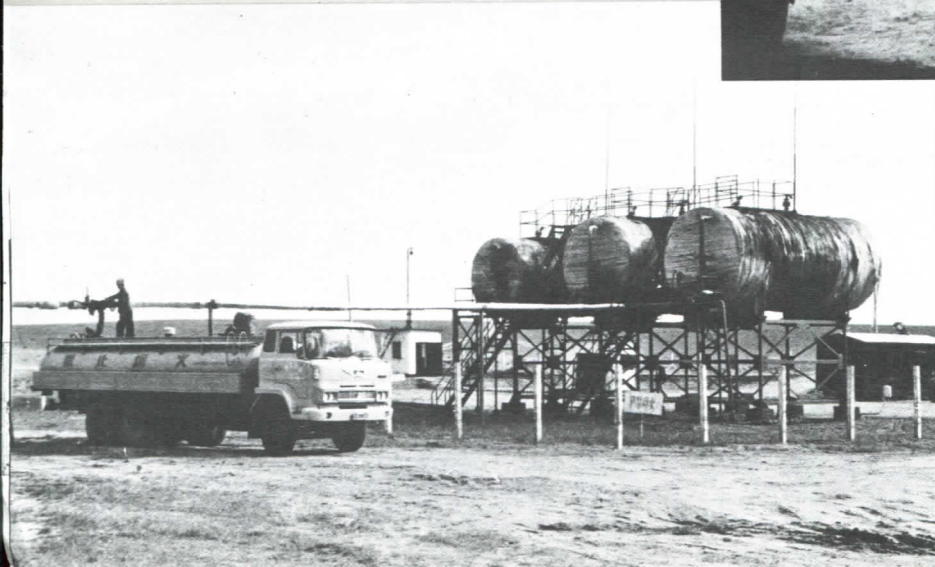
New Oilfields have been found in Erlian Basin in the Inner Mongolian Autonomous Region. By July 1986, 33 exploratory drills had struck oil. Experts believe the oilfield in the Erlian Basin is sizeable.



Drilling for Oil.



Working on a New Oil Well.



Crude Oil Transported Out of the Field.

**SPOTLIGHT**

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**COVER:** Offshore oil extraction.  
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**HIGHLIGHTS OF THE WEEK**

**Review of Eight Years of Reform**

■ Song Tingming, a department head of China's Economic Reform Committee, focuses on the reforms of China's rural and urban economic structures and their achievements in the last few years. (p. 14).

**Benxi Moves Towards a Lawful Society**

■ Ignorance of the law and arbitrary decisions by city officials used to be the rule of Benxi. Since 1984 the law has been entering the city's everyday life and changing it for the better (p. 19).

**Leasing Business**

■ The leasing system, now being tried in some smaller Chinese enterprises, has boosted their production without changing their socialist nature (p. 4).

**Public Assessment Helps End Life Tenure**

■ A recent circular of the Organization Department of the CPC Central Committee called for the use of public opinion polls to evaluate government officials and recommend candidates for leading positions at the county level and above. This may well become an important tool in dismantling the life-tenure now prevalent in China's cadre system.(p. 5).

**Liaodong Peninsula Opens to the World**

■ Liaodong Peninsula will be opened as an export-oriented area during the Seventh Five-Year Plan period. The area's three port cities are examined here—their locations, resources, industries, progress, preferential investment policies and future plans. (p 22).

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# On Leasing Businesses

by Yue Haitao

**T**he business leasing system, so common abroad, is being tried out in some smaller Chinese enterprises. It has boosted the enterprises' business, but not changed their socialist nature.

It began in 1982. In January, Wu Jilong, who used to trade his industrial silicon smelting skills as he could, signed a contract with an electroplating copper factory in Taiyuan, Shanxi Province, to lease its industrial silicon production workshop which had already lost the factory 1.94 million yuan. Under the contract, all the equipment is still owned by the factory, the lessee buys raw materials, produces and is responsible to the factory for output, cost and quality. The factory retains the sales rights.

Twelve months after it was leased, the workshop, having suffered losses for five consecutive years, began to make a profit. By the end of 1985, it had made a cumulative profit of 4.18 million yuan. Reports on it came to Hu Yaobang, general secretary of the CPC Central Committee. He suggested that what Wu Jilong had done should be tried in other smaller state enterprises.

The process began in commercial and service state enterprises, then spread to small industrial state enterprises, and recently some medium-sized commercial and industrial state enterprises have also been leased.

Central China's Wuhan city is taking the lead in this experiment. Thus far, 35 ailing smaller industrial state enterprises have been leased to individuals. Most

are no longer in the red and some have begun to make a profit.

Of the 3,300 barber, repair, catering and non-staple food shops in Beijing's eight suburban districts, 1,288 are involved in leasing. In October this year, the sales volume of these leased enterprises was much higher than the same period last year before leasing began, the taxes they handed over to the state jumped 51.2 percent, their net profits grew by 87.8 percent, the proportion of the profits they retain climbed 104.3 percent, and their workers' wages increased by 41.2 percent.

Ways of pumping fresh energy into enterprises are being sought in China and other socialist countries. In the past China's economic structure was over-centralized, an enterprise was subjected to multifaceted interference and faced many restrictions on matters of manpower, finances, and materials, on production, supply and marketing. An enterprise's ownership and the power of operation were mixed up and the state had responsibility for the risks involved in investment. All profits went to the state treasury. The performance of an enterprise did not affect the interests of its staff one way or the other. This resulted in all the inertia and inefficiency associated with the "big pot."

The Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure in 1984 points out: "As Marxist theory and the practice of socialism have shown,



ownership can be duly separated from the power of operation by the state institution." Experience in the last few years has proved that the separation of ownership from operation is the key to invigorating an enterprise. After paying rent the profits are divided between the lessee and the enterprise. In this way, the interests of the operator and the enterprise are bound together.

Where the state leases the enterprises to the lessee, the ownership remains in the hands of the state.

Feudal society was based on landlords leasing land to the peasants; in capitalist society, what is leased is companies or factories from one capitalist to another.

In socialist China, the nature of leasing is different. The lessor is the state, the lessees are labourers identified as masters of the state and the enterprise. Ownership remains with the state, the enterprise is still publicly owned. The only thing that has changed is the method of operation. The form of ownership of the means of production and of distribution is an important criterion for judging the nature of a social system. Therefore, the leasing business of China remains socialist in nature. ■

# Public Assessment Helps End Life Tenure

All regions and departments should mobilize their rank and file to make public assessments of the abilities, moral character, conscientiousness and achievements of leading officials at county level and above during the winter and coming spring, urged a recent circular of the Organization Department of the Chinese Communist Party Central Committee.

The call was issued in connection with two documents, that have been distributed throughout the country by the department. Prepared by the organizational departments of the Guangdong provincial and the Beijing municipal Party committees, they suggest opinion polls be introduced to evaluate the competence of cadres and to recommend candidates for leading positions.

According to the circular, assessment will be based on summing up the year's work of a unit, and will be attended by the staff of the unit, representatives of the general public and leaders of the unit's subordinate organizations. Secret ballots will be held to decide a leading official's competence for his present post.

Guangdong Province has been carrying out public assessment of leading officials at prefectural and county levels since last September. The assessment is done in the absence of the officials concerned. Public opinion polls are used to determine whether the officials' work is "excellent, qualified, or unqualified." Public recommendation of leading officials and their successors is also encouraged in Guangdong.

The Central Committee Organization Department's circular pointed out that it is an important part of the reform of the cadre system to extend socialist democracy, enforce the supervi-

sion of officials by the rank and file inside and outside the Party, and to respect the people's right to assess and select "public servants."

The circular stressed that public assessment of officials should be considered together with the assessment of organizational departments themselves, and that officials who have accomplished much in current reform during their term of office, though they have certain shortcomings, should be protected.

In November the citizens of Guangzhou selected the "ten best public servants of the year." They included the mayor, the city Party committee secretary and the editor-in-chief of *Yangcheng Wanbao* (The Guangzhou Evening News). All ten were given citations inscribed with the words "Please remember you are the servant of the people." All had shown understanding of people's feelings and had done their jobs well.

Although the Party Central Committee has repeatedly

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## Political Reform: Hard and Fast

Political reform in China must be carried out firmly but cautiously, a *Renmin Ribao* (People's Daily) commentary said recently.

As the issue is a very complex one, it needs full investigation and study to define its goals, means and methods to accord with China's actual conditions, the commentary pointed out.

It went on to say that past experience has shown that practical investigations can bring about good results, and this experience should be applied to the present political reform.

"As the present economic reform deepens," the commentary said, "the necessity and urgency of political reform becomes more and more obvious." It added that a resolution of the Sixth Plenary Session of the Party's 12th Central Committee last September pointed out that "The overall scheme of China's socialist modernization is as follows: Taking economic development as

the key link we must continue to reform our economic and political structure and at the same time speed up the country's cultural and ideological progress, making sure that these aspects of our work are co-ordinated and promote each other."

The commentary added that political reform is a huge undertaking, involving the relations between higher and lower authorities, between government and economic departments and between the Party and government. For China there is no ready model to follow in both economic and political reform. It cannot copy mechanically the experience of other socialist countries, nor is it possible to transplant the practice of capitalist countries to China. Therefore political reform in China cannot be completed within a few years; it can only be accomplished step by step.

The commentary reported that the government will be putting forward a practical plan for the reform in one year's time. ■

called on its cadres at various levels to work wholeheartedly for the people since national liberation in 1949, the influence of feudalism in the cadre system cannot be eliminated overnight and some officials still cling to a bureaucratic style of work. Moreover, it is still uncommon in China for a person, once promoted to a leading post, to be demoted if he does not violate the law and Party discipline, no matter how incompetent he may be. To be appointed an official means being handed a de facto life tenure, one manifestation of the "iron rice bowl."

The proposed public assessment of officials is one way to crack the "iron bowl" through strengthened supervision by the people. ■

## UNICEF's 40 Years In China Marked

**F**ounded in 1946, UNICEF (the UN Children's Fund) celebrated its 40th anniversary on December 11. Hundreds of Chinese children in Beijing joined the happy ceremony together with the officers of UNICEF in China and leaders of the Chinese government and the All-China Women's Federation.

UNICEF Representative to China Dr. Carl Taylor, who left on December 13 for home after two and a half years in China said that China has improved the health, education and quality of life of its children. However, a great deal remains to be done to bring the standards up to acceptable levels nationwide. The greatest challenge is in remote and minority areas, where there are about 25 million children under 14 years of age, and public health and education are limited.

Before liberation, Dr. Taylor said, Chinese children suffered great deprivation. Infant mortality was at over 200 per 1,000. According to an official estimate, the infant mortality rate has now been brought down to about 35 per 1,000. Major epidemic diseases such as smallpox, cholera, and the plague have been eliminated. Malaria, bilharzia and many other infectious diseases have been greatly reduced. Increasing access to basic foods has eliminated gross malnutrition in children.

James Grant, executive director of UNICEF, has observed "What it took Europe 100 years to accomplish, China did in 30 years."

Since the restoration of China's seat at the UN, said Dr. Taylor, co-operation between UNICEF and China expanded rapidly. From 1979 to 1984, some US\$27 million was committed by UNICEF to China, so that it is now UNICEF's third largest country-programme. For 1985-89, over US\$60 million has been committed, approximately half going into improving mother and

child health, and about one third into pre-school primary education, with increasing emphasis on the remote and minority regions.

Dr. Taylor said that UNICEF has supported nearly 60 projects in China since 1979, and most of them have been successful. The biggest project with the most immediate impact is the national immunization programme to reduce the six main childhood diseases which can be prevented by immunization — polio, whooping cough, diphtheria, measles, tetanus and tuberculosis. According to a report by the Ministry of Public Health, the cases of these diseases were reduced by 1982 to about half the number in 1978. He said that he is confident that China's commitment to immunize 85 percent of children under one in every province by 1988 and 85 percent in every county by 1990 will be met.

As a UNICEF consultant since 1979, Dr. Taylor came to China in 1984 and has been involved in co-operative projects. During his visits to various parts of China for the projects, he was deeply impressed by China's capacity to

(From left to right) Vice-Chairman of the NPC Standing Committee Huang Hua, Chairman of the All-China Women's Federation Kang Keqing and former representative of the Beijing UNICEF Office Carl Taylor at the ceremony. YAO JIANGUO



use limited resources to support nearly one quarter of the world's children. It is a model for developing countries, he said.

Yet there is still a lot to be done. For example, the quality of education in China is uneven. Many teachers are unqualified and good textbooks and appropriate educational materials are also lacking. Over 90 percent of children in urban areas enrol in primary school, but only two-thirds of them complete the standard six years of schooling. In most minority areas, only two-thirds of children enrol, and less than half of them finish primary school.

In order to help China improve attendance and reduce the drop-out rates in primary schools, and to meet the government's goal of achieving universal primary education by 1990, the fund provides support to three large teacher-training projects. Training methods are being improved in 23 primary and 17 pre-school teacher training schools as well as eight teacher training universities.

Concluding his talk, Dr. Taylor admitted that he and his wife have fallen in love with China and he hoped he would be able to keep working as a consultant.

by Ding Yaolin

## Beijing Set to Eliminate Rats

A big campaign against "city mice" has been launched in China, Beijing taking the lead.

Slogans such as "Kill rats to protect people's health" are hung along Beijing's streets. Illustrations on how to kill mice and rats are pasted up on the walls of shops, schools, factories and restaurants. Some 1,100 tons of poisonous baits have been distributed in every building, even air-raid shelters. The city's 1,800-kilometre sewer system has also

received 10 tons of the baits. And foreign institutions in Beijing, including embassies, are required to take part.

Unlike previous similar campaigns, this one has got financial support from the central government, which has set up a special fund of 3 million yuan (US\$810,000). The municipal government of Beijing has itself earmarked some 1.5 million yuan (US\$400,000) for the campaign.

There is now in China an estimated number of 3 billion mice and rats, three times the nation's human population, which eat or spoil more than 15 million tons of grain annually, equal to all the grain imported each year and enough to feed 80 million people.

"What is more, they spread some 30 kinds of diseases," said Liu Jiajun, deputy director of the Beijing Patriotic Health Campaign Committee, which is in charge of the present drive.

He told *Beijing Review* that epidemic haemorrhagic fever, which causes high temperature, bleeding, retention of urine and even death, is found in some parts of China. Scientists say the germ is carried by parasites living on rats.

Rats also cause other problems. Beijing's subway has been stopped several times by them. And rats once caused a power cut in Shanghai at a loss of 1.7 million yuan (US\$459,000).

"We aim to cut the population of rodents to about one thirtieth of what it was, low enough to prevent the spread of any disease," Liu said.

Good results have been reported from many parts of the city. In the Capital Iron and Steel Complex, for example, 4,669 dead rats were counted last month. Rats there have been reduced to a fiftieth of their former number. Yongdingmen Railway Station has almost completely eliminated them.

At grocery shops and food processing factories, however, extermination is not going so well.

## News in Brief

During the one-week "Shanghai International Television Festival" which began on Dec. 10, the first of its kind in China, the municipal TV station broadcast more than 50 hours of programmes presented by 24 TV stations in 19 cities in 16 countries, including Shanghai itself. Fifteen of these cities are twinned with Shanghai. The 23 TV plays included Shanghai's 12-part series *Autumn Blossom* and a Polish adaption of Hugo's *The Man Who Laughs*. 26 performing arts programmes and 45 documentaries were also shown. Festivals of this kind are to be organized once every two years.

China is expected to increase the number of its cities from the present 320 to 400 by 1990, and the number of towns from 7,500 to 10,000. A town with a population of over 50,000 will eventually be upgraded to a city. This rapid urbanization is largely due to the expansion of rural industries.

Some 30 percent of farming families in Jiangsu Province have had their property insured. "The rapid development of property insurance in rural areas indicates that farmers are rapidly acquiring prosperity," an official of the provincial insurance company said.



## Operation Separates Siamese Twins

CHEN XINJIAN

Recently a hospital in the Huanggang Prefecture, Hubei Province, successfully separated female Siamese twins sharing a common liver. The babies could breast-feed two days after the operation. The pictures show the twins before and after separation.

As the rats and mice have so many things to eat that they do not touch the baits. Special methods will have to be devised at these places.

To ensure people's safety, only three kinds of standard poison are permitted. And kindergartens and nurseries must put down poisonous baits at night, and remove them again in the morning. Beijing has 33,000 boxes of Vitamin K1 ready for emergency use in case people accidentally eat poison.

Shanghai, Guangzhou and many other cities have also declared war on rats. Some of them like Dalian, Hohhot, Jilin, Dandong, and some ports and airports, including the Capital Airport in Beijing, claim to be "rat free."

Beijing is now assessing the results of the campaign. "We cannot expect to eliminate all rats and mice in one drive. But we'd like people to live healthier lives with fewer vermin," Liu concluded. ■

## Mexican President Visits Beijing

**M**exican President Miguel de la Madrid told his Chinese hosts before leaving for home on December 10 that his week-long trip had achieved its purpose. "I'm well pleased with the results of my visit," he said.

Miguel de la Madrid, 52, who is the third Mexican head of state to visit China since the two countries established diplomatic relations in 1972, met China's leaders Deng Xiaoping, Zhao Ziyang, Hu Yaobang and Li Xiannian. Both sides were identical on all international issues discussed such as the Latin American debt issue, North-South and South-South dialogues and disarmament.

During his talks with the president, Chinese Premier Zhao Ziyang extended full support for Mexico's programme for the repayment of debts through development. "Both creditor and debtor nations should bear

responsibility for this problem, which should be solved through the development of the debtor nations rather than at the expense of their economic development and the livelihood of their people," Zhao said.

He added that solutions to the problems of trade protectionism, commodity prices and the lack of a development fund should be linked to the establishment of a new world economic order.

In an interview earlier with Regino Diaz Redondo, director of the Mexican newspaper *Excelsior*, Zhao expressed China's willingness to co-operate with countries in the Pacific region, particularly developing countries such as Mexico. He pointed out that such co-operation should be based on the principles of equality and mutual benefit, with stress on practical results, diversification and common development.

Commenting on the economic development of the Pacific basin, the premier said that the region



had good immediate prospects and great potential, having a vast territory and a large population, rich resources, abundant capital, fairly advanced technologies and a big market.

"China as a developing country in this region cannot develop its economy in isolation from the economic development of the whole region," he said. "Meanwhile, China's economic development will be conducive to the region's common prosperity," he added.

"Both the developing and developed countries in the Asian-Pacific region should formulate their own strategies for development and economic policies in the light of their own conditions so as to develop their own national economies through self-reliance and co-operation with other countries in this region," Zhao stressed.

He said that developing countries should supply each other's needs and draw on each other's experiences in economic construction on the basis of equality and mutual benefit. "Of course, co-operation between the developing and developed countries should

also be given due attention, and the developed countries should take earnest and effective measures to help the developing ones."

In answer to a question raised by Redondo of whether he felt the Contadora Group should remain in existence and how China responded to the Latin American countries' attitude to this group, Zhao said China would stand firm in its support for the Contadora Group and admired the efforts made by the group in the cause of peace. "We hope that all countries involved in the conflict in Central America will accept the principles of the Contadora Group," said the premier. "We oppose US support for Nicaragua's anti-government forces because it is a kind of interference."

On October 6, Zhao and de la Madrid attended a ceremony for the signing of a consular treaty between China and Mexico, an agreement on a reciprocal credit line between the Bank of China and Mexico's Commercial Bank of Foreign Commerce, and an agreement for co-operation between the Mexican Bank and the China Council for the Promotion of International Trade. ■

## China & the World

### China Will Never Recognize "Arunachal Pradesh"

The Chinese government declared on Dec. 11 its strong opposition to the passing by the Indian Parliament on Dec. 8 and 9 of a bill upgrading Union Territory "Arunachal" to the level of a "state." China regards it as illegal and a serious violation of China's territorial integrity and sovereignty. A spokesman for the Foreign Ministry reaffirmed China's position that it "will never recognize the so-called 'Arunachal Pradesh' set up in the disputed eastern sector of the Sino-Indian boundary," and will never accept the illegal 1914 "McMahon Line" and Indian occupation of this stretch of Chinese territory of some 90,000 square kilometres. The spokesman also reiterated that China has always stood for a comprehensive settlement of the Sino-Indian boundary question through friendly consultations in a spirit of mutual understanding and mutual accommodation.

**Hu Yaobang Talks With Portuguese Communist Leader** During their two-hour meeting on Dec. 10, Hu Yaobang, general secretary of the Chinese Communist Party (CPC), ensured Alvaro Cunhal, general secretary of the Portuguese Communist Party (PCP), that the CPC will adhere to the principles of independence, complete equality, mutual respect and non-interference in each other's internal affairs. Cunhal was on a visit to China from Dec. 10 to 12.

Deng Xiaoping and Miguel de la Madrid.

LIU JIANGSHENG



USA

## What Is Behind the Arms Sales to Iran?

*The gradual revelation of the secret US arms deal with Iran has brought to light the reality of US-Soviet rivalry in the Middle East, especially in the Gulf.*

Under intense criticism at home and abroad over the Iran arms sale scandal, US President Ronald Reagan acknowledged recently that the "secret diplomatic initiative" was "risky gambling." But even after admitting on December 6 that mistakes were made in the deal with Iran, which has led to Reagan's most serious political crisis in his six years in office, he seems to be ready to take such a risk again.

Putting aside for a moment the question of the subsequent diversion of profits from the arms sales to the Nicaraguan contra rebels, why did Reagan and his men get involved in selling arms to Iran? Reagan answered this question himself by saying he had authorized the transfer of "small amounts of defensive weapons and spare parts" to Iran because he had intended to "send a signal that the United States was prepared to replace the animosity between the two countries with a new relationship."

The president also justified this startling change in his Iran policy in a televised speech to the nation on November 13 by emphasizing Iran's strategic importance. He said that, because Iran borders the Soviet Union, is rich in crude oil and is influential in the Islamic world, it is imperative that the United States narrow its bitter differences with Iran. Reagan told Congressional leaders that the secret contacts were part of his general plan to support those whom he believed are Iranian moderates. In an abrupt about-face, Reagan traded his former policy of isolating Iran for one of secret contacts and arms sales.

American officials have ex-

pressed serious concern about the prospects of the ongoing six-year-old Iran-Iraq war. "A victory by a radical Iran would be a major setback for US interests in the region," Assistant Secretary of State Richard W. Murphy has said. Obviously the United States supplied arms to Iran in the hope of influencing the outcome of the Iran-Iraq war.

The Reagan administration's attempt to win back the influence it had in Iran before the fall of the Pahlavi government in 1979 has its roots in the president's foreign policy report of March 14, 1986. The core of this document, known as the Reagan doctrine, calls for a strategy to roll back Soviet political and military gains in third world countries, and to check fresh Soviet expansion in these regions.

According to the doctrine, to achieve this goal, the United States must try every means, including launching "low intensity warfare," to back the anti-Soviet and pro-American forces in the world with economic and military assistance, and to engage in tit-for-tat political rivalry with the Soviet Union in third world countries.

Naturally, the Soviet Union did not fail to notice the US move and made a timely and strong response. TASS said the United States "played a dirty trick in the Near East" by coveting "the strategic position of Iran."

The Soviet Union has consistently supported Iraq both politically and militarily. Nevertheless, it too has recently adjusted its policy with Iran, with the restoration of trade links and an increasing number of official visits each way.

The changes in Moscow's Iran policy are part of the reform of its Middle East policy. Since he took power, Soviet leader Mikhail Gorbachev has reportedly said that in the Middle East the Soviet Union will counter the United States with strategies of "substantial and highly-skilled flexibility." The Soviet Union is capable of matching any US move in the Middle East, he said.

While exploiting the Arab world's strong opposition to US support for Israel, Moscow has once again made a call for an international conference on the Middle East, launching a "peace offensive" in the region on a large scale. It has also restored official contacts with Israel.

With the US-Iran secret arms deal out in the open, the reality of the US-Soviet struggle for influence in the Middle East, especially in the Gulf, has also been brought to light.

by Wang Lianzhi

### NICARAGUA/HONDURAS

## Border Clash Increases Tension

*Fighting along the Nicaragua-Honduras border centred on the contra bases within Honduras. Both countries are trying to seek a final solution to their five-year conflict.*

Fighting broke out along the border between Honduras and Nicaragua on December 7, lasting

for four days. According to Honduras, about 700 Nicaraguan troops crossed into the rugged

frontier province of El Paraiso, pushing about four kilometres into Honduran territory. This action was described by a spokesman for the Honduran Armed Forces as "an open provocation and a flagrant violation of our territory."

But in Managua, the Nicaraguan government, denying that its troops had penetrated Honduran territory, said 7 Nicaraguan soldiers had been killed and 12 people wounded when the Honduran air force launched an air raid inside Nicaragua. While protesting to Honduras over its bombardment of Nicaraguan military and civilian targets in northern Nicaragua, it focused the attention of the world on the role of the United States in the affair, by pointing out that everything indicated that the planes which had penetrated its territory and bombed different towns were American, and that UH-1H Huey and CH-47 helicopters had been used to carry Honduran soldiers to the border area.

In Washington, the United States admitted that its helicopters had ferried Honduran troops to fight a Nicaraguan incursion, but denied its forces had been actively engaged in the fighting. It also said that the helicopters were not armed and had been instructed not to "approach areas of possible hostile action."

Far from quarrelling with Honduras over territory, the Nicaraguan action was aimed only at the contras, the anti-government guerrillas who have been operating within Honduras, and who are financed by the United States. For a long time the US has been using Honduras as a base to arm and train contras in its efforts to topple the Sandinista government. Its involvement in this latest clash between the two countries confirms the allegations of the Nicaraguan government that the US is interfering in its internal affairs.

The UN Security Council held

an emergency meeting on the military conflict between Honduras and Nicaragua to urge all sides to respect the rules of international law and to prevent the situation from deteriorating further. UN Secretary-General Javier Perez de Cuellar expressed his concern about the tense situation in the border area between Nicaragua and Honduras at separate meetings with the ambassadors of the two countries at UN headquarters. A press release said that during the meetings the ambassadors of Nicaragua and Honduras gave Perez de Cuellar their versions of the situation in the region, and they agreed to inform him of any further development.

At the International Court at the Hague last July, Nicaragua accused Honduras and Costa Rica of supplying bases for the Nicaraguan anti-government forces. But this was rejected by Honduras, which told the World Court that it did not recognize the Court's jurisdiction in the proceedings brought against it by Nicaragua, and that the Court itself was not a correct forum for

resolving the political conflict between his country and Nicaragua.

It is reported by Honduras that following the four-day border clashes 2,500 Sandinista soldiers still remain in the country. Meanwhile the Nicaraguan government insists that the cause of the conflict is the presence of Nicaraguan contra rebels on Honduran soil, and peace cannot be achieved along their common border until the Honduran government returns the Contras to Nicaragua. However, both countries recognize they face a serious situation and are trying to calm things down. When announcing the partial withdrawal of Nicaraguan troops, the Honduran government said there was little possibility of war between Honduras and Nicaragua despite the recent fighting. The Nicaraguan government at the same time suggested that Honduras invite a UN commission, including Contadora Group representatives, to determine the causes of tension and suggest measures to ease them.

by Xin Di

## LEBANON

### Appeal for Camp Wars to Stop

*The recent bloody fighting between Palestinians and the Shiite Muslim Amal militia in war-torn Lebanon is cause for international concern.*

**M**ore than 400 people were killed and 1,000 wounded in the recent weeks of severe fighting between the Shiite Muslim Amal militiamen and Palestinian guerrillas around the refugee camps in Beirut and southern Lebanon. The fighting was triggered by the Palestinians' takeover from Amal of the strategic hilltop townlet of Maghdousheh in southern Lebanon.

Lebanon has contributed much to the cause of the liberation of the Palestinian people by taking in many Palestinian refugees and providing them with accommodation. The Palestinian refugees set up camps in Lebanon and, in order to defend themselves, established their own defensive forces. It is because of this that Lebanon has become the target of Israel's many attacks launched

under the pretext of fighting "terrorism," and the Lebanese government, composed of both Christians and Muslims, is itself the scene of struggles for power between the two factions. There is also direct fighting between the Israelis and the Palestinians in the camps.

In July 1977 an agreement was reached by Syria, Lebanon and the Palestine Liberation Organization (PLO) that in order to resist Israeli aggression, the Palestinian camps in Lebanon should have their own armed forces. But in 1982, following Israel's armed invasion into Lebanon, the PLO was forced to withdraw from Lebanon and to disperse to other Arab countries to avoid further devastation of Lebanon. In subsequent years, with Israel's partial withdrawal from Lebanon—raising the question of who will take the responsibility for securing the evacuated area—and the increasing influence of Syria in Lebanon, the balance of power between Lebanon's various factions changed accordingly. The Palestinians have been able to make a gradual return to Lebanon as a result of the Israeli withdrawal. But disputes between Sunni and Shiite Muslims have developed into armed clashes. The Sunnis have adopted a policy of uniting with Sunni Palestinians, who have, since 1982, reorganized the defensive forces around their refugee camps, and have grown stronger. The Shiite Amal Muslims, backed by Syria, while attacking the Sunnis, are firmly opposed to the reestablishment of the Palestinian camps, and favour disarming them. Clashes broke out in 1985 between the Amals and the Palestinians as a result.

The Lebanese government, while welcoming the return of the Palestinians, proposed that the Lebanese, rather than the Palestinians, take the responsibility for securing the refugee camps. And in May and June this year Syria decided to help the Lebanese

government in its campaign to disarm everyone in the camps, Lebanese and non-Lebanese alike. This brought to an end the tripartite agreement signed in 1977, and bloodshed ensued. The toll of the camp wars since 1985 has reportedly reached over 1,000, with more than 3,000 wounded.

Yasser Arafat, chairman of the PLO, has appealed repeatedly to the Amal militia to stop the siege of the camps, and has called for an emergency foreign ministerial meeting of the Arab countries to discuss the situation in southern Lebanon. Members of the Arab League and other Arab countries have also expressed their deep

concern about the refugee camp wars, appealing to the conflicting parties to devote their efforts to fighting Israel, their common enemy, which has taken advantage of their conflicts to intensify its military activities against Lebanon.

A Chinese Foreign Ministry spokesman, commenting on the latest developments in Lebanon on December 8, said that the Chinese "sincerely hope that the parties concerned in the conflict will cease the fighting and bloodshed immediately and resolve their differences through friendly consultations." ■

by She Duanzhi

## FRANCE

### University Reform Bill Repealed

*Following a three-week student strike, the French government announced the withdrawal of its controversial university reform bill.*

**F**rench Prime Minister Jacques Chirac withdrew his government's university reform bill on December 8, finally giving in to a three-week campaign by hundreds of thousands of students.

Mr. Chirac announced the withdrawal of the bill in a television address, in which he said that the current climate of violence was not conducive to the carrying out of the "necessary" reform to France's universities. "No modification of the universities, as necessary as it may be, can be carried through without the wide support of all the interested parties, especially the students and teachers," he said.

A spokesman at the Presidential Palace said Socialist President Francois Mitterrand was satisfied with the government's decision. It conforms with the position expressed to the Premier by the President, he said.

The student demonstrations, the first of which took place on November 23, involved some 450,000 university and high school students nationwide. On November 27, when the reform bill was to be debated in the National Assembly, nearly 100,000 students marched through Paris.

Police, under orders to break up the student demonstrations, charged the protesting crowds with water cannon and tear gas. On December 8, thousands of people marched or observed a moment of silence in memory of Malik Oussebine, a 22-year-old student who died earlier in a clash with policemen.

The education bill would have abolished the standard nationwide university degree and given each school the power to set its own entrance and graduation standards and to increase student fees. Government education officials



French students launch nationwide protests opposing the government's university reform bill.

had said that the reforms would promote competition among universities and improve the quality of French education.

But the bill immediately triggered the furious opposition of French students, who said that the measures would create elites and favour the rich by making universities more difficult to enter and by driving up tuition fees. After the government's initial refusal to alter the bill, the first

protests took place and clashes between the police and students soon followed. As the violence grew, the government decided to withdraw the more contentious parts of the bill. But the dissatisfied students remained firm in insisting on the repeal of the whole bill. Their request was not granted until Oussekiné had been beaten to death in a scuffle with police and scores of students and policemen injured. Hours

after the bill was withdrawn, President Francois Mitterrand accepted the resignation of the junior minister for higher education, Alain Devauuet, the man who had drafted the bill.

In France there has been particularly keen competition among the young people for jobs in recent years. The youth unemployment rate is about 30 percent, far higher than the national average of 10.5 percent. Any government tampering with access to education is likely to provoke strong reaction, as students feel a university education is a route to a job.

The students' protest reflects the contradiction between France's right wing, led by Prime Minister Chirac, and the left wing, headed by President Mitterrand, since the two wings came together last March for the first time in France's history to run the country. The education reforms were part of the basic policies of the Chirac government intended to stimulate the country's stagnant economy through liberalization. From the very beginning, the Socialist Party, represented by President Mitterrand, has publicly voiced its support for the students and criticized the government. The Socialist Party's leaders attended the November 23 rally against the education bill.

The nationwide demonstrations were not only the largest student protest since 1968, but the biggest challenge the government has faced in its nine months in power. The forced retreat of Prime Minister Chirac is likely to cost him dear in political terms, analysts say. ■

by Xing Miaoming  
and Yang Yuanhua



# Review of Eight Years of Reform

*Song Tingming, a department head of China's Economic Structural Reform Committee, reviews the progress of reforms during the past eight years.*

**C**hina took the first steps in its rural economic reform in late 1978. By introducing the household contract responsibility system, it was hoped that the economic relationship between the individual and the collective (the farmers and the people's communes) would be sorted out.

## Reform of China's Rural Economic Structure

The three-level ownership (the people's commune, the production brigade and the production team, with the last as the basic accounting unit) which had been proved to be unfit for China was discarded, the township's political power was reinstated and the purchasing price for farm products was substantially raised. This new policy has stimulated the farmers' enthusiasm for production. Altogether 180 million farming households (98 percent of the total) have moved into the contract responsibility system.

The second-stage rural reforms began in 1985. The main task is to adjust the rural economic structure and to develop the rural commodity economy, streamlining the economic relationship between the state and the farmers. The system of monopoly, fixed-quota purchase of farm and sideline products was abolished, in favour of the planned contract system. This way the farmers can gear their production to market needs.

The reform has liberated the rural productive forces and initiated moves to industrialize and commercialize China's agricultural economy.

Successes have been achieved in

rural reforms in the last few years. The farmers have grain enough to spare; and the township enterprises are flourishing.

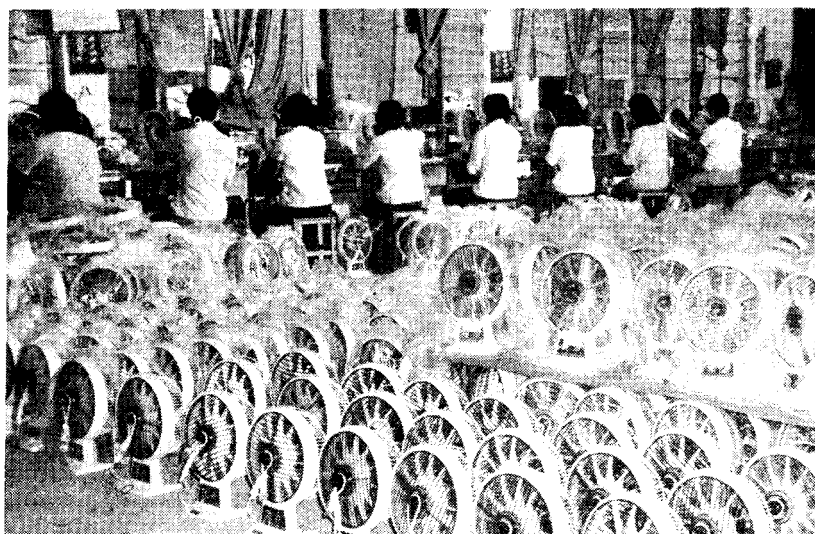
By the end of 1985, the total output value of China's township enterprises reached 270 billion yuan, accounting for 23 percent of the total product of society. (It is estimated that it will reach 330 billion yuan in 1986, surpassing the nation's total agricultural output value. — Ed.)

The rural economy is developing unevenly, though. Although

an office headed by the secretary-general of the State Council has been established. It has decided to offer 1 billion yuan in low interest loans to the poor areas.

## The Reform of the Urban Economic Structure

The Urban reform also proceeded in two steps. From 1978 to 1984, it was still in an experimental stage. But basically the local



LIU YUSHENG

**A workshop in Yuhua Electric Fan Factory. The electric fans produced by the township enterprise in Shunde County, Guangdong Province sell well in European countries and the USA and account for 11 percent of China's fans.**

94 percent of the farmers have enough to eat and wear, the living standards of the other 6 percent, especially those in arid western China, is still very low. That is about 50-60 million people, which is equal to the population of Britain or France. To help these people map their road to wealth,

initiatives proceeded along the following line: (1) enterprises were given more decision-making power; and (2) comprehensive reforms of the urban economic structure were tried out.

The second step, the new stage of the comprehensive economic reforms, began in October 1984

and the stress is on urban areas. Successes were achieved last year. In the past, China had a "product economy" (capital and other goods were allocated rather than bought or sold—*Tr*) based on public ownership. But it was strongly tainted with a natural economy. The reform is aimed at establishing a socialist planned commodity economy on the basis of public ownership. In the reform of the planning system, it is necessary, first of all, to discard the traditional idea of pitting the planned economy against the commodity economy. Looking back on 30 years' experience in economic construction, we have come to understand that, while only socialism can save China

from the clutches of imperialism, only by developing a commodity economy can China become prosperous.

The Chinese people have worked to break the unitary system of public ownership of the means of production, especially by promoting the collective economy and the individual economy both in cities and rural areas. Before the reform started in 1978, the number of people in private enterprises was less than 100,000, but the number was 17 million in 1985. At the same time, a new socialist economic form—the "shareholding economy" is flourishing in China's major cities.

Innovations have also been made in management of the state

sector. In some cases, state management of commerce has been changed into collective management, and sometimes ownership by the whole nation was transformed into collective ownership. Some small state-owned businesses have been leased or contracted to individuals. Some small retail stores have been sold to individuals. For example, four retail stores were sold by public auction to individuals in Shengyang city.

Enterprises now possess more decision-making power, so that they become relatively independent economic entities with full responsibility for their own management and their profits and losses. They have been given the status of a legal person.

For economic management the government will turn more to economic and legal means and less to administrative ones. The government, has already used economic levers including prices, taxes, credit, wages and exchange rates to regulate the economy.

Government administration has been streamlined further and more power is delegated to lower levels. Barriers to transregional economic association are being gradually removed and economic ties between enterprises promoted.

Government organizations themselves are being reformed. Pilot reforms in 16 cities and several metropolises, including Wuhan and Harbin, have been launched.

Special, flexible policies have been adopted in Guangdong and Fujian provinces. The government has set up four special economic zones, opened 14 coastal cities and Hainan Island, and established 12 economic and technological development areas in the open coastal cities.

The government opened the Changjiang (Yangtze) River and Zhujiang (Pearl) River deltas and the triangular area in Southern Fujian Province to foreign contacts. We shall gradually open

**A member of the aid-the-poor-service team (first left), affiliated to the Power Industry Bureau in Shanxi Province, inspects a cannery run by the local farmers.** NIE ZHIMING



Shandong Province and Liaodong Peninsula. We shall open to the outside the entire east coast, from south to north. This covers a population of 200 million; its total output value will account for 60-70 percent of the nation's total. It will become the most developed area in China.

What China hopes to achieve through the open policy are:

—To attract international capital and accelerate modernization.

—To introduce advanced technology to quicken the modernization of existing enterprises.

—To learn from the world's management experience to improve China's own management expertise.

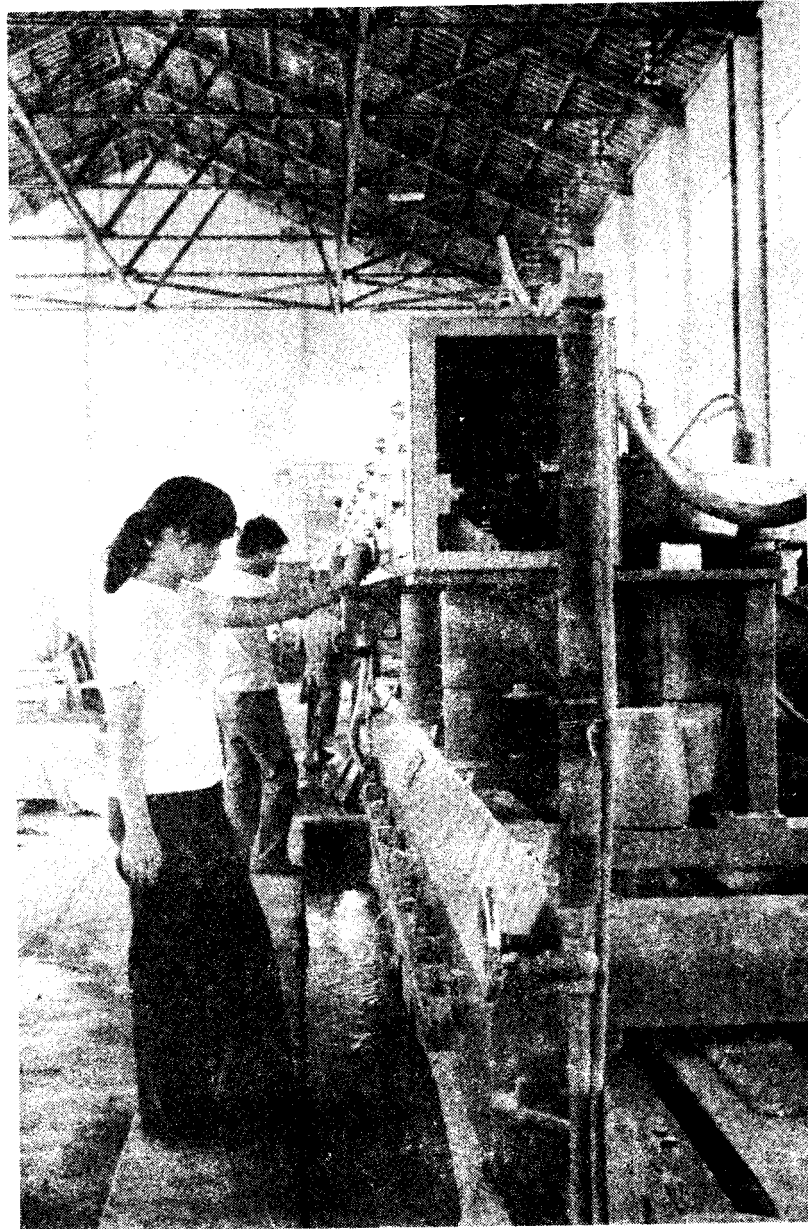
—To invite senior administrators from abroad to help with the country's modernization.

Since implementing the economic reform, an average farmer's annual income increased from 120 yuan in 1978 to 397 yuan in 1985. The average annual income of a worker in a state enterprise increased from 608 yuan in 1978 to 1,148 yuan in 1985.

In order to train more qualified personnel, China has also reformed the education system and the management of scientific and technological institutes.

Great changes have taken place in people's conceptions and values. The policy of "letting a hundred schools of thought contend" has been gradually spreading. The Chinese people's views are becoming more modern. A sense of value, time, market, competition, efficiency and information have all been spreading among the masses.

The reform of China's economic system still faces many difficulties. The crucial issue is to combine the reform of the political system with that of the economic system. What has been achieved is still a far cry from the goal of changing China's poverty and backwardness. Still there is growing confidence that the goal of the reform will be realized. ■



LIU ZIFU

A marble factory which makes use of the local marble resources, in Pingtang County in Guizhou Province, built in co-operation with Jianxin State-Run Machinery Factory and the Qiannan Prefectural Heavy Industry Company.

## Song Addresses the Problems

**Question: With the reform of labour system in October, will there be a large number of unemployed workers? How will the state handle this?**

**Answer:** Factory directors may discharge only a small number of

workers who make trouble and are lazy. I don't think numerous enterprises will go bankrupt or large numbers of workers become unemployed. The power granted to directors to lay workers off is seen as a deterrent. Some directors



might never use that power. But whether directors have this power or not makes a world of difference.

**Q: It is said that workers are offended by the bankruptcy law and in a certain big city they even went on strike against it. What is your comment?**

**A:** The law is now effective only in Shenyang on a trial basis. The first factory that was declared bankrupt was in Shenyang: the Explosion Prevention Equipment Factory, a small collectively owned factory. The bankruptcy law for state enterprises is still in the making. After an enterprise goes bankrupt, the unemployed workers will be taken care of properly by different departments. As far as I know no strike ever took place over the workers' dissatisfaction with the bankruptcy law. In some areas something did happen. This was due to the

bureaucracy of the local leaders, not the bankruptcy law.

**Q: The life-tenure system for employees was once regarded as the superiority of socialism. Now that this system has been abolished, will this cause dissatisfaction among the workers?**

**A:** This major reform has only just been put into effect, so it will take some time for workers to adjust to it. Of course some workers may have objections initially. Their main concern is whether they will have a job. Our policy is to ensure that everyone will be employed, not to facilitate work-dynasties for generations. I don't think the life-tenure employment system embodies the superiority of socialism. It gives workers a sense of reliance on the state. In those enterprises where the law has been

tried out, it is being welcomed by workers, particularly the factory directors and managers.

**Q: Premier Zhao said the main task for 1986 was to consolidate the achievements of the reforms and there would be no big change in the reform of commodity prices, will major steps be taken to reform the price system in 1987?**

**A:** No drastic measures have been taken in 1986 to reform the price system, the prices of only a small number of products were changed according to their quality, to widen the gap between the prices of good and bad products. The basic policy for 1987 will be the same.

**Q: What are the departments under the State Council doing to ensure that the new management powers do not remain**

**Premier Zhao Ziyang meets representatives of the model individual workers on December 4 in Beijing.**

BAI LIANSUO



**merely on paper and that directors and managers of enterprises are genuinely able to exercise the power they've been given?**

**A:** The reform gives managers the following powers: First, to work out plans. In the past the enterprises merely put into effect the mandatory plans of the state, now after the enterprises have met the state plan, they may work out extra production plans according to market needs. In the country as a whole, the number of products under the state plan have dropped from 120 kinds to 60 kinds. The number of product types appropriated by the Ministry of Commerce has dropped from 188 to 23. The means of production controlled by the State General Bureau of Materials and Equipment has dropped from 253 kinds to 23. The other powers are decision making, the use of capital and the power to appoint and dismiss intermediate- and grass-roots level cadres.

The problem now is that a number of administrative organizations are preventing the enterprises from practising these powers. As reform moves ahead, the administrative organizations will be abolished and will be changed into economic entities. By then the managers will be able to practise their power in a normal way and make the enterprises more lively.

**Q: Where do the obstacles to the current reforms come from? Will you say something about the relationship between the reform of the economic structure and the reform of the political system?**

**A:** The biggest obstacle arises from the influence of feudalism and autocracy as well as the isolation and backwardness of small production. There are also problems with over-staffed Party and government organizations. Therefore it is necessary to effect political reform along with reform of the economic structure. Economic reform cannot proceed

smoothly without reform of the political structure.

The political reform mainly addresses the following questions: 1. How to handle correctly the relations between the government and the Party from the centre down to the locality. That is to say

livelihood of 200 million urban dwellers, because in China, 99 percent of the urban population live on wages. 3. How to simplify government organizations, and raise the efficiency of the administrative organs. The simplification involves 24 million



A corner of the Hull Market in Xiamen city.

HUANG XINGQUAN

how to improve the leadership of the Chinese Communist Party, which is the Party in power. 2. How to streamline the various Party and government organizations, how to raise work efficiency and overcome bureaucracy. 3. How to achieve a high degree of socialist democracy on a more extensive scale and, 4. How further to improve the socialist legal system.

The reform of the government organization is related to economic reform and integrated with political reform. It involves both kinds of reform.

As for the obstacles to economic reform, at present we come across three difficult problems: 1. While there is the need to reform the price system, it is also necessary to check inflation. 2. The reform of the wage system involves the

government functionaries. This is a big problem and will involve a lot of careful work among these functionaries so that they understand and support the reform.

I would like to tell you frankly, the Chinese government organization is the second largest government in the world after the Soviet Union. Under the State Council are 43 ministries and commissions and there are 51 units directly under the central government at the ministerial level. Such a huge body cannot be simplified merely by issuing an order. Our cadres are not on the level of Haig or Kissinger, who can take on professorships once they are no longer officials. Therefore we must take measured steps in solving this problem. I think it will take two five-year plan periods to do so. ■

# Benxi: Towards a Lawful Society

**The Chinese people have learnt the hard way that a legal society is vital. Benxi city which was notorious for its lack of social order has taken the lesson on board and its life is being remoulded by law.**

by Our Correspondent Yang Xiaobing

Since 1979, the National People's Congress has enacted more than 50 laws. Few written laws were enacted after 1949 and awareness of the law has been low. A new move is under way to bring the law into people's everyday life. Benxi in northeast China has been successful in doing so.

The industrial city of Benxi in Liaoning Province was notorious for its lack of social order. Most of

lectures on criminal law. After three years' effort, social order has improved. The city's crime rate dropped from 12.4 per 10,000 of the population in 1981 to 8.6 in 1984, and further down to 6.7 in 1985. The figure for the first half of 1986 is down by 21.5 percent on the same period last year.

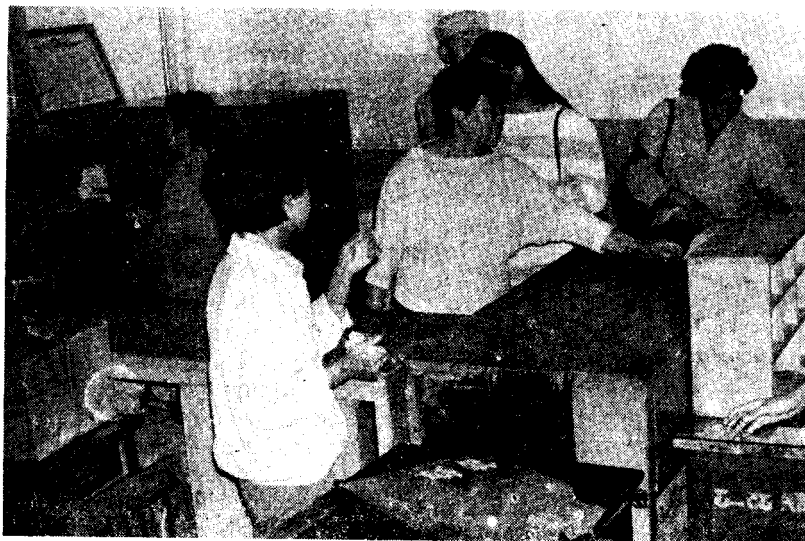
Benxi is one of the first cities in the country to popularize the knowledge of law as it improves its

Aside from the Constitution and the criminal law, people also studied the laws concerning their work.

## Government Leads the Way

In the past many decisions were made arbitrarily by city officials. These included matters which were not within the purview of their posts. This no longer holds. Officials comply with the law in their daily routine. For example, the Benxi Salvage Co. intended to buy two Japanese cars via Hong Kong. The cost could be reduced to 30,000 yuan each, if they were imported as gifts from overseas Chinese, but this would require the approval of Deputy Mayor You Zuowu. You refused to comply. "Obviously they wanted to evade taxes. There was no way I would connive in that," he said. "I would probably have signed it in the past, but now I know it is illegal. Though in a way it benefits the city, it harms the country."

Zhang Lu, director of the city's planning commission, said, "We didn't know the country had laws governing local planning departments, so we didn't realize that we could also break the law. Now we know that there are a lot of laws and by-laws for this area, too." The State Planning Commission has sent a group here to inspect the work, and has corrected several of their mistakes in accordance with the law. For example, the state has set down a quota for Benxi's logging. However, logging here exceeded the quota by 10 percent, damaging the ecosystem, and



YANG XIAOBING

**Benxi Joint Company: cashiers turning in money to the chief accountant.**

the criminal offences resulted from people's ignorance of the law. So in 1981 the city government decided to spread knowledge of the law among its 800,000 residents. The mayor and other officials at different levels either wrote articles or gave

legal system. It began in 1984, and has accelerated the process in 1986. The local People's Congress passed a resolution to "adopt legal government" in Benxi in 1986. The city government then put forward detailed procedures for implementing the resolution.

contravening the Forestry Law. The timber industry is now under strict control.

Mayor Yu Guopan said, "Exercising law is not only the business of the court, the procurator and the security departments; it also concerns government offices." Early this year, the city government required all its offices to check up on their work according to the law. So far about four-fifths have complied.

The city's Industry and Commerce Bureau located 102 articles

for help. So frequently we were besieged with questionings and were tied down with details. Now we have enforced the law. People all go to the courts to settle legal disputes."

### Enterprises Follow Suit

"Now that the government has enforced the law, enterprises have a new vitality and output has increased," said Zhang Lu of the

In June 1984, the city Planning Commission adopted "legal management." Supported by the Economic Contract Law and other regulations, the commission started inviting bids for projects. They formed a board with the Construction Committee, the Construction Bank and the Industry and Commerce Bureau to draw up legally binding contracts. By August this year more than 200 projects with a total floor space of 817,000 square metres were completed through bidding. Three companies were fined 4,000 yuan for various deviations from the contracts; the rest finished efficiently. Ten percent less was spent, construction time was shortened by an average 20 percent, and the building quality has notably improved.

"Once you have learnt to use the law, it will safeguard the interest of your business," said Cao Lianke, deputy director of the Benxi Tools Factory. The factory's production quota used to be laid down by the government. Two years ago the factory switched to "market regulation," which forced its management to tighten up its marketing and contract procedures.

Initially the factory suffered through its workers' ignorance of legal implications of contracts. When making a sale, especially a big sale, the salesmen would make empty promises. As a result, when they were not met, the customers often cancelled their orders. This has thoroughly tarnished the factory's reputation. At the same time some contracts were signed without serious consideration, so the factory either did not collect payment for the sales or purchased materials of bad quality.

Having studied the Economic Contract Law, all the employees understood the importance of a contract, and there has been no recurrence of ill-considered contracts nor violation of a contract. Last year the factory went through



YANGXIAOBING

**Benxi Tools Factory: all contracts are filed on computer.**

of law and regulations concerning its work. The bureau then printed these out and distributed them to the offices under it. It has also sponsored 66 training classes in law. As a result, the work done has improved.

Jia Chongshi, head of Benxi's Pingshan District, feels the changes have liberated his work: "In the past we were not used to taking to the law. Whenever people had problems with marriage or inheritance, they always came to the district government

city's Planning Commission. Construction in Benxi used to be a constant problem for the city government. "Everybody eating from the big pot" obscured the demarcation of responsibility and no one was culpable for poor construction work. Projects were often behind schedule and over-budgeted, and the city rarely completed its construction programme. For several years only one project did not go over its budget, and the officials found that a subject to boast about.

more than 5,000 past contracts and collected 83,000 yuan of outstanding payments. Now they have 16,500 contracts, all filed on the computer. The factory management has realized how helpful it is in the competition for work to abide strictly by the law. The factory's profits reached a record high of 1.53 million yuan in 1985; and the first half of this year saw profits 20 percent higher than the same period last year.

### Everyone Is Involved

Legal administration, while requiring people to obey the law, guarantees their interest. The people of Benxi, while subjecting themselves to the law, have begun taking an interest in the management of the city and their factories to make sure that officials at various levels are obeying the law.

Tian Decai, a production manager at the Benxi No. 1 Steel Plant, said, "In the past we were concerned only with fulfilling the production quota, so that we didn't care much about scientific disposal of waste. Now in accordance with environmental and safety laws, the factory has enacted regulations, requiring scientific disposal of the factory's waste. This is undoubtedly a good thing for the workers' health and for production as well."

At Houlianzhai Grain Depot, the enforcement of law has created a democratic atmosphere. While studying the Constitution, people there paid special attention to one paragraph in Article 16: "State enterprises practise democratic management through congresses of workers and staff and in other ways in accordance with the law." In the past the management constantly resorted to economic penalties for everything from bad performance to doubting a decision. The workers were helpless in the face of these fines.

Recently the management has improved basing itself on the law,

According to new regulations, the workers all have the right to reject a wrong decision. In late 1985, some workers were made to work in the open air, on a worksite full of ice. So they protested on the grounds of the safety laws, and the management had to reconsider its

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***“Whenever people had problems — with marriage and inheritance — they would come to us the district government. We were so besieged with petitioners that we had to hide away to do our work as if we were doing something underhand.”***

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decision. So far the workers have made many proposals to the management. "They used to turn a deaf ear to our suggestions," said Liu Xin, an ordinary worker. "But now we feel like the real masters here."

### Still A Long Way to Go

"Although we have taken up legal management as a principle, there is still a long way to go before it can be exercised" extensively," said Cong Zhenglong, the city's Party's secretary.

Many problems remain to be solved. One is the quality of the deputies to Benxi's People's Congress. Zhou Zhenya, director of the city's law office, believes that some of its members do not have a clear conception of how to use the Constitution, and other laws and by-laws. They do not live up to their roles.

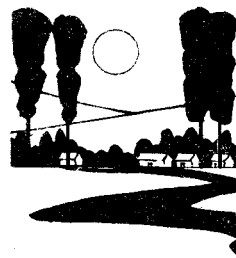
Generally, deputies to the Congress are not as outspoken as members of the People's Political Consultative Conference which

includes many more members of non-Communist political parties, observed Cong and he hopes that this will change during the election for the next Congressional term.

Another area of concern is the shortage of people specializing in law. Despite urgent requests for lawyers, there are only 65 lawyers working in the local court, and many cases have lengthy waits before they are dealt with. The procuratorate is short of qualified staff too. The city's legislative department has decided to train 200 new lawyers in two years, but there are doubts about the quality of these lawyers, since the city's main concern is quantity.

The third problem is that many areas in the economic field especially pollution, have been neglected. Benxi's monthly dust-fall is 76.6 tons per square kilometre, the worst in the country. But the 130 factories who are the main polluters produce 50 percent of the city's industrial output value. If they are forced to close down to deal with this problem according to the environment protection law, it would entail tremendous economic losses. As well as requiring new and renovating projects to control their pollution, the city's Planning Commission has decided to put 300 million yuan into an anti-pollution programme during the 1986-90 period.

The country as a whole has an incomplete legal system. There are no laws covering family planning and journalism, for example, so these are decided by government decree. The Standing Committee of the National People's Congress is working hard to deal with this legislative backwardness. ■



# Liaodong Peninsula Opens to the World

by Our Correspondent Li Rongxia

**L**iaodong Peninsula, situated in northeast China, is now open to foreign investment. Wedged between the Bohai and Yellow seas, it has a coastline stretching some 21,000 kilometres and rich natural resources. With a great industrial potential, the peninsula will be turned into an economic development area during the Seventh Five-Year Plan period (1986-90). This export-oriented area will take Dalian as the main port, Yingkou and Dandong as auxiliary ports, and will have the heavy industrial area in central Liaoning Province and throughout the northeast to back it up.

Besides Dalian, which is already an open sea-port and the second largest port city in the country, both Yingkou and Dandong are being enlarged and renovated.

## Three Sea-Port Cities

Yingkou has recently been granted the same special privileges as the 14 open port cities. It is situated on the Liaohe estuary near Liaodong Bay. It covers 5,401 square kilometres, and has a population of 1.93 million. Its annual average temperature is 9°C.

With its 1,370 factories, Yingkou is known for its light industry. The Yingkou Chemical Fabric Factory is the country's biggest polyamide fibre producer, and the Yingkou Paper Mill is among China's ten biggest. Yingkou Port was built in 1861. It now has nine berths with an annual handling capacity of 980,000 tons. The newly built, automatic unloading coal dock at Bayuquan is also able to handle 5 million tons. Yingkou Port was first opened to foreign shipping in September 1984. It

handles a wide variety of goods, ranging from medicines, chemicals, textiles, arts and crafts, and other light industrial products to agricultural products. The total income from foreign trade in 1985 reached 300 million yuan.

According to a local official, Yingkou Port, which serves as an important outlet for the northeast and Inner Mongolia through a

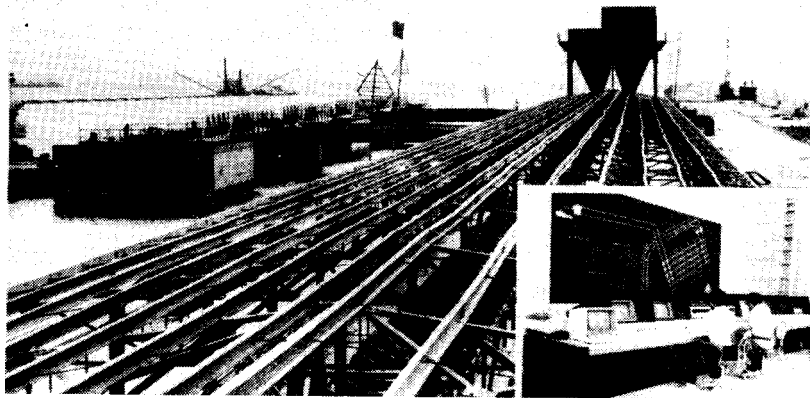
railroad and highway network, is far too small to meet the demand. In 1982 the enlargement of Bayuquan Port was listed in the state plan as a key project, and is under way. Once finished, the port is expected to be able at the end of this century to handle 30 to 35 million tons of cargo each year with its more than 30 large and medium-sized berths.



Dalian is at the southern end of Liaodong Peninsula, facing Shandong Peninsula across the waters. It covers 12,000-square kilometres and has a population of 4.71 million. Owing to its mild weather and beautiful scenery, Dalian is the best-known tourist attraction in the northeast.

Dalian has many natural harbours and handles 34 million tons of cargo annually. It has convenient air, land and sea transport. It also has advanced shipbuilding, machine-building, chemical and light industries. As the gateway to the northeast, Dalian Port is one of China's major trade ports, with business relations with over 140 places all over the world.

Dayaowan Port, now under construction, is adjacent to the Dalian economic and technological development area. Da-



CHEN QISONG

The Bayuquan automatic coal unloading dock in Yingkou.

million tons. The whole project, a total of 20 large and medium-sized berths, will be finished by the year

a hazardous goods dock have been under construction since 1984. Both are expected to be finished by 1988.

Dandong, located on the Western bank of the Yalu River, faces the Democratic People's Republic of Korea across the river. This 19,000-square-kilometre city, inhabited by 2.68 million people, has a sea-port and is bounded on three sides by mountains, so it is cool even in mid-summer.

Dandong has rich mineral, water and forest resources. More than 50 kinds of ore have been discovered here. The 200,000 tons of boron extracted here annually makes up 57 percent of the country's total. Dandong also produces half of China's tussah silk. Dandong marble, aristocrat of the aristocratic stone, has a potential deposit of 4 million cubic metres. The city's fine soap stone products are sold in more than 30 places abroad. Besides, Dandong boasts the production of tobacco, hawthorn, walnut, ginseng and many other precious plants.

Dandong is a new industrial city with 1,627 factories employing 260,000 people. Its industry produces silk, chemical fabric, textiles, watches and electronic



Dalian Port.

LI RONGXIA

yaowan's 27-kilometre coastline offers favourable natural conditions for a sea port, especially a deepwater container port with an annual handling capacity of 50

2000, and four berths are expected to be in operation by 1990.

On the other side of the development area, a coal dock and

goods. The Dandong Port is an ice-free deep sea port, built in 1907 as one of the three big trade ports of the late Qing Dynasty. It has close links with other ports in China and with southern Japan as well. Therefore, Dandong has recently been classified as one of Liaoning Province's windows opening to the outside world.

Dandong's Dadong Harbour too is being expanded. Four berths are going to be built by 1988 to anchor 10,000-ton ships and two more for 5,000-ton ships. The government has invested 66 million yuan in the first phase of the project, and is now seeking co-operation with foreign investors.

### Attracting Foreign Funds

Of the three port cities, Dalian leads in attracting foreign investment. Last year it introduced 450 technological projects involving US\$370 million in foreign investment. From January to May this year 44 more projects were begun with US\$230 million. These projects have helped upgrade over 130 businesses in the city.

Yingkou and Dandong have made progress in attracting foreign investment, too, but both cities are burdened with the task of renovating old industry and improving technology. One textile mill in Yingkou has bought 22 advanced looms from Switzerland and Japan in recent years. Most of its 1,400 looms, however, are still out of date.

A medium-sized silk factory in Dandong produces silk of over 100 varieties, and its products are sold in Europe, North America, Japan, and Hong Kong. Again most of its looms are old and in urgent need of replacement.

According to Xu Shilian, Mayor of Yingkou, the city is going to invest 900 million yuan and US\$200 million in 231 technological renovations and

other development projects during the Seventh Five-Year Plan period. It will seek to improve the technology of 35 major industrial units, build 32 factories specializ-

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***Liaodong Peninsula joins the 14 coastal cities already open to the world. It is getting ready to receive foreign investment and has extensive plans to absorb the funds and develop its rich resources.***

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ing in export commodities, and 29 centres for export production. Therefore, the city is seeking co-operation with foreign investors interested in the following products:

Light industry: paper, pianos, violins, washing machines, freezers, fridges, fluorescent products, canned food, glassware, fine

textile products, artificial fur, artificial silk, and artificial linen.

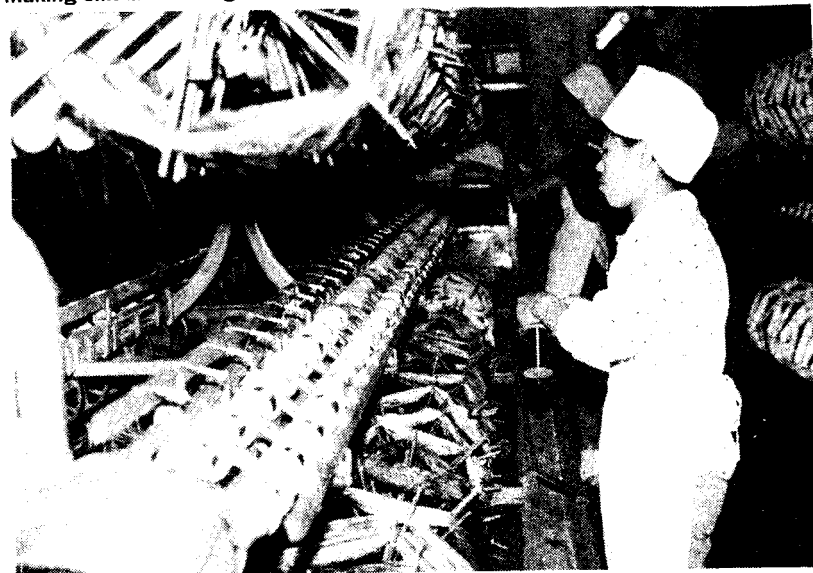
Machine-building industry: precision machine tools, presses, and instruments.

Electronics: tape recorders, alarm systems, computers, ray instruments, car and vehicle instruments, communication equipment and electric organs.

Xu said that foreign investors would be assured of the following: simplified paperwork, priority in land requisition, priority in using energy and raw materials, partial tax reduction, permission to sell a portion of their products in China, independent management, and legal protection.

Dandong's Mayor Zheng Ping said the city was ready to provide all possible conveniences and favourable treatment to anyone who would invest in the city. Dandong is especially interested in light industry, textiles, electronics, meters and instruments, construction materials, and food processing. It hopes to raise its productive capability in watches, pens, plastic and leather products, paper, and cosmetics; to develop its tussah silk and chemical fabric industry;

Making silk in Dandong.



LI RONGXIA



to improve its textile technology; to make new construction materials using non-metallic resources; and to increase its soft drink and canned food output.

Dandong is now working on better ways to absorb investment. It is enlarging Dandong Port, dredging the Yalu River, building a commercial airport, installing a computerized telephone exchange, and a long-distance microwave station.

Dalian is channelling all its efforts into building its economic and technological development area, which is about 33 kilometres away from the city proper. Construction started in October 1984. Some of it is already operational.

Over the last year the development area has established business relations with more than 100 companies from the US, Japan, Canada, Singapore, West Germany, Australia, Hong Kong and Macao. More than 160 projects have been negotiated. Two of these are in their final stages of preparation and 16 others are under construction. Twenty-nine contracts have been signed for import, co-investment and co-

operation with foreign companies. Three joint ventures have already started their business. Construction of more projects of this kind is

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***To attract advanced foreign equipment and technology, all the cities on the peninsula have devised preferential terms for foreign investors in taxation, land use and economic and administrative co-operation.***

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expected to begin by the end of this year. The development area received a total investment of 344.54 million yuan by the end of July this year, making it the biggest in China.

Some of Dalian's special policies for foreign investors are:

I. Taxation. Ten percent income tax is collected from productive business. However, for ventures with a contract duration of over 10 years, no tax will be levied for the first two profit-making years, and from the third to the fifth year, tax will only be 5 percent. Productive investment made before October 15, 1986 may enjoy a tax-free period of one to three years. There will be no duties on investors' after-tax profit remittances. If after-tax profits are reinvested over a period of no less than 5 years, income tax already paid for the profits, will be refunded. No provincial tax will be collected within eight years from October 15, 1984. There will be no import duties and industrial and commercial consolidated taxes on equipment for production and management, construction materials, a reasonable number of vehicles, office equipment for self use, spare parts, and materials for export products. Neither will export duties or other taxes be levied on export products. If a business cannot afford to pay taxes after production is under way, it can apply for a tax reduction or exemption.

II. Land rates. Decided according to location and nature of the business. Charges for each square metre of land for industrial use is between 1 and 1.3 yuan a year; for commercial use 13 to 15 yuan, for housing and office buildings 5 to 7 yuan; and for farming 0.3 to 0.4 yuan. The development charge for each square metre is between 165 to 190 yuan. Operating companies in 1985, 1986, and 1987 will receive a reduction in development charges of 30, 20, and 10 percent each year respectively, and free land use for three years.

III. Preferential measures. Foreigners may receive favourable treatment in personal income tax rates and rents, extension of co-operation, import and export trade and procedures for entry and exit. Measures in favour of overseas Chinese investment have also been adopted. ■

**Building Dalian's economic and technological development area.**

LI RONGXIA



STATISTICAL SURVEY

# Income Gap Between Farmers Narrowing

The per-capita net income of Chinese farmers generally increased in 1985, except in the three northeastern provinces which suffered serious natural disasters. Differences in incomes between the three economic belts—the eastern, central and western parts of China—are gradually narrowing. These conclusions were based on a sample survey conducted among 66,641 farming households in the country's 29 provinces, municipalities and autonomous regions.

In 1985, the average per-capita net income of China's farmers was 397.6 yuan, 42.3 yuan more than in 1984, an 11.9 percent increase.

In the eastern economic belt, the farmers' average per-capita net income reached 462.7 yuan. The net income of those in Shanghai, Beijing, Tianjin and Zhejiang stood at above 500 yuan. In Guangdong, Jiangsu, Liaoning and Shandong, it ranged from 400 yuan to 500 yuan and in Fujian, Hebei and Guangxi, from 300 yuan to 400 yuan.

In the central economic belt (including Hunan, Hubei, Jiangxi, Anhui, Heilongjiang, Jilin, Inner Mongolia, Shanxi and Henan) the farmers' per-capita net income averaged 388.6 yuan. That figure

is close to the national average, and regional variations were not great.

In the western economic belt (which mainly includes Xinjiang, Tibet, Qinghai, Yunnan, Ningxia, Shaanxi, Guizhou, Gansu and Sichuan) the farmers' per-capita net income was 321.7 yuan. In Xinjiang the farmers' net income was closer to the national average. The rest were comparatively low. In Shaanxi, Guizhou and Gansu, for instance, the farmers' per-capita net income stood at only 250 yuan to 300 yuan. Better production and management have much to do with the higher income in the eastern belt. Collective production, economic associations and household industry all yield better in the east.

Along the east coast rural enterprises are close to big and medium-sized cities where communications are developed, people have easy access to economic information and their cultural, scientific and technological level is relatively high. So the rural enterprises develop rapidly. In 1985, the average per-capita income gained directly from rural enterprises run by farmers in the eastern areas came to 38 yuan

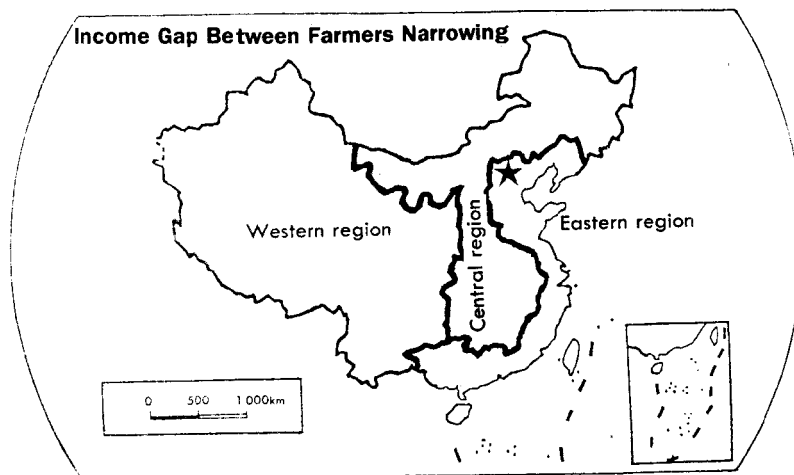
while in the central and western regions that income was only 8.9 yuan and 4.8 yuan respectively.

Commodity production by household industries developed rapidly. In 1985, the average per-capita income gained by farmers in the eastern belt from selling their products was 250.3 yuan. This was 30.4 yuan more than in the central belt and 96.7 yuan more than in the western belt. The proportion of the farmers' produce that entered the market as commodities was 58.4 percent in the east; respectively 5.9 percent and 2.7 percent higher than in the central and western regions.

The level of development of the secondary and tertiary industries run by farmers in the eastern region is higher than in the central and western regions. The income from these industries in the eastern economic belt averaged 88.1 yuan per person as against 62.6 yuan and 57.4 yuan in the central and western regions.

The various rates of growth are promising. The income growth rate in the western region is faster than that of the eastern region. The rate in the central belt is the slowest. Overall, the income gap between farmers in the three economic belts has narrowed.

The survey findings show that in 1985 the per-capita net income of farmers in the western economic belt was 41.8 yuan more than that of 1984, a 14.9 percent increase. That of farmers in the central area increased by 9.5 percent and in the eastern region by 9.4 percent. The income ratio between farmers in the eastern, the central and the western belts has gone down from 1.5:1.27:1 in 1984, to 1.44:1.21:1. This change shows that China's rural economic development has spread its benefits westwards promoting common development throughout China.



# Nigerian People Seek Road to Economic Recovery

by Our Correspondent Zhou Qingchang

Nigeria is the largest country in Western Africa, with a population of 100 million. At present the Nigerian military government and people are making great efforts to rebuild their economy. This made a deep impression on me when I visited this country as a member of a Chinese journalists delegation at the invitation of the Nigerian Union of Journalists last November.

Nigeria takes its name from the River Niger. It consists of 19 states and a Federal Capital Territory, together covering an area of 923,768 square kilometres. It became independent on October 1, 1960. Since then Nigeria has been ruled sometimes by civilian governments and sometimes by military governments. It is now ruled by a military government headed by President and Commander-in-Chief of the Armed Forces, Major-General Ibrahim Badamosi Babangida.

On August 27, 1985 Babangida overthrew the Buhari government, which had failed to carry through economic reform. When he was sworn in as president of Nigeria, Babangida committed his administration to the upholding of human rights. He emphasized that public consultation would be the hallmark of his administration. The protracted issue of the International Monetary Fund loan was openly debated, and the present government's rejection of the loan was a demonstration of its respect for public opinion. The gates of prisons have been opened and hundreds of inmates, who were thought to be unlawfully detained, have been released. The president has also abrogated the

much criticized Decree No. 4, releasing many journalists. The military government had enjoyed good relations with the press, but now they are tense because former Editor-in-Chief of the weekly *Newswatch* Dele Giwa was killed by a letter bomb last October. The Nigerian president has fixed October 1, 1990 as the date on which the reins of government will be handed over to an elected government.

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*The Nigerian people have adopted measures to promote their economic development and self-reliance.*

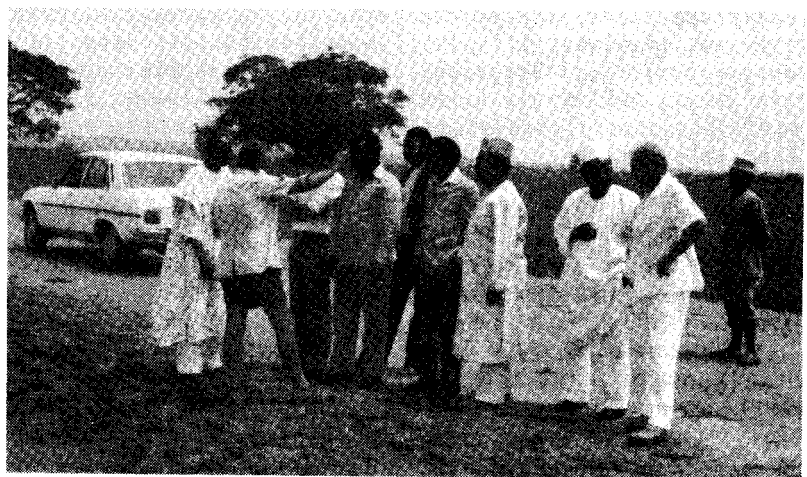
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What path is Nigeria's economy taking now that its oil revenue has been sharply reduced? The 6th Lagos International Trade Fair

held last November gave some indications. About 300 Nigerian companies and financial organizations displayed their exhibits at the fair. The United States, Britain, Austria, West Germany, the Soviet Union, Hungary, Romania, Saudi Arabia and Pakistan were also invited to take part. However, most exhibits were Nigerian and included machinery, motors, bicycles, furniture, clothes, shoes, handicrafts and foodstuffs made of cassava and yams. They were all made of Nigeria's own raw materials, showing that the country is trying to promote its economic development along the path of self-reliance. To promote the industrial and agricultural production and exchange experiences the 7th International Trade Fair will be held at a permanent site in Badagry, near Lagos, in November next year.

The present government is giving a great deal of attention to agriculture. A huge proportion of

Directors and visitors at the BARC farmland during the initial land preparation.



the male adult population of Nigeria is engaged in agriculture and the contribution of agriculture to the national economy is very significant. Yams, cassava, fruit, plantains, maize, millet and sorghum form the basic crops for Nigeria. There are also tree crops like cocoa, kola, rubber, coffee and oil palm. However, during the early 1970s, with the discovery of oil, agricultural development was neglected. As the share of oil in the gross domestic product increased, the share of agriculture in the GDP decreased from 44.6 percent in 1973 to 27 percent in 1983. During this time the import bills for agricultural products rose from US\$225 million to US\$3,150 million per year. Millions of tons of maize, rice and wheat were imported. At the same time export

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***E***ncouraging the private sector and foreign companies in agriculture has helped promote its progress.

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earnings from agriculture dropped from 80 percent to 2 percent. Today the world demand for crude oil in general has fallen along with prices and the earnings from its oil industry no longer enable the nation to be self-reliant. This calls for a return to agriculture. Rice output increased from 924,000 tons in 1983 to 1,300,000 tons in 1985, millet from 3,300,000 tons in 1983 to 3,772,850 tons in 1985, and maize from 2,136,000 tons in 1983 to 2,330,000 tons in 1985. Output of other agricultural products had also increased.

The federal government has encouraged the private sector and



Workers installing the electrics for the Beijing NO.9 Water Works now under construction.

foreign companies to invest in agricultural projects. In this field some achievements have been made. The Brewery Agro and Research Company, a joint venture with foreign capital and situated in some 30 kilometres north of Jos, the capital of Plateau State, is a good example. It owns 4,000 hectares of land on which it grows grains, vegetables and tree-crops. At present it employs 1,000 farm workers, including 400 seasonal workers. Among them are about 100 technicians and engineers. The company has a central workshop, spare-parts store and fuel station, cattle ranch, piggery and poultry farm and a silo plant. The ultimate aim of this company is to produce 3 million broilers and 25 million eggs per year. At present it sells 1,000 chickens a day and the same number of crates of *Rock lager*.

So that Nigeria is not solely dependent on oil as its only export, the federal government in its 1986 budget put together an aggressive export incentive package. As a result, Nigeria had a surplus of US\$160 million in its trade with Belgium, for example, in the first

half of this year. Its imports from Belgium consist mainly of raw materials for making paper, cement and glass, and its exports to Belgium are mostly crude oil and agricultural products.

Another measure taken by the government to stimulate the economy is the introduction of Second-Tier Foreign Exchange Market (SFEM). This is expected to lead to a gradual adjustment in the value of the naira against other foreign currencies, ease government control of the economy, reduce bureaucracy and put an end to illegal dealings in foreign exchange. So far the initial objective in opening SFEM has been achieved as the naira is gradually finding its true value. The exchange rate is now fixed at one US dollar to 3.7 nairas and SFEM seems to have crippled the black market in Lagos.

In a word, during my stay in Enugu, Onitsha, Jos and Lagos I felt that the Nigerian people are marching along the path of self-reliance, that agriculture has gained importance but oil revenues are still the fundamental source of their foreign exchange.

# New Selection From Mao's Works

**A** new edition of the selected works of the late Chinese leader Mao Zedong has been published in China.

The two-volume *Selections From Mao Zedong's Writings*, compiled by the Editorial Committee on Party Literature of the Chinese Communist Party Central Committee, is designed for use by government employees, young workers, students at schools and colleges, and Party and government officials.

It comprises 68 articles written by the late chairman of the Chinese Communist Party between 1921 and 1965. He died in 1976.

"The articles in the book are the most important and fundamental works written by Mao Zedong during different historical periods," an official of the editorial committee said.

They embody Mao Zedong Thought—the scientific result of combining the fundamental tenets of Marxism-Leninism with the concrete practice of Chinese revolution and construction.

His articles in the new edition cover the first revolutionary civil war (1924-27), the second revolutionary civil war (1927-37), the war of resistance against Japan (1937-45), the war of liberation (1945-49), and the period of socialist revolution and construction after the founding of New China in 1949.

Seventeen articles in the new edition were not included in the original *Selected Works of Mao Zedong*, and some are being published for the first time.

"The Speech at the Changsha Meeting of the Xin Min Society" written in 1921, for example, explains Mao's choice of the Marxist-Leninist revolutionary road.

In another previously unpublished article, "Speech at an

Emergency Meeting of the Party Central Committee," he first advanced the well-known idea that political power grows out of the barrel of a gun. This speech was made on August 7, 1927.

"Although many important works were written by Mao Zedong decades ago," the official said, "we must still study them from time to time, because many cardinal principles and methods elaborated in them are of universal significance."

## Special Collections

Special collections of the late leader's works published over the past few years include *Mao Zedong's Writings on Rural Surveys*, *Mao Zedong's Selected Writings on Journalism*, *Selection of Mao Zedong's Letters* and *Selection of Mao Zedong's Poems*.

Staff of the People's Publishing House say they are going to publish more special editions of Mao's works in the future.

Meanwhile a new edition of *Selections From Mao Zedong's Poetry* has been published by the People's Literature Publishing House and distributed nationwide.

The two-part book collects 50 poems written by Mao Zedong between 1918 and 1965—more than any other edition published before. The poems are arranged chronologically.

The first part contains 42 poems, 39 of which were proofread by Mao himself and published before his death.

The second part contains eight poems by the late leader not published during his lifetime.

In the appendices, there are three letters by Mao Zedong on the poems, as well as detailed notes for each poem.

The new edition gives the date and place where each poem was published. Those that are published for the first time are printed according to the original manuscripts.

In addition, *Reading: Mao Zedong's Hobby* has been published by the Joint Publishing Company.

Based on memoirs and archive material compiled by the Party Literature Research Centre, the book describes Mao's reading habits and tastes.

According to the new book, throughout his life Mao Zedong studied Marxist-Leninist works, philosophy, logic, economics, literature, history and the natural sciences, and also learnt English by himself.

The titles of the last two books have been written in Deng Xiaoping's calligraphy. ■

## Army Encyclopaedia Comes Off Press

**W**ork on a 21-volume Chinese military history has been completed. Eight volumes have come off the press and the other 13 will be published before the end of this year. This is part of a mammoth *Encyclopaedia of China* in preparation.

The military volumes, which took five years to complete, contain 2,679 entries in 25 categories, including a who's who. Also included is an account of the military activities of Lin Biao, who took part in the Nanchang Uprising, the Xiangnan Uprising, the counter-campaign against Chiang Kai-shek's "encirclement and suppression" in the central Soviet area, and the Long March. Lin also commanded the Pingxing-guan Battle and led the Liaoxi-Shenyang and Beiping-Tianjin Campaigns. ■

# Liaoning Expands Co-op With E Europe

The Liaoning Province economic and technical co-operation delegation achieved concrete results during its recent visit to the German Democratic Republic, Czechoslovakia and Poland.

The delegation is the first to be sent by the province to these countries for the last 20-odd years. During its visit, the delegation met with high-ranking government officials and prominent people in the industrial and commercial circles of the three countries. Negotiations in the German Democratic Republic yielded agreements to co-operate in producing double-beam bridge cranes and vacuum cleaners, and in Poland it was to produce mini buses, electronic products and plastic moulds.

Wang Yongduo, head of the

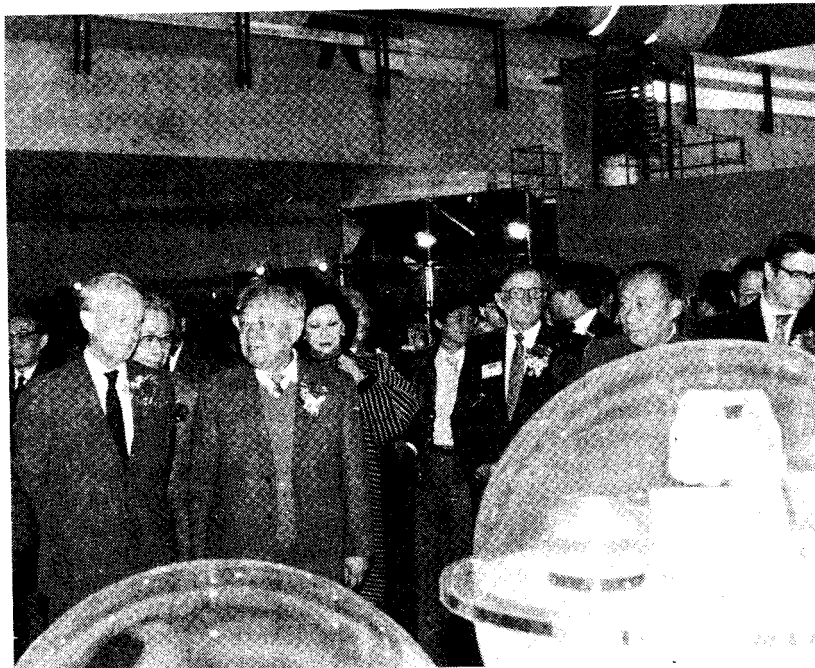
delegation and vice-chairman of the Liaoning Provincial Foreign Economic and Trade Committee, said that the visit has strengthened mutual understanding and laid a good foundation for future co-operation.

Liaoning Province is one of the main industrial centres in the country. As early as the First Five-Year Plan period (1953-57) the province completed 24 key projects with Soviet help. Other construction projects were also completed through co-operation with East European countries, these included the Fushun Mining Electrical Machinery Plant (co-operation with the German Democratic Republic) and the China-Czechoslovakia Friendship Factory in Shenyang.

Economic co-operation with

foreign countries was stopped by the "cultural revolution" in the 1960s and resumed in 1979. In 1985 the province exported US\$135 million worth of goods to the Soviet Union and other East European countries, more than any other province. Mainly minerals, apples, textiles and light industrial goods have been exported. In 1979-85, the province imported only 40 million yuan (about US\$10.8 million) worth of goods from these countries. The main reason for this imbalance, said Wang, was a poor understanding of the industrial and technical level of these countries and little consideration of what they might have to offer.

In the future, the province will strengthen its contacts with these countries, said Wang. He hopes to



YAO JIANGUO

The late Sir Edward Youde (first, left), governor of Hong Kong, with Jia Shi (second, left), chairman of the China Council for the Promotion of International Trade, at the Hong Kong Products Exhibition in Beijing.

## Mainland Sells More to Hong Kong

China's mainland is replacing the United States as Hong Kong's biggest trade partner. The volume of bilateral trade between Hong Kong and the mainland in 1985 rose 26 percent over 1984, accounting for 25.8 percent of Hong Kong's total volume of trade that year. In the first nine months of this year, the volume of Hong Kong-mainland trade amounted to HK\$96.772 billion, up 10 percent over the same period last year. These figures were released early this month by Li Pengfei, director of the Hong Kong Trade Development Council.

Li said Hong Kong's imports from the mainland registered an annual average increase of 28 percent between 1978 and 1985. By the end of last year, Hong Kong had imported HK\$58.963

co-operate with these countries in software production. Not long ago the province offered more than 100 technical items for export. Some were offered by the delegation to Polish businessmen who suggested that Liaoning hold an industrial and technological exhibition in Poland.

Thus far, a number of economic and technical co-operation projects in Liaoning have been contracted or are being negotiated. They include a project with Hungary for producing 100,000 tons annually of wollastonite concentrate powder, a project with the Soviet Union for updating the blast furnaces at the Anshan Iron and Steel Complex, importing a cast iron pipe production line from Poland, and others for importing tinned beer production lines from the German Democratic Republic, Czechoslovakia and Bulgaria. ■

**by Han Baocheng**

billion worth of goods from the mainland. In the first nine months of this year, it imported another HK\$56.665 billion worth of goods from the mainland, up 39 percent over the same period last year. Of the goods Hong Kong imports from the mainland, clothing, textiles, toys, travelling goods and household utilities make up 41 percent of the total; cotton yarn, fur, leather and other raw materials and semi-finished goods, 37 percent; and the rest is foodstuffs, production equipment and fuel.

Hong Kong occupies a special position in international trade. The last few years saw an increase in the mainland's entrepot trade through Hong Kong. Between 1978 and 1985, the mainland's exports via Hong Kong rose by an average of 38 percent a year. Most of these goods are ready-made consumer goods. Today the mainland's goods going through Hong Kong are sold in more than 150 places abroad. ■

## Foreign Businesses Represented in China

The number of foreign companies establishing representative offices in China is on the increase. From 1979, when China first introduced the open policy, to 1984, a total of 895 foreign business representative offices registered their names in China. The number rose by 551 in 1985 and by another 245 in the first half of this year. From 1984, the number of Japanese representative offices registered in China rose 70 percent, reaching 564; the United States from 116 to 203; Sweden, from 7 to 20; and Canada, from 8 to 17. By the end of June this year, the number of overseas business representative offices registered in China had reached 1,691.

Xu Guanglei, an official of the State Industrial and Commercial Administration Bureau, said that these representative offices have contributed to advancing Sino-foreign economic exchanges. For instance, a large proportion of the volume of trade between China and Siemens AG of West Germany or C. Itoh & Co. Ltd. and nine other big Japanese businesses was conducted by these businesses' representative offices in China.

Some other foreign businesses decided to invest in China through the recommendation and help of their representative offices here. Xu said China encourages foreign businesses and organizations to open representative offices in China and the Chinese government promises to support their legal activities in China.

In the first half of this year, however, 26 overseas business representative offices cancelled their registration and withdrew from China. Of these, 11 were American; 8, Hong Kong; 4, Japanese; 1, Italian; 1, West Germany; and 1, the Philippines.

Xu Guanglei considered the withdrawal of these representative

offices from China a matter of course. For instance, he said, the representative office in Shanghai of SMS Schloemann-Siemag of West Germany was established to provide equipment and technical services to the Shanghai Baoshan Iron and Steel Complex. Since the first stage of the project has been completed, the office applied to cancel its registration in China. The representative office of the US E-S Pacific Development & Construction Co. in Beijing was set up to serve the Great Wall Hotel project. Seeing that the hotel has been put on the right track the company withdrew its office early this year.

There are also a few businesses who decided to withdraw because of the inadequacy of China's economic laws and investment environment, rendering it impossible for them to expand their business or cover their expenses. A very few other representative offices changed their names or were withdrawn from China because their companies had been taken over.

## News in Brief

■ The Kokusai Securities Co. Ltd. of Japan opened its office in Beijing in early December. Through this office the company will provide loans for Chinese economic construction and carry out other co-operative activities with China. Next year the Shin Nippon Securities Co. Ltd. will establish its office in Beijing.

The Nomura Securities Co. Ltd., the Yamato Securities Co. Ltd., the Sanichi Securities Co. Ltd. and other Japanese securities companies have already opened their own offices in the city.

■ The Huating-Sheraton Hotel in southwestern Shanghai, one of two managed by the US Sheraton Co. in China, opened at the end of November. This modern international hotel stands 29 storeys high and has more than 1,000 rooms.

# China Holds World Knowledge Contest

**W**ho wrote *Passage to India*? And in which year? What was his nationality?" "What was the title of American Black leader Martin Luther King's speech in Washington in the summer of 1963? In which city was King buried after his assassination in April 1968?" These are some of the questions in the preliminary round of the "World Knowledge Contest" held in China from mid-July to the end of September 1986 to mark the UN International Year of Peace.

To give the event added significance, the UN Secretary-General Javier Perez de Cuellar sent a video message congratulating all the participants and praising the contest as a valuable contribution by "an energetic and dedicated people in an environment of peace."

The finals of the contest were televised by China Central Television (CCTV) in November and December. Questions covered world history, geography, culture, politics, human civilization, local customs and habits, the animal world, environmental protection, etc. The aim of the national contest was, according to its sponsors, CCTV and the Heping (Peace) Publishing House, to strengthen friendship among nations and to encourage the Chinese people to get to know more about the outside world.

"The contest made us think about how to promote peace in the world," said one participant. Over 800 workers from the factory where he worked entered the contest, which was keenly followed across the country. An estimated one million people took part. Groups of people could be seen at libraries and bookstores, consulting source materials and sharing a possible answer with one another. A couple of participants sent in notes and comments



World Knowledge Contest: celebrating the International Year of Peace. ZHU SHIKUN

running to over ten thousand words each to express their best wishes for peace. "China suffered a great deal in the wars waged by the colonialists and imperialists," said one of them. "Peace is in the basic interests of the Chinese people."

A peaceful world has become more than a desirable goal; it is now a basic need of mankind. In an increasingly interdependent world, peaceful coexistence is the foundation of the international community, which should be guided by feelings of friendship, not hostility. The promotion of understanding among nations is essential to the removal of hostility, and this is also the aim of other Chinese international-year-of-peace activities—a concert, and stamp and photography exhibitions.

"We are taking part in the contest not for the prizes," a high school student wrote to the contest committee on behalf of his family. "We are making use of this opportunity to enlarge our view of the world."

Prizes—colour TV sets, cassette tape recorders, watches, etc.—were awarded to one hundred winners. Although many people were disappointed at not getting a prize, they were all agreed on one thing: the contest had stimulated a general interest in China in knowledge of the world at large, and a conscious desire for world peace. ■

## 3 Chinese Tiger Cubs Discovered

**A** litter of Chinese tiger cubs were found by a local peasant named Zhou Hua on February 23, 1986, when he was on the Dapai Mountain in Yihuang County, Jiangxi Province. Zhou saw that the mother tiger was carrying a cub between her teeth, and feeding another under her abdomen. The third lay beside its mother. He also heard the roars of the three cubs. Yihuang County, situated at 116°2' E and 27°5' N, is only one of the areas inhabited by tigers in China.



The tiger has now been listed as an endangered animal in appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). There are eight recognized varieties of tiger—the Siberian tiger, Chinese tiger, Bengal Tiger, Indochinese tiger, Sumatran tiger, Caspian tiger, Javan tiger and the Bali tiger. Of these the Bali tiger became extinct in 1937, and the Javan and Caspian tigers may also have disappeared, too. Estimates in 1978 show that there are only about 4,000 tigers of the five remaining types in the world. Except for the Sumatran tiger (to be found only on Sumatra Island, Indonesia), China possesses all the surviving subspecies of tiger. The Chinese tiger exists only in China.

The Siberian tiger (*Panthera tigris altaica*), the biggest in size, usually inhabits the area from Lake Baikal to the Pacific coast and Korea. It is estimated that there are less than 100 Siberian tigers in the forests of northeast China, and another 80 in captivity in zoos throughout the country.

The Chinese tiger (*Panthera tigris amoyensis*) is also close to extinction. Surveys made in 1982 show there are only 30-40 Chinese tigers in East China, and 40 in zoos.

The Indochinese tiger (*Panthera tigris cobetti*) and the Bengal tiger (*Panthera tigris tigris*) are distributed in Viet Nam, Burma, the Malay Peninsula and in Yunnan Province, China. There are far

fewer of these tigers in China than Chinese tigers.

The tiger is of importance to human culture, economy and science. China has classified tigers as one of the endangered species to be protected by the Chinese government. So far, 30 state nature reserves have been established in order to provide a more secure living and growing environment for rare animals such as Chinese tigers and pandas.

The discovery of three Chinese tiger cubs in a simple litter is good news for Chinese zoologists, ecologists and environmentalists. It marks the initial success in China's efforts to protect the country's wildlife. ■

**Qi Jingfen and Zhang Yan**

## Artificial Breeding of Chinese Tigers

The Chongqing Zoo in Sichuan Province, southwest China, has succeeded in breeding Chinese tigers, with a little help from the tigress Ting Ting, who has since 1978 produced 25 cubs, 16 of them still living. Ting Ting's 25th cub is here playing with keepers at the zoo. The Chinese government has set up a centre for the study of the Chinese tiger at Chongqing Zoo.

by LIU SHILIN



## More About Only Children

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.

*Mubl Ayo Bankole*  
Calabar, Nigeria

## Some Opinions

I think *Beijing Review* is a well-balanced, well-presented magazine. I suggest, however, that the political editing should be much improved.

In issue No.37 (Sept. 15, 1986) page 28, the first paragraph states "It would be better for China to import aluminium than produce it itself...." Such a bald statement would appear to many readers to run counter to China's policy of building socialism through self-reliance; and giving the reason why it was thought would have given the reader a better view of China's economic policy. This is again a question of editing to ensure that the overall political line is clear.

It seems to me also that *BR* overemphasizes foreign investment in China. While no doubt this is very important, I think

people interested in trade and investment will subscribe to trade magazines. Readers subscribe to *BR* in the main to keep abreast of China's overall progress and achievement.

I found two recent articles of particular interest. One was on the development of China's space rockets, the other was a special feature on China's shipbuilding industry. These are particularly valuable, because they show how China is making strenuous efforts to catch up with the advanced countries.

It also seems that too many errors are appearing in *BR*. I hope my views may be of some assistance. I wish you every success in further improving the *BR*.

*R.B. Gough*  
Auckland, New Zealand

## Suggestions From Africa

The front cover and inside cover are satisfactory, but the back is not. I hope you will publish more sports news, scientific news and colour pictures. In your "Business and Trade" column, you should give a table comparing the technical and economic development of China and other big industrial countries, so, people could more exactly understand the advantages of the socialist system of China.

I am disgusted with the articles in your "International" column which always report on disputes and war. If you talked of the successes in the world, such as Eureka, it would be more readable.

Your "Articles" column is very good. I suggest you always give the exchange rate of the Chinese currency, with other currencies so that people can understand China's successes in the financial market.

In addition, I was very interested in China's popular

sports and in its sporting performance in the world arena in soccer, and track and field.

*Ratsimba Josoa*  
Madagascar

I think that on the whole the covers are interesting. However, if you should switch the inside back cover and the back cover it would be better, because the inside back cover has such fine works of art, while the outside is just an advertisement.

I hope your "International" column publish more news about Japan and I also hope for more articles on art, especially on Chinese artists.

*Hammou Houcine*  
Algeria

I like *Beijing Review*. Particularly "Sports" and "From the Chinese Press" columns, but you want more humour and advertisements.

I was very interested in the Chinese artist-carver Luqihui, wood-cutter Xu Bing and painter Luo Pingan whom you featured.

*Bagtache Abdelohani*  
Algeria





**ART PAGE**



**Sketches by Liu Naipeng**

Liu Naipeng, born in Tianjin in 1951, works as an artist in the Navy's political department. These are his sketches from life.

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